

MONTHLY REVIEW

Agricultural and Business Conditions

TENTH FEDERAL RESERVE DISTRICT

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FEDERAL RESERVE BANK
OF PHILADELPHIA

VOL. 35, No. 11

FEDERAL RESERVE BANK OF KANSAS CITY

NOVEMBER 30, 1950

SURVEY OF BUSINESS DEVELOPMENTS

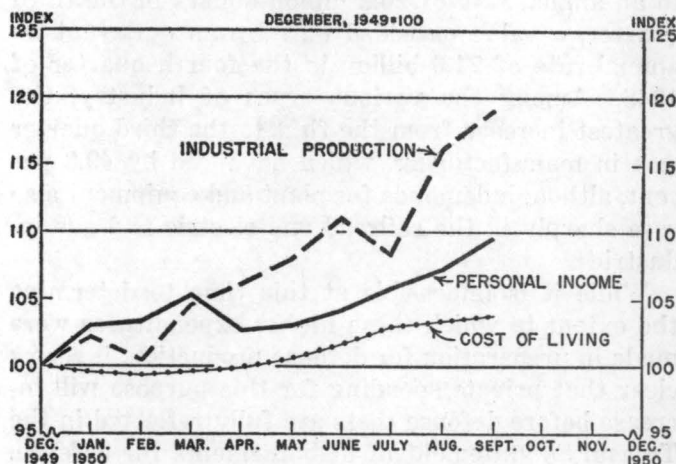
At the beginning of the current year, business analysts generally agreed that levels of activity would be satisfactory during the first half of the year, but they were reluctant to state the probable course of developments in the second half. Consumers had bought immense quantities of goods over the preceding postwar years and there were many types of goods in which the wartime shortages seemed to have been filled. Business had already made vast additions to plant and equipment, and surveys of investment plans indicated that this type of expenditure would be reduced this year. Foreign purchases of American goods were also expected to decline as our aid program began to taper off. These signs were sufficiently clear to warrant considerable caution in estimating business prospects, and yet the upswing of business, even before the outbreak of hostilities late in June, was vigorous and sustained.

In retrospect it now appears that several other factors were much more important than were the superficial evidences of a demand for goods that had been largely satisfied. The rapid growth of population over the past decade had created a demand for housing and other goods usually bought when houses are purchased, while the great store of liquid assets held by the public made current income somewhat less important than formerly in determining the volume of purchases. The continuation of large defense expenditures through the postwar years indicated the existence of a constant threat of war and an interruption of the supply of goods. The public had not decided that holding money and liquid assets in anticipation of a lower level of prices was a wiser decision than holding goods against the possibility of war and inflation. Many buyers who had waited through the postwar years for a return to a lower level of prices gave up their hopes and entered the market. Against such a background, the upsurge of buying which accompanied the Korean war is understandable.

While a majority of industrial lines expanded during the first three quarters of the year, the most spectacular rise was in construction, with the greatest gains in terms of both dollars and percentages occurring in the residential segment of the industry. Passenger car and truck production also provided substantial stimulus to rising business as production in the current year aggregated 7.1 million by the middle of November, compared with 6.3 million in the full year of 1949. Retail sales also attracted much attention when scare buying occurred in July and August, although retail buying was strong before that time.

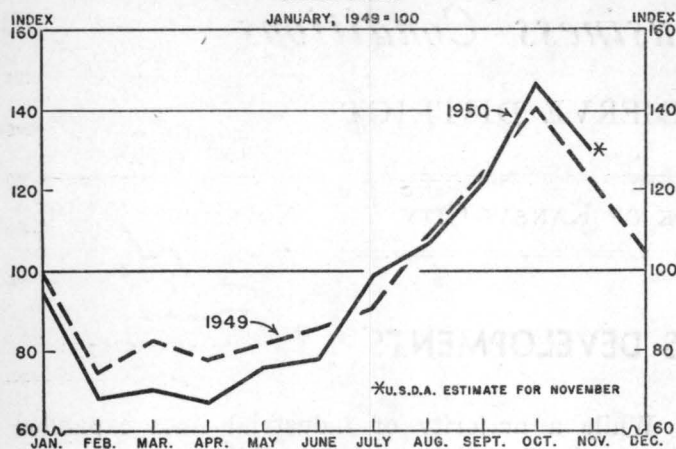
The rising volume of goods flowing into the markets during the first nine months of the year was matched by an expanding volume of personal income, supplemented by other sources of buying power. Between December, 1949, and September, 1950, average weekly wages in all manufacturing industries rose from \$56.04 to \$60.68, or by 8.3 per cent. Total civilian employment which had stood at 58.6 million in December, 1949, advanced to 61.8 million in October of this year. These changes were partly responsible

SELECTED BUSINESS MEASURES
United States



CASH RECEIPTS FROM FARM MARKETINGS,
INCLUDING GOVERNMENT PAYMENTS

United States



for the fact that personal incomes in the first nine months of 1950 were 6.5 billion dollars greater than in the same period in 1949. The refund of 2.8 billion dollars of insurance premiums to veterans also contributed significantly to this rise. Not only did personal incomes rise, but consumers also reduced their saving below the level of the previous year, while liquidating a part of their past savings by withdrawals from their savings deposits and by redemptions of their savings bonds. Still other supplements to consumer buying power were obtained from a liberal use of credit facilities. Consumers' short-term indebtedness increased in the first nine months by 2.7 billion dollars and long-term indebtedness for housing increased by approximately 4.7 billion dollars.

While consumer demand increased throughout the first nine months, business expenditures for new plant and equipment decreased in the first quarter and then advanced rapidly thereafter. In the first quarter, these expenditures were made at an annual rate of 14.8 billion dollars, the lowest level since the first quarter of 1947. In contrast, expenditures rose to an annual rate of 20.2 billion dollars in the third quarter, a value exceeded only by an outlay at an annual rate of 21.6 billion in the fourth quarter of 1948. Among the various types of industry, the greatest increase from the first to the third quarter was in manufacturing, which advanced by 49.3 per cent, although demands for plant and equipment also rose sharply in the railroad and electric and gas industries.

While it is impossible at this time to determine the extent to which these higher expenditures were made in preparation for defense production, it seems clear that private spending for this purpose will increase before defense costs are fully reflected in the Treasury's statement of disbursements for defense.

This being the case, the chance of a near-term slackening of business activity, except in specific industries and localities, becomes more remote. A further indication of the strength of business demand is the fact that manufacturers' unfilled orders, which were 23.5 billion dollars at the end of June, stood at 33.9 billion dollars at the end of September.

In contrast, government purchases of goods and services during the first three quarters of the year, on an annual basis, averaged 40.7 billion dollars, compared with 43.2 billions in the same period of 1949. The Federal Government's share in this total declined from an annual rate of 25.5 billion dollars in 1949 to 21.6 billion dollars in 1950, while the share of state and local governments rose from 17.7 billion dollars in 1949 to 19.0 billions in 1950.

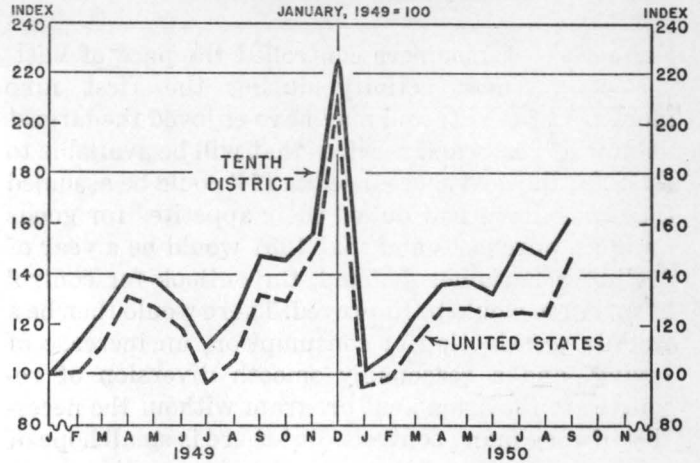
Bank Credit Expansion New demands for goods by businesses and consumers have been registered in a rapid increase in bank loans during the year to date. From the beginning of the year to the latter part of September, loans at all commercial banks in the United States are estimated to have increased by 6 billion dollars, 4 billion dollars of this increase having taken place since the end of June. At weekly reporting member banks, for which later figures are available, total loans increased by 877 million dollars during the five weeks ended November 1. Total loans at weekly reporting banks alone increased by 4.3 billion dollars in the first ten months of the year, of which 2.4 billion dollars were for commercial, industrial, and agricultural purposes, 0.8 billion dollars were used to finance real estate transactions, and 1.1 billion dollars were in other loans, which include loans to finance consumer purchases. These increases in such a short space of time are exceeded only by the increases in 1947, when reconversion to peacetime production was still under way. Since there has been no substantial contraction of credit in the intervening years, the latest rise in bank credit presents a formidable threat to efforts to maintain stable prices, especially when armament expenditures are scheduled to increase over the coming months.

In the Tenth District, total loans of member banks increased by 10.9 per cent in the first ten months of the year, compared with a rise of 16.3 per cent in member banks throughout the country. The slower rate of growth in the local area is explained by several developments with respect to agricultural loans. Loans guaranteed by the Commodity Credit Corporation and held by District banks are at a seasonally high level in December; thus the growth of District loans is obscured by the use of an initial high value for loans in computing the percentage increase.

Higher interest rates and more favorable lending opportunities in recent months have led many banks to turn over their guaranteed loans to the Corporation. In addition, guaranteed crop loans have not been made in customary volume this year, since the trend of prices indicated that sales could be made advantageously.

Retail Trade The increase in retail sales during the year in response to rising personal incomes and a liberal use of credit was further stimulated by the anticipatory and scare buying which accompanied the outbreak of war in Korea. Since the bulge in sales this summer occurred when sales the year before had declined, the year-to-year comparisons have exaggerated the extent of the rise in the summer of this year. The increase from June to July was only 8.6 per cent. While the conspicuous increase in buying during July received the largest amount of public attention, rising personal incomes were fostering an expansion of trade before that time. Except in April, sales in each month of this year have exceeded sales in the same months of last year by widening margins. Whether the high level of purchases in July and August will be compensated by lower volumes in the later months of the year depends primarily upon the trend of personal incomes and, in specific lines, upon the restrictive effects of credit controls. Incomes are still rising as a result of a larger volume of employment, higher wage rates, and extension of the workweek, as well as a large volume of corporate dividends, and the tax increases in October were not high enough to offset these gains. Hence, it is possible that any compensation of overbuying that develops may only take the form of a slower rate of advance. The contraseasonal rise in sales this summer was especially pronounced in a few lines such as automobiles, hardware and

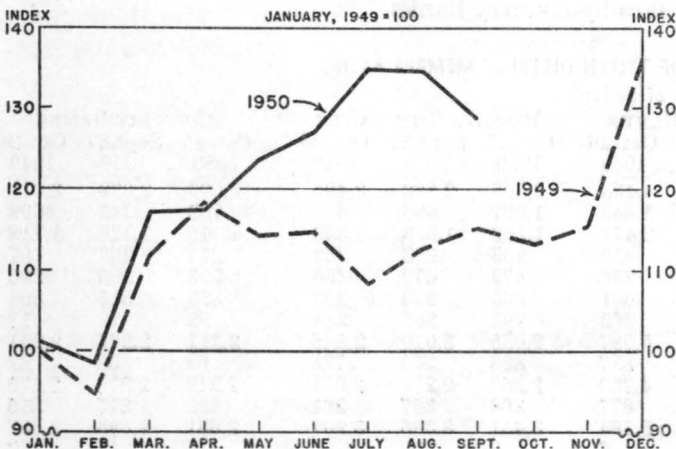
DEPARTMENT STORE SALES
Tenth District and United States



building materials, and furniture and household appliances, while sales at apparel, drug, and variety stores declined or remained stable. Over the last quarter of the year, therefore, seasonal factors are likely to affect the distribution of demand among various classes of goods, with demand for automobiles and building materials declining as the demand for apparel and other soft goods increases.

Building Construction Construction activity rose to new all-time high levels in 1950, with the most striking increases taking place in the building of new homes, although substantially increased expenditures were also made for farm and public construction. In the first three quarters of the year, 1,106,100 new permanent nonfarm dwellings were started, compared with 747,000 in the like period of 1949, when a new historical record was made. The value of all new construction in the first eleven months of this year was 25.4 billion dollars, exceeding the total for these months in 1949 by 4.7 billion dollars. A conception of the magnitude of this building rate may be gained by reference to the volume of home construction over the past two decades. By the end of 1950, a total of about 6.5 million nonfarm homes will have been built since 1940, compared with an estimated growth of 8.5 million in the number of households. In the decade of the thirties, 2.7 million new dwellings were constructed when the number of households increased by 5 million. These data are cited for comparative purposes as only one of the important variables in the trend of construction. Manifestly, the growth of the number of households does not accurately gauge the volume of housing required since other factors, such as income, population, construction costs, and terms of financing, are also quite important. In the foreseeable future, national defense will unquestionably play a

TOTAL RETAIL TRADE
United States



leading role in determining the amount of construction in any given year.

Summary Consumers controlled the pace of business activity during the first nine months of the year and may have enjoyed the largest volume of goods and services that will be available to them for the next several years. If it could be assumed that consumers had dulled their appetites for goods by these purchases and that 1951 would be a year of declining consumer demand, the outlook for control of inflation would be improved. There would then be a voluntary reduction of consumption, an increase of saving, and a reasonably smooth diversion of resources to the armament program without the necessity of very many controls. But there is small hope of such a favorable conjuncture when international tensions constantly threaten a more extensive mobiliza-

tion of resources and a more acute shortage of goods, causing consumers constantly to anticipate their needs and to consume at a higher rate than they otherwise would. Unless a major reduction in planned defense expenditures should occur, it will be difficult over the months ahead to prevent the volume of personal incomes and consumer demand from rising at a time when the total supply of consumer goods is being restricted by limitations on the use of strategic materials. Great personal restraint in bearing the burden of taxes, in buying goods, and in foregoing the use of credit facilities for purposes which do not advance the defense effort will be required to preserve the value of our money and our accumulated savings under these circumstances. The large volume of durable goods now held by consumers should make this restraint less painful than it was in 1941 and 1942, when such inventories were not held.

BUSINESS AND AGRICULTURAL CONDITIONS

MEMBER BANK CREDIT

Loans and discounts increased by 41 million dollars at District reserve city member banks and by 20 million dollars at District country member banks during the four-week period ended October 25. At the reserve city banks, the major reasons for the rise were increased demands for loans on grain and to finance the feeding of livestock. Other contributing factors were the seasonal expansion of retail and wholesale inventories and advances to sales finance companies. Loans on real estate and "all other" loans increased at a comparatively high rate although the dollar amount was small in comparison with the growth of agricultural and business loans. The increase in loans at country banks was distributed among loans on livestock, real estate, and consumer durable goods.

Investments in Government securities declined at both reserve city and country member banks in the four weeks from September 27 to October 25, in spite

of their purchase of Series F and G bonds during the period of the special Treasury offer in the first ten days of October. Sales of these issues through the Reserve Bank to all classes of buyers totaled 40 million dollars. District member banks also made small additions to their holdings of other types of securities.

In the four-week period, demand deposits other than interbank rose by a nominal amount at reserve city member banks and by 29 million dollars, or 1.3 per cent, at country member banks. The small increase at reserve city banks reflected a moderate increase in the deposits of individuals, partnerships, and corporations that was partially offset by a decrease of Government deposits. Demand deposits other than interbank at all District member banks are now higher than on the corresponding date of last year by 259 million dollars, of which 191 million dollars is accounted for by reserve city banks and 68 million dollars by country banks.

SELECTED ITEMS OF CONDITION OF TENTH DISTRICT MEMBER BANKS

(In millions of dollars)

	ALL MEMBER BANKS			RESERVE CITY BANKS			COUNTRY BANKS		
	Oct. 25 1950	Sept. 27 1950	Oct. 26 1949	Oct. 25 1950	Sept. 27 1950	Oct. 26 1949	Oct. 25 1950	Sept. 27 1950	Oct. 26 1949
Loans and investments.....	4,690	4,641	4,438	2,595	2,562	2,425	2,095	2,079	2,013
Loans and discounts.....	1,799	1,738	1,548	1,037	996	850	762	742	698
U. S. Government obligations.....	2,412	2,431	2,471	1,293	1,303	1,353	1,119	1,128	1,118
Other securities.....	479	472	419	265	263	222	214	209	197
Reserve with F. R. Bank.....	772	769	736	479	479	450	293	290	286
Balances with banks in U. S.....	615	585	601	260	250	243	355	335	358
Cash items in process of collection.....	315	299	262	293	280	244	22	19	18
Gross demand deposits.....	5,396	5,295	5,087	3,085	3,019	2,846	2,311	2,276	2,241
Deposits of banks.....	887	818	837	823	760	775	64	58	62
Other demand deposits.....	4,509	4,477	4,250	2,262	2,259	2,071	2,247	2,218	2,179
Time deposits.....	686	684	677	366	367	361	320	317	316
Total deposits.....	6,082	5,979	5,764	3,451	3,386	3,207	2,631	2,593	2,557
Borrowings.....	10	20	6	9	19	4	1	1	2

BANK DEBITS

	Oct.	10 Mos.	Change from '49	
	1950	1950	Oct.	10 Mos.
	(Thousand dollars)		(Per cent)	
COLORADO				
Colo. Springs.....	54,247	445,012	+25	+14
Denver.....	643,434	5,476,749	+25	+13
Gr. Junction.....	19,265	153,812	+35	+16
Greeley.....	29,699	230,414	+24	+23
Pueblo.....	47,367	439,745	+15	+10
KANSAS				
Atchison.....	11,559	100,798	+22	-18
Emporia.....	14,128	111,147	+17	+14
Hutchinson.....	34,172	371,751	+5	-3
Independence.....	7,541	70,873	+16	+10
Kansas City.....	82,731	725,168	+22	+13
Lawrence.....	11,058	105,055	+2	+6
Parsons.....	8,755	78,377	+12	+9
Pittsburg.....	13,089	118,513	+25	+9
Salina.....	36,104	350,708	+4	+5
Topeka.....	99,992	933,153	+12	+4
Wichita.....	239,203	2,360,582	+18	+10
MISSOURI				
Joplin.....	29,812	270,926	+18	+7
Kansas City.....	1,224,738	10,988,007	+21	+10
St. Joseph.....	110,996	996,151	+12	+11
NEBRASKA				
Fremont.....	20,273	185,999	+32	+20
Grand Island.....	27,921	240,386	+19	+14
Hastings.....	14,849	135,039	+18	+7
Lincoln.....	91,725	826,858	+17	+10
Omaha.....	629,375	5,224,544	+30	+15
NEW MEXICO				
Albuquerque.....	109,708	1,058,065	+21	+28
OKLAHOMA				
Bartlesville.....	156,583	1,359,770	+27	+5
Enid.....	31,538	347,705	-3	+3
Guthrie.....	4,451	43,500	+3	+5
Muskogee.....	26,914	253,862	+5	+11
Okla. City.....	374,940	3,477,369	+16	+16
Okmulgee.....	6,958	68,146	+22	+11
Ponca City.....	21,052	192,823	+12	+9
Tulsa.....	587,239	5,067,306	+32	+7
WYOMING				
Casper.....	36,732	301,692	+13	+9
Cheyenne.....	36,456	314,399	+23	+9
District, 35 cities.....	4,894,654	43,424,404	+22	+11
U. S., 333 cities.....	125,855,000	1,140,693,000	+24	+13

DEPARTMENT STORE TRADE

The dollar volume of sales at reporting department stores in this District in the first three weeks of November was about 7 per cent larger than a year ago, reflecting in part higher prices. During October, sales had shown little change from last year. Although sales of consumer durable goods were quite active for a few days in the middle of October, just prior to the tightening of consumer credit controls, the urgency of demand for consumer durables apparently had largely disappeared. During October, also, demand for soft goods, especially apparel, was greatly curtailed because of unseasonably warm weather. The slackening in sales of consumer durable goods has been attributed to a number of factors, including consumer credit restrictions, the previous excessive buying after the outbreak of war in Korea, recent increases in income tax rates, and other increases in general living costs. Department store sales decreased contraseasonally during October, and the seasonally adjusted index of daily average sales declined from

346 per cent of the 1935-39 average in September to 303 per cent in October.

Inventories at department stores continued to rise sharply during October, the seasonally adjusted index of stocks advancing from 306 per cent of the 1935-39 average at the end of September to a new record level of 330 per cent at the end of October, surpassing by a substantial margin the previous high of 310 per cent in March of 1948. The volume of merchandise on order declined sharply during the month as inventories increased. Stocks on hand at the end of October were 17 per cent larger in value than a year ago, and outstanding orders were 24 per cent larger than a year earlier.

DEPARTMENT STORE SALES AND STOCKS

	SALES		STOCKS
	Oct. 1950	10 Mos. 1950	Oct. 31, 1950
	comp. to	comp. to	comp. to
	Oct. 1949	10 Mos. 1949	Oct. 31, 1949
	(Per cent increase or decrease)		
Denver.....	-6	+4	+9
Pueblo.....	+8	+7	+14
Hutchinson.....	-3	+4	+12
Topeka.....	+4	+6	+18
Wichita.....	0	+4	+27
Joplin.....	+2	+12	+29
Kansas City.....	+5	+8	+17
St. Joseph.....	-3	+1	*
Omaha.....	+8	+9	+24
Oklahoma City.....	-2	+9	+29
Tulsa.....	+1	+7	+26
Other cities.....	-1	+9	+13
District.....	0	+7	+17

*Not shown separately but included in District total.

CONSTRUCTION

During October the dollar volume of building permits in leading District cities was 93 per cent above the level of October, 1949, owing to increased building activity and favorable weather conditions for construction. The dollar volume of building permits for the first ten months of this year was 58 per cent above the comparable ten months' figure for 1949. Although residential construction continues to comprise a large segment of the building activity in most areas, residential construction has declined in recent weeks and nonresidential building has increased.

The rise in industrial building throughout the District may be expected to continue as the defense program gains momentum. The Government recently took steps to encourage industrial expansion by setting up a five-year amortization plan for tax purposes on new defense facilities as well as providing for Government guaranteed or sponsored industrial loans. In the District, a 1½ million dollar basic chemical production plant is scheduled to be constructed southwest of Wichita, Kansas. A major steel corporation recently announced plans for a 26 million dollar modernization and improvement program to be completed by 1952 for properties located at Pueblo, Col-

orado. At Lincoln, Nebraska, a major rubber company began construction of a million dollar addition to its present plant facilities, while a large natural gas company in Oklahoma also recently announced plans for a 19 million dollar state-wide expansion program. Two major soap companies in Kansas City, Kansas, have recently announced expansion programs totaling an estimated 2 million dollars.

weather in September and October created a heavy demand for gasoline, but the demand for heating oils was slow. However, should the next few months produce severe winter conditions, an unusually heavy demand for heating oils may result in a considerable reduction of existing stocks and at the same time alleviate the shortage of storage facilities.

BUILDING PERMITS

	Oct.	10 Mos.	Change from '49	
	1950	1950	Oct.	10 Mos.
	(Dollars)		(Per cent)	
Colo. Springs, Colo..	703,912	5,698,122	+177	+20
Denver, Colo.....	5,174,061	55,838,025	+55	+56
Pueblo, Colo.....	539,299	6,029,869	+175	+62
Hutchinson, Kans..	292,795	4,667,256	0	+66
Kansas City, Kans..	1,451,050	6,282,701	+167	+50
Salina, Kans.....	387,875	3,663,320	+86	+90
Topeka, Kans.....	1,024,305	8,994,715	+276	+103
Wichita, Kans.....	2,554,085	25,614,823	+24	+38
Joplin, Mo.....	171,295	1,907,220	-10	+58
Kansas City, Mo....	3,513,000	37,370,000	+84	+6
St. Joseph, Mo.....	166,338	1,546,311	+127	+46
Lincoln, Nebr.....	1,352,300	10,215,003	+81	+79
Omaha, Nebr.....	1,461,222	20,505,259	-30	+85
Albuquerque, N. M..	2,107,279	25,167,488	+15	+55
Okla. City, Okla....	10,115,044	43,440,900	+760	+211
Shawnee, Okla.....	86,419	1,732,330	+8	+29
Tulsa, Okla.....	1,380,730	15,512,880	+15	+17
Cheyenne, Wyo.....	650,785	6,384,399	-1	+184
District, 18 cities....	33,131,794	280,570,621	+93	+58

PETROLEUM

Crude oil production in the Tenth District and the United States for the first ten months of 1950 was considerably above production for the corresponding period in 1949, increasing 7 per cent for the District and 6 per cent for the United States. Production in the District gained 5 per cent between September and October, while the aggregate for the nation increased 3 per cent.

The daily crude oil allowable for Oklahoma was increased to 472,540 barrels for September and revised upward to 477,885 barrels for October's production, the highest daily allowable since April, 1938. The daily allowable for Kansas has remained at 300,000 barrels since the July increase of 5,000 barrels. New Mexico's average daily crude oil allowable was reduced in September to 144,850 barrels, but was increased by 100 barrels in October.

Stocks of gasoline are currently below normal for this time of year, while the amount of fuel oil in storage is above normal. This situation is largely the result of increased imports and reduced exports of oil and mild weather conditions experienced throughout the nation in September and October. According to the United States Bureau of Mines, crude petroleum imports for the first eight months of this year were 38 per cent above the figure for the comparable period in 1949, while exports declined 17 per cent. Mild

EMPLOYMENT

Total civilian employment, after declining seasonally in September, expanded by an estimated 538,000 workers between September and October, as farm activity increased contraseasonally. The estimated 61.8 million persons employed in October was the highest ever reported for that month and one of the largest employment totals on record for any month. Nonagricultural employment remained at the September level of 53.3 million, but agricultural employment advanced substantially, reflecting in part the unusually favorable weather conditions which made increased farm activity possible in most sections of the United States. The unemployment trend in the nation continued downward during October, unemployment dropping to an estimated 1.9 million. Thus, the number of jobless in October of this year was only about half as large as in October, 1949.

Employment continued to expand during October in most sections of the Tenth District. According to the Wyoming State Employment Service, employment in Wyoming continued upward, as contrasted with a seasonal decline usually experienced in October. The growing demand for workers for construction, transportation, oil, mining, and agriculture has registered definite pressure on the labor market in Wyoming. According to the Nebraska Employment Service, Omaha employment in October was at the highest point in history, exceeding the peak attained in 1943 by about 2,700 workers. In contrast with the situation at Omaha, the number of persons employed at Tulsa, Oklahoma, declined somewhat, according to the Oklahoma State Employment Service. The aircraft industry continued to keep Wichita, Kansas, employment on the upswing. Of the 1,350 persons added to payrolls in October, 1,100 were employed by aircraft manufacturing establishments. The in-migration of workers who are attracted to Wichita by the prospects of defense jobs has kept unemployment somewhat larger than would normally be expected in the circumstances, according to the Kansas State Employment Service.

The Air Force recently announced that headquarters of the nation's new air defense command will be moved to Colorado Springs, Colorado, early next year. Thus, Colorado Springs expects to gain approxi-

mately 800 military and civilian personnel early in 1951. According to a recent announcement by the Air Force Chief of Staff, the Air Force financial center located at St. Louis, Missouri, will be moved to Denver, Colorado, early next year. About 2,000 persons will be employed at the center.

AGRICULTURE

Corn As of November 1, the United States Department of Agriculture estimated the 1950 corn crop at 3,105 million bushels, down 273 million from last year but up 205 million from the 1939-48 average. Among the leading corn states of the Tenth District, however, the estimated 1950 production is larger than last year's production as well as the 1939-48 average. In Nebraska, production is estimated at 242 million bushels compared with 239 million in 1949 and a ten-year average of 194 million. Missouri is expected to have a crop of 189 million bushels compared with 174 million in 1949 and a ten-year average of 138 million, while the Kansas crop is estimated at 88 million bushels as against 73 million in 1949 and a ten-year average of 65 million.

Cotton The Agriculture Department's November 1 report on the 1950 cotton crop indicated a large decrease, in line with earlier expectations. The crop is estimated at 9,945,000 bales compared with 16,128,000 bales in 1949 and a 1939-48 average of 11,599,000 bales. Oklahoma's 1950 crop is estimated at 225,000 bales compared with 610,000 a year earlier, while New Mexico's crop is placed at 195,000 compared with 276,000 in 1949.

Wheat Dry weather in recent weeks has affected adversely the development of wheat, although wheat is reported to be generally in good condition. Most of the wheat was seeded under favorable moisture conditions and has attained good growth, although some was sown in dry soil. However, the dry weather of recent weeks has left the topsoil too dry in much of the wheat area, and moisture is needed to maintain the favorable prospects. In some parts of Oklahoma and Kansas, root development is poor, but wheat in Nebraska is reported to have excellent root growth.

Wheat pasture has been in good supply this fall, but its condition has deteriorated in recent weeks because of the dry weather. The feed on volunteer wheat pasture has been reduced, and the growth of some seeded wheat has been retarded so as to make it unsuitable for pasturing. The number of lambs on wheat pasture in Kansas on November 1 was reported to be well above a year ago, but it has recently been neces-

sary to shift some lambs to more favorable wheat pastures.

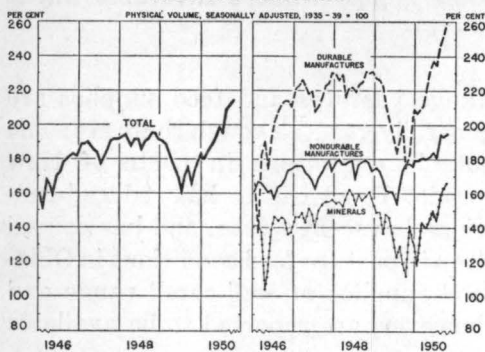
Ranges and Pastures Range pastures and feed supplies are generally good, although there are some notable exceptions in parts of New Mexico and Colorado. Dry weather has reduced pasture feed conditions in recent weeks, and has caused a rather sharp drop in pasture feed conditions in Oklahoma, where good supplies of well-cured range and pasture grass, however, are reported to be available for winter grazing.

The condition of range pastures, as well as the amount of hay and roughage supplies available, has delayed the movement of feeder stock this year, and there also are reports that more than the usual number of animals will be kept over through the winter. There also is reported to be a strong demand for breeding heifers and other stock cattle which may limit to some extent the number of available feeder cattle.

RAINFALL

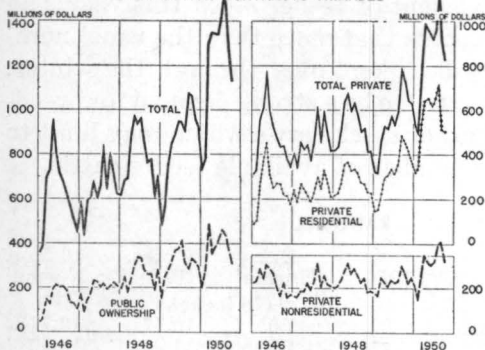
	Oct. 1950	Oct. Normal	10 Mos. 1950	10 Mos. Normal
(In inches)				
COLORADO				
Denver.....	.09	1.05	10.77	12.77
Leadville.....	.21	1.19	11.99	16.50
Pueblo.....	.02	.66	8.07	10.83
Lamar.....	.06	.97	16.62	14.39
Alamosa.....	.19	.58	4.01	6.41
Steamboat Springs..	.63	1.93	15.66	19.24
KANSAS				
Topeka.....	2.80	2.56	38.02	29.79
Iola.....	.17	3.15	34.13	33.64
Concordia.....	3.49	1.88	36.42	23.49
Salina.....	1.30	2.02	21.93	24.83
Wichita.....	.48	2.45	27.80	27.58
Hays.....	2.64	1.44	25.33	21.46
Goodland.....	.23	1.00	12.45	16.73
Dodge City.....	.66	1.35	14.38	18.63
Elkhart.....	1.13	1.35	20.24	15.71
MISSOURI				
St. Joseph.....	.87	2.89	28.45	32.69
Kansas City.....	.50	2.69	30.55	31.05
Joplin.....	2.57	3.45	37.85	39.06
NEBRASKA				
Omaha.....	2.95	2.17	27.36	25.77
Lincoln.....	2.21	1.88	24.30	26.07
Norfolk.....	1.15	1.54	27.98	25.11
Grand Island.....	1.07	1.84	24.29	24.12
Culbertson.....	.31	1.15	18.33	18.75
North Platte.....	.17	1.07	21.76	17.39
Bridgeport.....	.14	1.03	11.86	14.39
Valentine.....	.33	1.10	17.55	17.20
NEW MEXICO				
Clayton.....	.48	1.41	16.73	14.71
Santa Fe.....	.27	1.06	9.68	12.86
Farmington.....	T	.86	3.66	7.64
OKLAHOMA				
Tulsa.....	.86	3.35	31.96	32.78
McAlester.....	.41	4.04	43.51	37.09
Oklahoma City.....	1.99	2.86	32.80	27.78
Pauls Valley.....	.78	3.52	38.77	31.06
Hobart.....	T	3.23	17.99	24.64
Enid.....	.29	2.74	28.27	26.88
Woodward.....	T	2.29	30.58	22.69
WYOMING				
Cheyenne.....	.25	.96	13.17	13.92
Casper.....	.74	1.25	12.12	12.83
Lander.....	.16	1.36	14.56	11.35
Sheridan.....	.51	1.07	12.90	13.37

INDUSTRIAL PRODUCTION



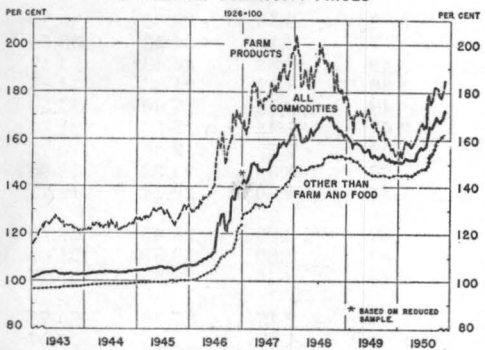
Federal Reserve index. Monthly figures, latest shown are for October, 1950.

CONSTRUCTION CONTRACTS AWARDED



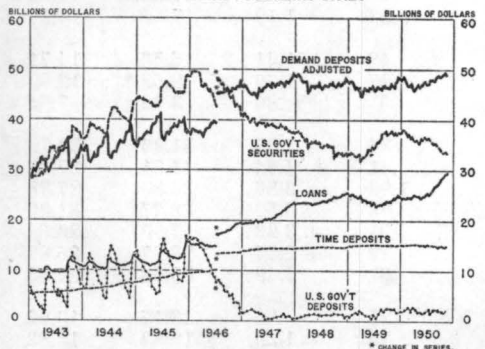
F. W. Dodge Corporation data for 37 Eastern States. Monthly figures, latest shown are for October, 1950.

WHOLESALE COMMODITY PRICES



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending November 21, 1950.

MEMBER BANKS IN LEADING CITIES



Wednesday figures, latest shown are for November 15, 1950.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

By the Board of Governors of the Federal Reserve System

Industrial output and employment increased somewhat further in October. Over-all construction activity was maintained at record levels. Value of department store sales declined somewhat in October, but increased seasonally in mid-November. Commercial bank loans continued to expand substantially in October and the first half of November. Average prices in wholesale and retail markets reached new peaks.

INDUSTRIAL PRODUCTION

The Board's index of output at factories and mines increased 3 points further in October to 215 per cent of the 1935-39 average. In November industrial production has apparently been maintained at the October level.

The rise in October reflected mainly further substantial increases in activity at steel mills and metal fabricating and machinery plants. Steel production rose to 102 per cent of rated capacity in October and to 103 per cent in the first half of November. There was a further large expansion in output of metal-working and general industrial machinery, freight cars, and of most other types of producers' equipment.

Passenger automobile production was maintained at a very high rate in October, and output of most other consumer durable goods was above earlier record levels. In November, the number of passenger cars assembled has declined considerably, mainly as a result of model change-overs.

Output of nondurable goods in October continued at the record level of the preceding two months. Activity in the textile, paper, and rubber products industries rose somewhat further to new highs. Chemicals and petroleum products also showed small gains. Manufactured food products, on the other hand, declined more than seasonally.

CONSTRUCTION

The total value of construction work put in place in October, seasonally adjusted, showed little change from the September record rate. Contracts awarded for new construction decreased further, reflecting chiefly declines in awards for nonresidential types of construction. New housing units started in October declined seasonally to 103,000. This was considerably below the exceptionally high spring and summer levels, but about the same as the 1949 peak month of October.

EMPLOYMENT

Employment in nonagricultural establishments, seasonally adjusted, rose slightly further in mid-October to a new high of 45.3 million persons. This rise reflected mainly continued expansion of employment in durable goods industries and in Federal Government establishments. The number of persons unemployed was reduced further to about 1.9 million, the lowest in two years.

DISTRIBUTION

Department store sales in October and the early part of November were below the advanced level of the third quarter, after allowance is made for seasonal changes. There was some further slackening in demand for appliances and other housefurnishings, although sales of these items generally continued above year-ago levels. At the end of October, value of department store stocks of both apparel and housefurnishings was substantially larger than in the corresponding period in 1949.

Sales of new passenger cars were considerably below the extraordinary peaks reached during the summer, but in most areas sales have apparently remained above the relatively high levels prevailing a year ago.

COMMODITY PRICES

Wholesale prices, which had shown little change from mid-September to the latter part of October, advanced to new peaks in the first three weeks of November. Prices of imported materials especially showed marked rises on reports of unfavorable developments in Korea. Prices of building materials, however, remained 2 per cent below the autumn peak, reflecting the lower level of lumber prices.

The consumers' price index advanced 0.6 per cent in October to a point slightly above the previous high in 1948.

BANK CREDIT

Loans at commercial banks continued to increase substantially during October and the first half of November. The expansion in business loans was considerably greater than could be expected seasonally. Real estate and consumer loans also continued to rise but the expansion was somewhat less than that of other recent months. Since midyear credit extended by banks in leading cities alone to private borrowers and state and local governments has expanded by more than 4½ billion dollars. Business loans have increased by 3¼ billion dollars. A recent special survey, which the Federal Reserve Banks made at member banks in leading cities, which make the bulk of business loans, indicates that about three fifths of the expansion at these banks reflected loans to dealers and processors of agricultural commodities.

Since September required bank reserves have risen as a result of the continuing credit expansion, while total reserves of banks have fluctuated but shown little net change. Currency and gold outflows and the cash redemption of part of the maturing Treasury bills held by the Federal Reserve System have tended to decrease available reserves, but this decrease has been about offset by the reduction of Treasury deposits. Banks have met this reserve situation partly by reducing their excess reserves and partly by increasing their borrowing with the Federal Reserve System. System holdings of U. S. Government securities have shown little over-all change.