

nois and the Kentucky Blue Grass region. Also in this class was the metropolitan center of Evansville with a very high total income growth rate.

The third highest income class (\$1,050—\$1,199) comprised farm areas of fairly high productivity in Missouri, Illinois and Kentucky, and the metropolitan centers of Springfield and Little Rock. The latter had the highest growth rate in total income of any metropolitan center in the Eighth District.

These data serve to identify those areas where per capita and total income have grown as the result of industrial development and diversification. Later studies will analyze in more detail the different growth patterns which follow from local efforts to utilize more effectively the basic resources of the district.

**Werner Hochwald.**  
**LaVerne Kunz.**

# Survey of Current Conditions

A rather optimistic tone seems to characterize business sentiment at the beginning of 1950. This tendency began early in the third quarter of 1949 and apparently gained some strength each month since that time. Even the loss of a month's production of basic steel and the equivalent of several months' output of coal has been taken in stride. In fact, one of the factors of strength pointed to for the first half of the new year is that the steel industry may require as much as six months of high-level operations to compensate for production lost during the recent strike. This estimate apparently reflects the feeling of a large number of manufacturers that their operations in the early part of 1950 will compare favorably with those in the same period in 1949.

To a large extent, the inclination to view business prospects favorably rests upon the conviction that consumers' expenditures will continue at a high level. Consumer demand is expected to be supported by continued high income and the large and widely distributed amount of liquid assets, supplemented by further expansion in the use of credit. There is not much doubt that competition for the

consumers' dollar will increase during the year. But there is a feeling that as long as consumers' needs are large and purchasing power is high, aggressive merchandising can translate potential demand into effective demand.

In the field of business expenditures, some decline is anticipated in 1950. Capital outlays for new plant facilities are unlikely to total as large as in 1949. Expenditures for new equipment, however, are likely to compare more favorably with those in 1949. The pressure of increasing competition creates growing incentive to reduce production costs, particularly when wage rates remain at a high level. The liquidation of inventories during 1949 was one of the principal reasons for the decline in production and employment in the first half of the year. Year-end stocks in general were on a conservative basis. In the months ahead there may be little outright inventory accumulation but, more importantly, there is not much likelihood of additional large-scale liquidation.

While total private expenditures may drop below the early 1949 levels, much of the decline is expected to be compensated for by additional public outlays. More money in the form of expenditures will be put into the economic system during 1950 by Government than will be withdrawn in the form of revenue.

These in brief appear to provide the major part of the basis for optimism with respect to business prospects. At the same time, there are areas in which declines from 1949 levels are likely. The principal one of these is in the agricultural field. Farm income in 1950 is expected to total somewhat less than in 1949. The importance of a further reduction in farm income should not be minimized in appraising the outlook. This is the basis for an important source of total demand for goods and

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926 = 100)	Nov., '49	Oct., '49	Nov., '48	Nov., '49 compared with	
				Oct., '49	Nov., '48
All Commodities .....	151.6	152.2	163.9	- 0.4%	- 7.5%
Farm Products.....	156.8	159.6	180.8	- 1.8	-13.3
Foods .....	158.9	159.6	174.3	- 0.4	- 8.8
Other .....	145.0	145.0	153.3	- 0 -	- 5.4

RETAIL FOOD					
Bureau of Labor Statistics (1935-39 = 100)	Nov. 15, 1949	Oct. 15, 1949	Nov. 15, 1948	Nov. 15, '49 compared with	
				Oct. 15, '49	Nov. 15, '48
U. S. (51 cities).....	200.8	200.6	207.5	+ 0.1%	- 3.2%
St. Louis .....	208.6	207.5	213.1	+ 0.5	- 2.1
Little Rock .....	198.8	198.2	202.4	+ 0.3	- 1.8
Louisville .....	188.3	189.7	198.9	- 0.7	- 5.3
Memphis .....	210.2	209.7	219.0	+ 0.3	- 4.0

services and, when curtailed, the repercussions historically have been felt over a large part of our economy.

**EMPLOYMENT**

The national employment picture in November looked considerably better than at any time during the past several months. Nonagricultural employment, according to the Bureau of the Census, was at the highest level this year and was less than 1 per cent below last year. Total employment was higher than at any time except during the summer months when agricultural employment was at its seasonal peak.

Nonagricultural employment in the nation began to increase last May, although it held consistently below the 1948 level. The October-November gain was due principally to the beginning of the holiday season upswing in employment. Last year, the non-agricultural employment peak was reached in August while this year the peak will be in either November or December.

Nonfarm employment in this district in November was off in the month. St. Louis and Evansville registered decreases, while Louisville and Memphis showed small increases. In Little Rock, employment was unchanged.

In the St. Louis area, nonagricultural employment declined as a fairly large decrease in manufacturing failed to be offset by the seasonal gain in nonmanufacturing employment. November employment was about 2 per cent below the year-ago level.

The October-November decline in manufacturing employment in St. Louis was largest in the leather industry, but appreciable declines also occurred in the food, chemicals, nonelectrical machinery and transportation equipment industries. The only manufacturing industries to show gains were the primary and fabricated metal products and electrical machinery. Approximately 17,000 fewer persons were employed in manufacturing this November than last.

In nonmanufacturing activity, small losses in construction, finance, service and government em-

ployment between October and November were more than offset by increases in trade employment.

Nonagricultural employment in the Evansville area dropped appreciably between September and November as a continued decline in manufacturing employment was only partially offset by seasonal increases in other lines. Employment in Evansville has declined steadily since January, so that by November it was about 6 per cent lower than last year.

In the Louisville area, nonagricultural employment increased somewhat during the past three months, although the gains have not been large. Employment rose about 2,000 between October and November due mainly to an increase in manufacturing employment. The major increases occurred in the furniture, nonelectrical machinery and food industries. In the nonmanufacturing group, a drop in public utilities and government employment was almost offset by an increase in trade and service. Despite the recent gains, however, November employment was about 7 per cent lower than last year.

**INDUSTRY**

Industrial activity in the district in November held at about the October level if seasonal factors are taken into account. Manufacturing activity was off slightly, and construction work tapered off somewhat—both largely seasonal developments. Gains over October were registered in steel and lumber operations, and in crude oil output and coal mining.

Electric power consumed in the district's major industrial centers in November was 5 per cent less than in October and 1 per cent less than a year ago. The decline both from last month and from a year ago resulted from decreases in the two largest consuming cities, St. Louis and Louisville. In Evansville, Little Rock, Memphis and Pine Bluff, consumption was larger than that in October, and in each of these cities except Evansville there was an increase over a year ago.

**Manufacturing**—Manufacturing activity in the district in November apparently declined slightly

**WHOLESALE**

**CONSTRUCTION**

BUILDING PERMITS								
Month of November								
(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1949	1948	1949	1948	1949	1948	1949	1948
Evansville .....	42	31	\$ 270	\$ 83	47	47	\$ 20	\$ 17
Little Rock.....	101	76	562	578	227	150	106	217
Louisville .....	136	125	548	725	51	47	63	53
Memphis .....	2,347	492	3,539	1,024	141	179	99	140
St. Louis.....	336	237	1,841	1,073	214	190	419	309
Nov. Totals.....	2,962	961	\$6,760	\$3,483	680	613	\$ 707	\$ 736
Oct. Totals.....	2,877	1,845	\$7,979	\$6,963	836	848	\$1,889	\$1,118

Line of Commodities	Net Sales		Stocks Nov. 30, 1949 compared with Nov. 30, 1948
	Oct., 1949	Nov., 1948	
Automotive Supplies .....	- 1%	-15%	-13%
Drugs and Chemicals.....	+ 6	- 0	.....
Dry Goods .....	-14	- 9	- 5
Groceries .....	+ 6	- 4	- 8
Hardware .....	+ 9	-18	- 3
Tobacco and its Products....	+ 4	- 1	+ 4
Miscellaneous .....	+ 4	+ 1	-10
**Total All Lines.....	+ 1%	-10%	- 5%

\* Preliminary.  
\*\* Includes certain items not listed above.

from the October level. Decreases were indicated in the automobile, brewing, chemical, electrical equipment, food and kindred products, machinery, stone, clay and glass products, and transportation equipment industries. Increases were indicated in the rubber, metals and metal products, whiskey and meat packing industries.

**Steel**—Operations of the basic steel industry in the St. Louis area in November were scheduled at 81 per cent of capacity, a level exceeded in only one other postwar month—September, 1948. This rate of open hearth operations was 4 points higher than during last month and 6 points above year-ago schedules. Trade reports indicate that demand for sheet steel is exceeding capacity and continues to increase, stimulated in part by an unexpected upturn in orders from stove manufacturers.

Operation of the area's second blast furnace was resumed in the first part of December thus doubling pig iron output which now totals 1,000 tons daily. The furnace had been idle for four months. Although coking coal supplies are still uncertain, the demand for pig iron was strong enough and supplies were

low enough to warrant operation of the second furnace.

**Lumber**—Basic lumber operations in the district in November increased slightly over October in contrast to the usual seasonal movement. The increase can be traced in part to the unusually good weather, but also to the continued strong demand in both the softwood and hardwood markets. Construction activity continues to support both markets. Increased needs of furniture manufacturers, box and crate plants, and flooring manufacturers has kept hardwood demand at a high level.

Southern pine production in November averaged 4 per cent higher than both a month and a year ago. Operations of reporting southern hardwood operators were scheduled at 78 per cent of capacity, 3 per cent higher than in October but 14 per cent lower than the November, 1948 rate.

**Whiskey**—At the end of November, 32 of Kentucky's 63 distilleries were in operation, 3 more than a month ago but 10 fewer than at the same time in 1948. Production is proceeding at a more cautious rate than a year ago due primarily to the amount of stocks on hand.

In October there were 5.5 million tax gallons of whiskey produced in Kentucky compared with 4.9 million gallons in September and 6.3 million gallons in October, 1948.

**Meat Packing**—Slaughtering in the St. Louis area in November increased slightly over October due, as last month, to an increase in hog marketings. There were 475,000 animals slaughtered under Federal inspection, of which 357,000, or three-fourths, represented hog killings. Last month slaughter totaled 467,000 whereas a year ago it was 559,000. On a month-to-month basis, hog killings increased 15 per cent offsetting decreases of 20 per cent in cattle, 34 per cent in calves and 25 per cent in sheep. Killings of all animals were fewer than a year ago.

**Shoes**—Shoe production in the district in October totaled 7 million pairs, according to preliminary estimates. This was a 2 per cent decline from September and a drop of 10 per cent relative to output in the same month a year ago. In the first 10 months of 1949, production totaled 73 million pairs, about 9 per cent less than the 81 million pairs produced in the like period of 1948. The nation's output in the first 10 months totaled 388 million pairs or only 1 per cent less than in the comparable period of 1948.

**Oil and Coal**—Daily average production of crude oil in the district's producing areas in November

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX 1935-39 = 100					
Unadjusted			Adjusted		
Nov., '49	Oct., '48	Nov., '48	Nov., '49	Oct., '49	Nov., '48
149*	53*	168	135*	49*	153

SHOE PRODUCTION INDEX 1935-39 = 100					
Unadjusted			Adjusted		
Oct., '49	Sept., '49	Oct., '48	Oct., '49	Sept., '49	Oct., '48
133*	136	147	137*	135	152

\* Preliminary.

**INDUSTRY**

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	No. of Custom-ers*	Nov., 1949	Oct., 1949	Nov., 1948	Nov., 1949 compared with	
		K.W.H.	K.W.H.	K.W.H.	Oct., '49	Nov., '48
Evansville .....	40	7,840	7,389	8,690	+ 6.1%	- 9.8%
Little Rock.....	35	5,161	4,913	4,916	+ 5.0	+ 5.0
Louisville .....	80	69,954	73,049	71,033	- 4.2	- 1.5
Memphis .....	31	6,523	5,780	5,869	+12.9	+ 11.1
Pine Bluff.....	26	6,071	5,079	2,997	+19.5	+102.6
St. Louis.....	139	80,724	89,252	85,300 R	- 9.6	- 5.4
Totals .....	351	176,273	185,462	178,805 R	- 5.0%	- 1.4%

\* Selected industrial customers.  
R—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS First Nine Days						
Nov., '49	Oct., '49	Nov., '48	Dec., '49	Dec., '48	11 mos. '49	11 mos. '48
101,995	105,284	115,843	30,348	35,342	1,146,356	1,321,661

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thous. of bbls.)	Nov., 1949	Oct., 1949	Nov., 1948	November, 1949 compared with	
				Oct., 1949	Nov., 1948
Arkansas .....	73.4	72.1	81.2	+ 2%	-10%
Illinois .....	181.0	180.3	180.0	- 0 -	+ 1
Indiana .....	28.7	28.5	26.3	+ 1	+ 9
Kentucky .....	24.9	23.5	24.3	+ 6	+ 2
Total .....	308.0	304.4	311.8	+ 1%	- 1%

increased slightly over October but remained below year-ago levels. The November output averaged 308,000 barrels daily as compared with 304,000 barrels in October and 312,000 barrels in November, 1948. Production in Illinois held at about the same level as in October, while increases were registered in Indiana, Arkansas and Kentucky. Compared with a year ago, the only decrease was shown in Arkansas output but this was large enough—10 per cent—to offset the other increases.

Coal production in November rebounded considerably with the ending of the strike during the second week of the month. The truce which lasted until the end of November permitted mines to work full time and those in the district produced 8.8 million tons, more than 2½ times that of strike-curtailed October and only 12 per cent below the output in November, 1948. Compared with last month, sizable gains were registered in all producing states.

Output of western Kentucky and Arkansas mines was larger than that of a year ago and production in Missouri came within 4 per cent of reaching the November, 1948 output. Mines in Missouri and Arkansas were in operation all month. In western Kentucky a number of mines are nonunion and also operated during the month. Production in Illinois and Indiana was 22 per cent and 18 per cent, respectively, lower than a year ago. United States production totaled 40.8 million tons, four times that of the previous month but 18 per cent below output in November, 1948.

**Construction**—Permits authorized for new construction and repairs in the district's major cities in November totaled \$7.5 million. Although this was 24 per cent below the October level and the lowest monthly dollar volume since March, it was 77 per cent higher than the November total last year. New construction in these cities totaled \$6.8 million of which \$3.6 million was for new residential building.

**TRADE**

Consumer spending at department stores in the United States in November increased seasonally from October, but was 6 per cent less than in November, 1948. Preliminary data placed the adjusted index of November sales at 278 per cent of the 1935-39 average in comparison to 275 per cent in October and 290 per cent in November, 1948. By Federal Reserve districts, sales performance in the month varied from a 10 per cent decline from last year in Cleveland to a slight gain in the Boston District.

**TRADE**

**DEPARTMENT STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	11 mos. '49		11 mos. '49		11 mos. '49	
	Nov., 1949 compared with Oct., '49	Nov., '48	Nov. 30, '49 to same period 1948	Nov. 30, '49 comp. with Nov. 30, '48	Jan. 1, to Nov. 30, 1949	Nov. 30, 1948
8th F. R. District.....	+ 8%	- 7%	- 6%	- 6%	3.61	3.64
Ft. Smith, Ark.....	- 6	- 9	- 2	- 10	3.68	3.42
Little Rock, Ark.....	+16	-10	- 6	- 9	3.76	3.89
Quincy, Ill. ....	+ 3	- 7	- 7	- 10	3.17	3.24
Evansville, Ind. ....	+17	- 7	-12	-18	3.30	3.31
Louisville, Ky. ....	+14	- 6	- 5	- 3	3.90	4.01
St. Louis Area <sup>1</sup> .....	+ 6	- 6	- 6	- 6	3.61	3.59
St. Louis, Mo.....	+ 7	- 7	- 7	- 7	3.62	3.60
E. St. Louis, Ill. ....	- 3	+ 3	- 3	.....	.....	.....
Springfield, Mo. ....	+ 4	-11	-15	-12	3.05	3.19
Memphis, Tenn. ....	+10	- 7	- 3	+ 1	3.66	3.64
*All other cities.....	- 4	- 7	- 6	- 9	2.93	2.91

\* El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>1</sup> Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill. Outstanding orders of reporting stores at the end of November, 1949, were 14 per cent less than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding November 1, 1949, collected during November, by cities:

	Instalment Accounts		Ex. Inst. Accounts		Instalment Accounts		Ex. Inst. Accounts	
	.....%	.....%	.....%	.....%	.....%	.....%	.....%	.....%
Fort Smith .....	.....%	50%	.....%	19%	.....%	60%	.....%	.....%
Little Rock .....	17	48	St. Louis .....	20	61	.....	.....	.....
Louisville .....	23	50	Other Cities....	13	55	.....	.....	.....
Memphis .....	23	46	8th F. R. Dist.	20	55	.....	.....	.....

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	Nov., 1949	Oct., 1949	Sept., 1949	Nov., 1948
Sales (daily average), unadjusted <sup>2</sup> .....	378	331	335	404
Sales (daily average), seasonally adjusted <sup>2</sup> .....	300	309	332	321
Stocks, unadjusted <sup>3</sup> .....	329	333	311	347
Stocks, seasonally adjusted <sup>3</sup> .....	308	298	280	325

<sup>2</sup> Daily Average 1935-39=100.  
<sup>3</sup> End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	11 mos. '49		11 mos. '49		11 mos. '49	
	Nov., '49 compared with Oct., '49	Nov., '48	Nov. 30, '49 to same period 1948	Nov. 30, '49 comp. with Nov. 30, '48	Jan. 1, to Nov. 30, 1949	Nov. 30, 1948
Men's Furnishings..	+ 2%	-15%	- 7%	- 1%	2.38	2.55
Boots and Shoes....	-10	- 3	- 2	- 1	3.87	3.97

Percentage of accounts and notes receivable outstanding November 1, 1949, collected during November:

Men's Furnishings.....	51%	Boots and Shoes.....	45%
Trading days: November, 1949—25; October, 1949—26; November, 1948—25.			

**RETAIL FURNITURE STORES \*\***

	Net Sales		Inventories		Ratio of Collections	
	Nov., 1949		Nov., 1949		Nov., '49	
	compared with Oct., '49	Nov., '48	compared with Oct., '49	Nov., '48	Nov., '49	Nov., '48
8th Dist. Total <sup>1</sup>	+ 6%	+10%	+ 4%	- 5%	25%	31%
St. Louis Area <sup>2</sup>	+ 9	+ 9	+ 1	- 2	50	55
St. Louis .....	+ 9	+10	+ 1	- 2	51	57
Louisville Area <sup>3</sup>	- 3	+36	- 0	-10	15	17
Memphis .....	+16	+25	- 1	- 5	14	17
Little Rock .....	+ 9	+ 9	+ 3	+10	17	24
Fort Smith .....	- 6	- 9	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal and Springfield, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

\*\* 38 stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Nov., '49	Oct., '49	Nov., '48
Cash Sales .....	12%	11%	15%
Credit Sales .....	88	89	85
Total Sales .....	100%	100%	100%

Dollar volume in reporting Eighth District department stores in November was 8 per cent larger than in October, but was off 7 per cent from November, 1948. Adjusted sales in the month were 300 per cent of five-year base period in comparison to 309 per cent in October and 321 per cent in November, 1948. In the eleven months (through November) of 1949, district sales averaged 6 per cent under the same period in 1948.

In St. Louis stores reporting sales by departments, the only major division showing an increase from last year was housefurnishings. This reflected partly the sharply reduced volume of such sales in the fourth quarter last year, but also indicated high levels of television sales, plus buying of general furniture. In apparel lines, sales volume in the month averaged about 7 per cent less than in November, 1948.

Inventories, in terms of value, at reporting district department stores at the end of November, 1949 were slightly higher than on October 31 but were 6 per cent below November 30, 1948. Unit volume of inventories seems to be equal to last year but some retailers feel that some sales have been lost because of inadequate stocks. On November 30, outstanding orders at reporting department stores were about one-fifth less than on October 31 and about one-eighth smaller than for the same date last year.

**AGRICULTURE**

Prices received by farmers declined 4 points to an index of 239 (1910-14=100) for the month ending November 15. This represented a drop of 12 per cent from a year earlier and 22 per cent from the postwar high. Prices of hogs, soybeans, corn, eggs and cotton declined during the month, while

prices of truck crops and food grains and dairy products increased.

The parity ratio declined to 100 during this period for the first time since November, 1940. The index of prices paid was 240, a decrease of 1 point during the month and just 3 per cent lower than a year earlier. It is noteworthy that prices paid are off less than 5 per cent from the peak. Although the parity index for November was 100, prices of only five major agricultural products—beef cattle, veal calves, lambs, milk and wool—were 100 per cent or more of parity. Prices of grains, cotton, tobacco, citrus fruits, chickens, eggs and turkeys all were below 100 per cent of parity.

Cotton marketing quotas will be in effect for the 1950 cotton crop. Nationally, acreage was cut from 26 million acres in 1949 to 21 million for 1950, a 23 per cent reduction. Reductions in district states are shown in the table:

**COTTON ACREAGE ALLOTMENTS FOR 1950**

	Acreage Harvested 1949	Acreage Allotted 1950	Per cent change from 1949
Arkansas .....	2,450,000	1,921,405	-22%
Mississippi .....	2,770,000	2,295,545	-17
Tennessee .....	830,000	703,653	-15
Missouri .....	583,000	462,839	-21

Reductions in district states all are less than the national average decrease. Acreage allotment for Texas is 7.6 million acres, or a 29 per cent cut from 1949. California acreage is scheduled to be cut one-third below the 1949 acreage. Allotments in Oklahoma for 1950 were only 4 per cent less than the 1949 acreage.

Although reductions in district states were less than the national average, reductions in particular counties and for the individual farm varied widely from this figure. Legislation setting up methods for allotting cotton acreage prevents any farmer from receiving an allotment of less than five acres. In some counties, after setting aside a sufficient acreage to take care of the minimum allotments, it was necessary to reduce allotments of larger producers by as much as half of the 1949 acreage. Another provision prevents a farmer from having a larger percentage of his cropland in cotton than the county average and allotments for many individuals were cut on this basis.

In Arkansas the 1950 allotment is 15 per cent less than the 1948 cotton acreage. In 23 counties, generally not too important in cotton production, the allotments are larger than the 1948 acreage, and in five counties are 50 per cent or more higher than the 1948 acreage. On the other hand, reductions in major producing areas—Mississippi, Jefferson and Lafayette counties—are 22 per cent down from the 1948 acreage.

**AGRICULTURE**

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	Receipts			Shipments		
	Nov., 1949	Nov., 1949 compared with Oct., '49	Nov., '48	Nov., 1949	Nov., 1949 compared with Oct., '49	Nov., '48
Cattle and calves.....	76,033	-54%	-41%	28,281	-63%	-29%
Hogs .....	183,707	-30	-26	21,919	-62	-52
Sheep .....	27,525	-51	-52	1,933	-85	-58
Totals .....	287,265	-41%	-34%	52,133	-65%	-42%

CASH FARM INCOME						
(In thousands of dollars)	Oct., 1949	Oct., 1949 compared with		10 month total Jan. to Oct. 1949	1949 compared with	
		Sept., 1949	Oct., 1948		1948	1947
Arkansas .....	\$ 63,656	+ 20%	-49%	\$ 359,694	- 4%	- 5%
Illinois .....	242,621	+112	+11	1,416,629	9	7
Indiana .....	113,275	+ 30	-11	764,763	-13	-11
Kentucky .....	34,460	- 6	-20	375,486	- 8	-11
Mississippi .....	52,451	+ 43	-52	343,626	- 4	- 4
Missouri .....	103,312	+ 31	-24	755,832	-12	-12
Tennessee .....	45,632	+ 11	-36	323,391	-15	-11
Totals .....	\$655,407	+ 46%	-21%	\$4,339,421	-10%	- 9%

Despite rather widespread dissatisfaction with the acreage allotments, marketing quotas were approved by farmers for the 1950 crop. Cotton grown within the allotted acreage will be supported at 90 per cent of parity and that grown outside allotted acreage will be penalized one-half the parity price.

**BANKING**

The combined asset and liability statements of the weekly reporting member banks in this district reflected little change in banking trends during the four weeks ending December 14, 1949. Adjusted demand deposits were slightly above the 1948 level; total loan volume was somewhat under that of last year, and investments were substantially above their year-ago level.

In the four weeks from November 16 to December 14, adjusted demand deposits rose \$42 million—3 per cent—at the 34 weekly reporting member banks in the district. In the corresponding four weeks of 1948, adjusted demand deposits increased \$48 million.

Time deposits declined seasonally in the four-week period—from \$486 million to \$479 million. The decline was larger in amount and per cent than for the corresponding four-week period in any of the postwar years.

Total loan volume at the district's weekly reporting member banks continued in the latest four-week period the trend noted last month. Average total loans for the four weeks were \$33 million below the corresponding 1948 levels compared with a gap of \$77 million in August, \$67 million in September, \$48 million in October and \$39 million in the first half of November. The position of total loans relative to a year ago improved partly because of the steady growth in real estate loans since mid-July and the irregular growth in "all other" (largely consumer credit) loans since mid-August, but principally because of the recovery of the business and agricultural loan volume.

Total investments of the weekly reporting member banks declined moderately from the mid-November amount in response to the fairly tight money market situation in the latter part of November and the first week in December, and the continued expansion in loan volume. In the final week, however, the banks added sufficiently to their investments to push the combined amount slightly above the mid-November level. At December 14, investments totaled \$146 million more than the volume a year ago, somewhat more than two-thirds of the gain being in United States Government securities.

**BANKING**

**PRINCIPAL ASSETS AND LIABILITIES  
FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)	Dec. 14, 1949	Nov. 16, 1949	Change from Dec. 15, 1948
Industrial advances under Sec. 13b.....	\$ 7,103	+ 793	— 2,316
Other advances and rediscounts.....	981,894	+20,552	—287,640
U. S. securities.....	\$ 988,997	\$ +21,345	\$ —289,956
Total earning assets.....	\$ 757,161	\$ — 2,384	\$ + 39,830
Total reserves .....	653,733	+ 7,230	—200,154
F. R. notes in circulation.....	1,096,265	+13,710	— 48,861
Industrial commitments under Sec. 13b..	\$ 500	\$ + 500	\$ + 500

**PRINCIPAL ASSETS AND LIABILITIES  
WEEKLY REPORTING MEMBER BANKS  
EIGHTH FEDERAL RESERVE DISTRICT**

(In Thousands of Dollars)	Dec. 14, 1949	Nov. 16, 1949	Change from Dec. 15, 1948
<b>ASSETS</b>			
Gross commercial, industrial, and agricultural loans and open market paper .....	\$ 574,390	\$ + 18,755	\$— 80,313
Gross loans to brokers and dealers in securities .....	6,561	+ 93	+ 121
Gross loans to others to purchase and carry securities.....	18,819	— 888	— 4,208
Gross real estate loans.....	188,696	+ 2,341	+ 29,546
Gross loans to banks.....	5,661	+ 3,138	+ 3,886
Gross other loans (largely consumer credit loans) .....	219,771	+ 1,201	+ 12,506
Total .....	1,013,898	+ 24,640	— 38,462
Less reserve for losses.....	9,629	+ 57	+ 2,406
Net total loans.....	\$1,004,269	\$ + 24,583	\$— 40,868
Treasury bills .....	43,089	+ 6,011	— 43,128
Certificates of indebtedness.....	227,361	— 13,525	+ 61,248
Treasury notes .....	45,643	+ 7,153	— 28,515
U. S. bonds and guaranteed obligations .....	782,710	+ 1,824	+118,270
Other securities .....	172,813	+ 1,092	+ 37,691
Total investments .....	\$1,271,616	\$ + 2,555	\$—145,566
Cash assets .....	812,319	+ 473	—106,247
Other assets .....	27,430	+ 1,752	+ 2,202
Total assets .....	\$3,115,634	\$ + 29,363	\$ + 653
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations.....	\$1,569,806	\$ + 38,543	\$ + 2,570
Interbank deposits .....	690,557	+ 11,683	— 16,770
U. S. Government deposits.....	44,917	— 13,342	+ 9,041
Other deposits .....	125,861	+ 1,387	— 10,556
Total demand deposits.....	\$2,431,141	\$ + 38,271	\$— 15,715
Time deposits .....	478,463	— 7,023	+ 10,212
Borrowings .....	3,960	— 3,690	+ 3,240
Other liabilities .....	19,701	+ 1,415	+ 2,146
Total capital accounts.....	182,369	+ 390	+ 7,250
Total liabilities and capital accounts .....	\$3,115,634	\$ + 29,363	\$ + 653
Demand deposits, adjusted*.....	\$1,430,250	\$ + 41,836	\$ + 13,954

\* Other than interbank and government demand deposits, less cash items on hand or in process of collection.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Nov., 1949	Oct., 1949	Nov., 1948	Nov., 1948	Nov., '48
El Dorado, Ark.....	\$ 21,390	\$ 22,246	\$ 21,126	— 4%	+ 1%
Fort Smith, Ark...	37,797	42,781	39,991	—12	— 6
Helena, Ark.....	9,586	11,216	11,102	—15	—14
Little Rock, Ark..	132,320	136,564	133,171	— 3	— 1
Pine Bluff, Ark....	32,622	38,564	37,668	—16	—13
Texarkana, Ark.*.	10,447	11,343	10,676	— 8	— 2
Alton, Ill.....	22,679	23,173	23,089	— 2	— 2
E. St. L.-Nat. S. Y., Ill.	88,711	117,832	125,523	—25	—29
Quincy, Ill.....	29,370	31,133	27,987	+ 6	+ 5
Evansville, Ind. ....	109,131	114,795	114,425	— 5	— 5
Louisville, Ky. ....	480,552	498,913	533,641	— 4	—10
Owensboro, Ky.....	36,837	35,480	30,238	+ 4	+22
Paducah, Ky.....	13,972	14,078	14,121	— 1	— 1
Greenville, Miss....	24,736	24,221	25,058	+ 2	— 1
Cape Girardeau, Mo. ·	11,356	11,635	11,212	— 2	+ 1
Hannibal, Mo. ....	8,166	8,444	7,256	— 3	+13
Jefferson City, Mo.	49,033	52,293	45,674	+ 6	+ 7
St. Louis, Mo.....	1,495,429	1,496,054	1,600,444	— 0	— 7
Sedalia, Mo.....	9,629	9,627	9,846	— 0	— 2
Springfield, Mo. ....	54,215	58,200	56,662	— 7	— 4
Jackson, Tenn. ....	23,576	25,794	21,982	— 9	+ 7
Memphis, Tenn. ....	645,903	696,137	698,919	— 7	— 8
Totals .....	\$3,347,457	\$3,480,523	\$3,599,811	— 4%	— 7%

\* These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$25,812.



# Survey of Current Conditions

Economic activity in the first part of 1950 has continued at the high levels that were reached late in 1949, both in the nation and in the Eighth District. Industrial production was larger in January than it was in December, when allowances are made for the usual seasonal changes that occur at this time of the year. There was some decline in the number of people who were employed but most of the drop was in seasonal industries such as agriculture, construction and trade. Unemployment, however, was more of a problem in January than it was in December as the number of workers who were without jobs climbed to the highest level since 1941.

There was much that was bright in the economic picture in January but there also were storm clouds overhead or on the horizon. Labor-management difficulties—in the coal, automobile, telephone and railroad industries—either were holding down industrial operations or were threatening to do so in the near future. Coal shortages were growing acute, and by late February in a number of areas dwindling stocks were reflected in cutbacks in manufacturing and other industrial activity.

In the Eighth District, industry was not seriously affected in January by the reduction in coal supplies. To a large extent this was due to the fact that shipments continued from mines operated under contract with the Progressive Mine Workers Union. In addition, most of the factories dependent on coal for their fuel energy requirements had accumulated sizable stockpiles. At the time this Review was written (late February), however, the coal situation in the district also had assumed serious proportions.

The district also has been plagued by floods in early 1950, but flood damage so far has been slight in terms of farm crop losses and hence in terms of anticipated farm income this year. Arriving too early in the season to catch spring plantings in most areas, the floods have caused damage principally to property and equipment.

The increase in industrial production in the nation in January to an estimated 182 per cent of 1935-39, as measured by the Board of Governors' seasonally adjusted index, primarily reflected further gains in the output of automobiles, steel and most other durable goods. The physical volume of nondurable or "soft" goods produced in January was not much different from that in December although there were increases in the paper and paperboard indus-

tries as well as in some other nondurable lines.

Consumers' buying and expenditures for construction continue to provide a substantial amount of support to current levels of economic activity. Consumers' expenditures apparently are running only a little below last year's volume, with a large part of the decline reflecting lower prices this year. In this district, department store sales in January averaged about 2 per cent less than a year ago on a daily average basis, about the same decline as the decrease in consumers' prices.

This high level of consumers' expenditures continues to be based in large part on a flow of income that is only about 2 per cent smaller than a year ago. In December, personal income in the nation was estimated at \$211.5 billion on a seasonally adjusted annual basis. Agricultural income was below that in December, 1948, but nonagricultural income was slightly larger than at the close of the previous year due primarily to increases in interest and dividend income and in Government transfer payments. Wage and salary payments were off about 2 per cent.

Construction expenditures in the nation in January were the largest ever for that month, totaling \$1.5 billion according to the U. S. Departments of Commerce and Labor. Expenditures in this district seem likely to remain at a high level during the coming months. A large volume of work was placed under contract late in 1949. In January, there was a sharp increase, relative to last year's volume, both in building permits and in construction actually contracted for. The increase over last year's volume in residential construction contracts has been particularly impressive, especially in the speculative building field. Such weakness as exists in construction expenditures continues to center largely in industrial construction.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES						
Bureau of Labor Statistics (1926=100)	Jan., '50	Dec., '49	Jan., '49	Jan., '50 compared with		
				Dec., '49	Jan., '49	
All Commodities .....	151.6	151.3	160.6	+ 0.2%	— 5.6%	
Farm Products .....	155.3	155.3	172.5	- 0 -	—10.0	
Foods .....	154.7	155.7	165.8	— 0.7	— 6.7	
Other .....	145.8	145.5	152.9	+ 0.2	— 4.7	

RETAIL FOOD						
Bureau of Labor Statistics (1935-39=100)	Jan. 15, 1950	Dec. 15, 1949	Jan. 15, 1949	Jan. 15, '50 compared with		
				Dec. 15, '49	Jan. 15, '49	
U. S. (51 cities) .....	196.0	197.3	204.8	— 0.7%	— 4.3%	
St. Louis .....	204.6	206.2	212.4	— 0.8	— 3.7	
Little Rock .....	196.4	197.0	199.8	— 0.3	— 1.7	
Louisville .....	183.7	185.0	193.9	— 0.7	— 5.3	
Memphis .....	203.1	206.9	217.1	— 1.8	— 6.5	

**EMPLOYMENT**

An expected decline in employment occurred between December and January both in the nation and in the Eighth District, due principally to losses in seasonal industries such as trade, construction and agriculture. The December-January drop this year did not reflect nonseasonal cutbacks to the same degree as it did a year ago. Nevertheless, total employment remained lower than a year earlier, continuing the pattern of the last ten months.

Nonagricultural employment in the nation was off about one million from December but was slightly higher than a year ago. Fewer persons were employed in agriculture in January than at any time since 1940. Apparently agricultural employment has resumed its long-term downward trend—a trend which had been temporarily interrupted during late 1948 and the first half of 1949.

More people were looking for jobs in January than at any time since 1941. Unemployment would have been even higher had it not been that a large number of women who were laid off decided to leave the labor force and not seek other jobs. About one of every five unemployed persons in January had been out of a job for fifteen weeks or more, according to the Census Bureau.

In the seven district states, about 15 per cent more workers were collecting unemployment compensation checks in January than in December. Indiana was the only district state with fewer claimants in January, while Arkansas had the largest percentage increase in unemployed workers. In St. Louis City and County, the number of continued claims for unemployment compensation increased about 8 per cent. In Evansville, there was a considerable drop between December and January.

In the Louisville area, fewer persons were working in January than in November due to declines in manufacturing, retail trade and construction, which were slightly larger than the gains in the transportation industry. The major decreases in manufacturing occurred in nonelectrical machinery and food companies; most other firms reported little change during this period. Employment in January was about 5 per cent below the year-ago level.

Of the five district states which report data on average earnings of manufacturing workers, in only two (Illinois and Indiana) were earnings larger than the national average of \$55 per week in November, 1949. Earnings in district states ranged from less than \$40 a week in Arkansas to almost \$60 a week in Illinois and Indiana. The average in Tennessee was \$45, while in Missouri it was \$50 a week.

Employment in the St. Louis area declined in January as it usually does after the year-end build-up in December. Most industry groups showed losses which in the aggregate amounted to about 1 per cent as compared with 3 per cent last year and about 2 per cent the year before. Since losses early last year, particularly in manufacturing, were never fully recovered, the seasonal dip in January dropped employment to the lowest level since early 1947. Increases in the leather, textiles and apparel industries were more than offset by sizable cutbacks in transportation equipment and electrical machinery plus smaller declines in nonelectrical machinery and basic and fabricated metals.

**INDUSTRY**

Industrial activity in the district in January remained at about the December level, after allowances are made for the usual year-end declines that occur in a number of industries. Manufacturers in the district kept their plants operating at roughly the same levels as in the previous month, despite declining coal stocks that curtailed production in some areas in the nation. Construction activity as well as the volume of work contracted for was off a little more than usual, not because January was a particularly low month but because December was unusually high. In the extractive industries, the production of coal dropped considerably but crude oil output was larger than in December.

**Coal Mining**—In general the coal strike has been less damaging to industry in this area than in some other sections of the country. A portion of the fuel requirements in the district customarily are met by coal mined by the Progressive Mine Workers. These supplies, together with the limited output from mines operated by the United Mine Workers, were sufficient to enable most manufacturing plants to maintain their production schedules in January and early February. With the closing of PMW mines, however, the local fuel situation has become critical.

In the mining areas in the district the impact of the shortened work week, and later the full-scale strike, was severe. The loss of income was trans-

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Jan., '50	Dec., '49	Jan., '49	Jan., '50	Dec., '49	Jan., '49
105*	154*	162	90*	148*	139
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Dec., '49	Nov., '49	Dec., '48	Dec., '49	Nov., '49	Dec., '48
154	103R	148	157	104R	151
*—Preliminary. R—Revised.					

lated into a drop in retail trade and a general tightening of business in those communities.

Total coal production in the district in January is estimated at 6.5 million tons. This is one-fifth less than in December and more than a third smaller than production last January. At this level, tonnage was equal to about 95 per cent of the 1935-39 average on a seasonally adjusted basis. Last January, output was 139 per cent of the average in those years.

Arkansas was the only district state to show an increase between December and January. Production there was up 10 per cent. In other producing areas there were reductions from December that ranged from 17 per cent in Illinois to 27 per cent in Missouri. Compared with output last year, tonnage mined in January was down from 5 per cent in Arkansas to 48 per cent in Indiana. The western Kentucky fields were the only ones where production was equal to that last January. Nationally there was a drop of 21 per cent from December and 37 per cent relative to January, 1949.

**Construction**—The construction picture in January was almost as bright as the coal mining situation was gloomy. Bad weather interfered with actual construction work during the month, but there was a large volume of work authorized by building permits as well as placed under contract during the month.

The value of construction authorized by permits issued in the reporting cities was more than twice as large as in January, 1949—totaling \$6.8 million as against \$3.4 million a year earlier. There were widely varying increases in four of the cities. Evansville showed a decrease. The January total was 38 per cent less than in December, but the drop was seasonal and was smaller than the decline last year.

Contracts were awarded for a total of \$45.3 million of construction in the district in January, according to the F. W. Dodge Corporation reports. This is within 2 per cent of the value of work contracted for in January, 1947 when volume was the largest ever for that month. Residential building placed under contract amounted to \$19.5 million—a new record for the month. Nonresidential awards totaled \$25.8 million and were larger, in the aggregate, than in any January except in 1946 and 1947.

The strength in residential construction contracted for last month largely reflected a sizable gain, relative to last year's volume, in speculative building. The value of contracts for one-family dwellings for sale or rent was more than twice as large as in January, 1949 in the St. Louis territory covered by the Dodge reports.

In view of the large amount of future work covered by contracts let in January, plus the holdover of a sizable volume of on-site construction work that got under way late in 1949, the outlook in terms of expenditures during the coming months is good. Thus it would appear that construction outlays can be expected to play an important part in supporting the district's economy during the first half of 1950.

**Steel**—Basic steel operations in the St. Louis area in January were scheduled at 79 per cent of new capacity—about 10 per cent higher than in January last year, but 5 per cent below the high level of December. During 1949, capacity was increased about 10 per cent which is included in the January rate. The month-to-month decrease was due to shutdowns of several open hearth furnaces for relining and repairs. Additional maintenance shutdowns in the first weeks of February caused a further drop in the rate of operations. Trade reports indicate that demand for steel in this area has continued strong.

**CONSTRUCTION**

(Cost in thousands)	BUILDING PERMITS Month of January				Repairs, etc.			
	New Construction		Cost		Number		Cost	
	1950	1949	1950	1949	1950	1949	1950	1949
Evansville .....	45	18	\$ 131	\$ 241	36	41	\$ 36	\$ 21
Little Rock.....	89	28	1,043	80	143	92	117	63
Louisville .....	151	75	1,909	338	42	36	50	48
Memphis .....	1,186	471	1,439	1,248	105	133	104	152
St. Louis.....	190	115	1,363	816	154	143	651	356
Jan. Totals.....	1,661	707	\$ 5,885	\$ 2,723	480	445	\$958	\$640
Dec. Totals.....	2,261	763	\$10,483	\$3,961	425	501	\$698	\$745

**INDUSTRY**

(K.W.H. in thous.)	No. of Customers*	CONSUMPTION OF ELECTRICITY				Jan., 1950 compared with	
		Jan., 1950 K.W.H.	Dec., 1949 K.W.H.	Jan., 1949 K.W.H.	Dec., '49	Jan., '49	
<sup>1</sup> Evansville .....	40	15,776	15,876	16,777	- 1%	- 6%	
Little Rock.....	35	5,210	5,297	4,927	- 2	+ 6	
Louisville .....	80	69,925	71,318	70,832	- 2	+ 1	
<sup>1</sup> Memphis .....	50	25,952	27,563	28,595	- 6	- 9	
Pine Bluff.....	28	6,389	4,979	6,150	+ 28	+ 4	
<sup>1</sup> St. Louis.....	112	80,221	79,668	77,993	+ 1	+ 3	
Totals .....	345	203,473	204,701	205,274	- 1%	- 1%	

\*Selected industrial customers.  
<sup>1</sup> Reports from these cities have been revised. In Memphis and Evansville more industries have been added, whereas in St. Louis several non-manufacturing industries were deleted.

**LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS**

Jan., '50	Dec., '49	Jan., '49	Feb., '50	Feb., '49	1 mo. '50	1 mo. '49
99,462	99,992	108,055	31,445	32,339	99,462	108,055

Source: Terminal Railroad Association of St. Louis.

**CRUDE OIL PRODUCTION—DAILY AVERAGE**

(In thousands of bbls.)	January, 1950 compared with			
	Jan., 1950	Dec., 1949	Jan., 1949	Dec., 1949
Arkansas .....	77.2	73.4	83.3	+ 5%
Illinois .....	178.7	181.0	179.7	- 1
Indiana .....	27.7	28.7	24.2	- 4
Kentucky .....	26.5	24.9	23.9	+ 6
Total .....	310.1	308.0	311.1	+ 1%

**Lumber**—The lumber industry operated at a slightly higher level than in December but a little below the January, 1949 level. Building activity continues to sustain a good lumber market and in most areas production is readily absorbed. The hardwood market is exceptionally active, in large part reflecting heavy buying by furniture manufacturers. It is reported that there is not enough high-grade well-manufactured hardwood to meet demands. Demand for oak flooring also continues to be heavy.

Operations of reporting southern hardwood mills were scheduled at 78 per cent of capacity as compared with 77 per cent in December and 80 per cent a year ago. Southern pine production averaged 2 per cent higher than in December but 3 per cent lower than in January, 1949.

**Whiskey**—Distilleries in Kentucky operated at about the December level. At the end of January, 35 of the state's 61 distilleries were in operation—six fewer than a year ago but the same number as a month earlier. Production during the past few months has been smaller than that of a year ago. Output is being geared to contemplated consumption with little attempt being made to produce surplus stocks. Reports indicate a trend toward an increase in the proportion of sales of bonded whiskey to total sales.

Whiskey production in Kentucky in December totaled 6.5 million tax gallons, a 13 per cent increase over November but 29 per cent less than in December, 1948. On a year-to-year basis, total output in the nation was off 33 per cent.

**Shoes**—Shoe production in the district in December was considerably larger than in November and was higher than in the previous December. According to preliminary estimates, output totaled 8.2 million pairs—50 per cent more than in November and about 4 per cent more than in December, 1948. The large month-to-month percentage gain is largely due to the fact that production in November was the smallest since 1946. Operations were cut back at that time in order to hold year-end inventories to a minimum level. In December, production of new spring lines of shoes got under way in most plants and operating rates climbed back toward normal.

**Meat Packing**—Federally inspected slaughter in the St. Louis area in January declined seasonally from December but was larger than that of a year ago. In January, 476,000 animals were slaughtered under Federal inspection as compared with 552,000 in December and 448,000 in January, 1949. The decrease from December was due to an 18 per cent

decline in the slaughter of hogs and to a 20 per cent decline in calf slaughter. Hogs accounted for 73 per cent of the total slaughter. Killings of cattle increased 1 per cent and of sheep, 7 per cent. Compared to a year ago, hog and calf slaughter increased more than offsetting decreases in cattle and sheep killings.

**Oil**—Daily average production of crude oil in each of the district's producing areas, except Indiana, increased slightly over December, and in total was at the same level as a year ago. On a year-to-year basis, decreases of 1 per cent in Illinois and 7 per cent in Arkansas were offset by gains in Indiana and Kentucky of 14 per cent and 11 per cent, respectively. Production in the district continued to compare more favorably with that of a year earlier than output nationally. In the past six months, the nation's production has averaged more than 10 per cent less than in the comparable period of the previous year, while district output has been off only fractionally.

**TRADE**

January winds blew hot and cold and as a result consumers were not in a mood to purchase winter clothing in the record-breaking warm weather and, at times, were not able to get out to shop when snow and ice in some parts of the district were the worst in years. Total sales at reporting district stores in the month dropped from the seasonal high in December and were generally under last year's volume despite traditional and special store-wide sales promotions. Furniture stores were the only reporting trade line to record district-wide sales volume greater than a year ago. Department store sales and sales at men's and women's specialty stores were under both the previous month and the same month a year ago.

The effect of the month's unpredictable weather was particularly noticeable in the total of department store sales in Springfield, Memphis and several smaller district cities. Early in the month, Memphis weather conditions were the worst in the history of the city when severe icing conditions crippled the city's economy.

**WHOLESALE**

Line of Commodities	Net Sales		Stocks
	Dec., 1949	Jan., 1950 compared with Jan., 1949	Jan. 31, 1950 compared with Jan. 31, 1949
Automotive Supplies .....	-12%	-11%	-17%
Drugs and Chemicals.....	+ 1	+ 8	.....
Dry Goods .....	+31	+17	+ 8
Groceries .....	- 3	- 8	- 2
Hardware .....	-12	-13	-11
Tobacco and its Products.....	-14	- 2	- 7
Miscellaneous .....	+ 1	- 1	- 8
**Total All Lines.....	10%	- 4%	- 1%
*Preliminary.			
**Includes certain items not listed above.			

**TRADE**

**DEPARTMENT STORES**

	Net Sales		mos. Jan. 31, 1950 to same comp. with period Jan. 31, 1949	Stocks	Stock
	Jan., 1950 compared with Dec., 1949			on Hand	Turnover
	Jan., 1949	Jan., 1949		Jan. 31, 1950	Jan. 1, to Jan. 31, 1950 1949
8th F. R. District..	-57%	-2%	.....%	-6%	.29 .28
Ft. Smith, Ark.....	-64	-10	.....	-4	.27 .28
Little Rock, Ark..	-60	-3	.....	-9	.27 .27
Quincy, Ill.....	-58	+3	.....	-9	.22 .20
Evansville, Ind.....	-60	-6	.....	-18	.26 .21
Louisville, Ky.....	-64	-4	.....	-4	.29 .30
St. Louis Area <sup>1</sup> .....	-51	+1	.....	-7	.31 .29
St. Louis, Mo.....	-51	+1	.....	-7	.31 .29
Springfield, Mo.....	-63	-2	.....	-13	.20 .18
Memphis, Tenn.....	-60	-9	.....	+2	.29 .32
*All other cities....	-67	-14	.....	-8	.18 .18

\*El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>1</sup> Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill.

Outstanding orders of reporting stores at the end of January, 1950, were 4 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding January 1, 1950, collected during January, by cities:

	Instalment Accounts		Excl. Instal. Accounts		Instalment Accounts		Excl. Instal. Accounts
	.....%	47%			22%	57%	
Fort Smith.....	15	42	Quincy.....	19	55		
Little Rock.....	20	56	St. Louis.....	13	46		
Louisville.....	21	44	Other Cities.....	19	52		
Memphis.....			8th F.R. Dist.....				

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	Jan., 1950	Dec., 1949	Nov., 1949	Jan., 1949
Sales (daily average), unadjusted <sup>2</sup> .....	232	504	378	238
Sales (daily average), seasonally adjusted <sup>2</sup> .....	282	330	300	290
Stocks, unadjusted <sup>3</sup> .....	248	259	329	260
Stocks, seasonally adjusted <sup>3</sup> .....	288	309	308	303

<sup>2</sup> Daily Average 1935-39=100.

<sup>3</sup> End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales		mos. Jan. 31, 1950 to same comp. with period Jan. 31, 1949	Stocks	Stock
	Jan., 1950 compared with Dec., 1949			on Hand	Turnover
	Jan., 1949	Jan., 1949		Jan. 31, 1950	Jan. 1, to Jan. 31, 1950 1949
Men's Furnishings..	-60%	-5%	.....%	+1%	.21 .22
Boots and Shoes.....	-50	-7	.....	-6	.30 .30

Percentage of accounts and notes receivable outstanding January 1, 1950, collected during January:

Men's Furnishings.....	42%	Boots and Shoes.....	45%
Trading days: January, 1950—25; December, 1949—26; January, 1949—25.			

**RETAIL FURNITURE STORES \*\***

	Net Sales		Inventories		Ratio of Collections	
	Jan., 1950 compared with		Jan., 1950 compared with		Jan., '50 Jan., '49	
	Dec., '49	Jan., '49	Dec., '49	Jan., '49	Jan., '50	Jan., '49
8th Dist. Total <sup>1</sup>	-48%	+10%	-2%	-16%	23%	28%
St. Louis Area <sup>2</sup>	-50	+18	-0	-26	42	47
St. Louis.....	-51	+18	-0	-26	42	47
Louisville Area <sup>3</sup>	-51	+23	+9	-3	14	16
Louisville.....	-51	+25	+9	-2	13	15
Memphis.....	-46	+25	-8	-13	12	16
Little Rock.....	-45	+1	-9	+1	16	24
Springfield.....	-43	+21	*	*	17	24
Fort Smith.....	-42	-14	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

\*\* 39 stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Jan., '50	Dec., '49	Jan., '49
Cash Sales.....	15%	17%	19%
Credit Sales.....	85	83	81
Total Sales.....	100%	100%	100%

Increased sales of housefurnishings at St. Louis department stores in the month played a large part in boosting total store sales slightly over last year's volume. Sharing in the year-to-year gain were increased sales in small wares and women's and misses' accessories. Women's and misses' apparel and men's wear sales, however, dropped below last year's total for the month.

The value of inventories at reporting district department stores on January 31, 1950 was slightly under that on December 31 and on the same date in 1949. Outstanding orders at the end of the month were about one-third larger and one-sixth larger, respectively, than for the same dates a month ago and a year previous.

Women's specialty and men's wear store sales volumes during January dropped sharply from December and were less than in January, 1949. Inventories at both types of stores at the end of the month fell below those on December 31. At women's specialty stores, however, the value of inventories was larger than a year earlier in contrast to the decline at men's wear stores relative to the same date in 1949.

Furniture store sales in January totaled about half those in the previous month but were slightly higher than in 1949. St. Louis furniture store executives report January sales exceptionally good, with demand heaviest in medium-priced lines. Outstanding orders were reported higher than a year earlier, with delivery generally good in all lines excepting television, electric refrigerators, medium-priced, upholstered and other lines of house-furnishings. Inventories at reporting furniture stores on January 31 were approximately one-tenth less than on the comparable dates a month ago and last year.

**AGRICULTURE**

The U. S. Department of Agriculture recently released its preliminary estimates of farmers' assets and liabilities as of the beginning of 1950. According to these figures, for the first time since the USDA has published the annual balance sheet of agriculture (1940), farmers' assets showed a drop from the level of a year earlier. The decline from January 1, 1949 is estimated at \$4.4 billion or about 3 per cent. Total liabilities of farmers were up almost \$800 million or 7 per cent. Proprietors' equities thus declined by \$5.1 billion or 4 per cent.

The major item of decrease in farmers' assets was a \$4 billion drop in real estate values (in contrast to 1948 when a \$2.4 billion gain was registered). Real estate assets as of the beginning of 1950 represented almost exactly half of total farm assets, just a shade less than the proportion a year earlier, but

**BALANCE SHEET OF AGRICULTURE**  
(In millions of dollars)

ASSETS	Jan. 1, 1950*	Jan. 1, 1949	Net Change 1949-50
<b>Physical assets:</b>			
Real estate .....	\$ 61,200	\$ 65,168	\$-3,968
<b>Non-real estate:</b>			
Livestock .....	13,211	14,657	-1,446
Machinery and motor vehicles..	13,390	11,114	+2,276
Crops, stored on and off farms <sup>1</sup>	7,700	8,475	-775
Household equipment <sup>2</sup> .....	6,200	6,000	+ 200
<b>Financial assets:</b>			
Deposits and currency.....	14,000	14,800	- 800
United States savings bonds.....	5,100	5,024	+ 76
Investment in cooperative.....	2,100	2,036	+ 64
<b>Total .....</b>	<b>\$122,901</b>	<b>\$127,274</b>	<b>\$-4,373</b>
<b>CLAIMS</b>			
<b>Liabilities:</b>			
Real estate mortgages.....	5,450	5,108	+ 342
<b>Non-real-estate debt:</b>			
To principal institutions:			
Excluding loans held or guar- anteed by Commodity Credit Corporation .....	2,900	2,714	+ 186
Loans held or guaranteed by Commodity Credit Corporation .....	1,200	1,152	+ 48
To others <sup>3</sup> .....	2,400	2,200	+ 200
<b>Total .....</b>	<b>\$ 11,950</b>	<b>\$ 11,174</b>	<b>+\$ 776</b>
Proprietors' equities .....	\$110,951	\$116,100	\$-5,149

\* Preliminary Estimate.

<sup>1</sup> Includes all crops held on farms and crops held in bonded warehouses as security for Commodity Credit Corporation loans.

<sup>2</sup> Estimated valuation for 1940 plus purchases minus depreciation.

<sup>3</sup> Tentative. Includes individuals, merchants, dealers, and other miscellaneous lenders.

Source: Bureau of Agricultural Economics USDA.

substantially less than in 1940 when 63 per cent of farmers' assets were in real estate.

The other major asset decrease was in value of livestock inventory—off \$1.4 billion from a year earlier. This decline (10 per cent) reflected lower prices rather than a decrease in livestock numbers. Crop inventories also were valued at less than a year earlier, and deposits and currency held by farmers at the beginning of 1950 was about \$800 million less than at the opening of 1949.

The major offset to the asset declines was a \$2.3 billion increase in machinery, reflecting continuation of the heavy machinery purchases of the post-war years. This also points up some of the change that has taken place in farm capital requirements. At the beginning of this year, value of farm machinery and equipment represented 11 per cent of total farm assets in contrast to 6 per cent in 1940.

Farmers' liabilities rose \$776 million in 1949. Of this amount, outstanding farm mortgage debt increased \$342 million, or 7 per cent, continuing the rise begun in 1946. This compares with a \$226 million, or 5 per cent, increase during 1948. Short-term debt increased but at a substantially lower rate than a year earlier. Short-term debt in the hands of banks, Government lending agents, dealers, merchants and others increased by \$386 million, or 8 per cent. This compares with an \$812 million, or 20 per cent, increase during 1948.

The Bureau of Agricultural Economics has revised its indexes of prices received and prices paid by farmers. One revision of the prices-received index involved a change in the base, shifting from the five years from August, 1909 through July, 1914

to the average prevailing from January, 1910 through December, 1914. The new prices-paid index also takes into account changing cost patterns due to increased use of machinery, electricity, etc., and includes such cost items as hired labor, stocker and feeder cattle. As of December 15, the new index of prices paid was 246 as compared with a figure of 240 as calculated under the old method. The index of prices received was revised with changes made in weighting various components of the index. The December 15 prices-received index on the new basis was 233 as contrasted with the 240 as computed under the old method.

The effective parity for the basic commodities (cotton, wheat, corn, rice, tobacco, peanuts) will be either that computed by the new or the old method—whichever is higher. For nonbasic commodities, if the new parity is higher than the old, it will be used. If it is lower, a transitional parity ratio, 5 per cent lower than the ratio computed by the old method, will be used in 1950, 10 per cent lower in 1951, and so on until the new level is reached.

Under either system of computation the parity ratio narrowed from December 15 to January 15. Prices received by farmers on January 15 were higher than at mid-December, but the index of prices paid increased more than that of prices received, reflecting mainly increases in interest and tax charges.

**BANKING**

Reflecting the usual post-holiday letdown in business activity and some unseasonal weather conditions in January, member banks in this district reported a moderate decline in deposits and loans and an expansion of their investment portfolios at the end of January, 1950 as compared with the close of December, 1949. In February, the city banks reported an increase in total loan volume due to con-

**AGRICULTURE**

(In thousands of dollars)	CASH FARM INCOME			12 month total Jan. to Dec.		
	Dec., 1949	Nov., 1949	Dec., 1948	1949	1949 compared with 1948 1947	
Arkansas .....	\$ 47,234	- 61%	-39%	\$ 527,607	- 9%	+ 6%
Illinois .....	129,514	- 18	-21	1,702,943	- 7	-11
Indiana .....	71,980	- 9	-17	916,022	-13	-14
Kentucky .....	105,501	+125	-27	527,920	- 9	-10
Mississippi .....	32,170	- 70	-54	481,312	-12	- 2
Missouri .....	80,363	- 26	-29	944,357	-21	-13
Tennessee .....	46,494	- 19	-33	426,914	-15	-10
Totals .....	\$513,256	- 24%	-29%	\$5,527,075	-12%	-10%

	RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS			Receipts			Shipments		
	Jan., 1950	Jan., 1950 compared with Dec., '49	Jan., '49	Jan., 1950	Jan., 1950 compared with Dec., '49	Jan., '49			
Cattle and calves .....	92,869	- 4%	+ 9%	26,991	-10%	+12%			
Hogs .....	296,908	- 4	+15	84,459	+ 8	+13			
Sheep .....	47,260	- 4	+14	9,142	-17	+50			
Totals .....	437,037	- 4%	+14%	120,592	+ 1%	+15%			

**BANKING**

**PRINCIPAL ASSETS AND LIABILITIES  
FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)	Feb. 15, 1950	Change from	
		Jan. 18, 1950	Feb. 16, 1949
Industrial advances under Sec. 13b.....	\$ .....	\$ .....	\$ .....
Other advances and rediscounts.....	3,999	+ 1,366	- 5,238
U. S. Securities.....	980,840	- 4,980	-224,468
<b>Total earning assets.....</b>	<b>\$ 984,839</b>	<b>\$- 3,614</b>	<b>\$-229,706</b>
Total reserves .....	\$ 729,165	\$-37,132	+ 21,390
Total deposits .....	655,243	-29,796	-191,847
F.R. notes in circulation.....	1,061,540	-12,937	+ 48,843
Industrial commitments under Sec. 13b..	\$ 500	\$ - 0 -	\$+ 500

**PRINCIPAL ASSETS AND LIABILITIES  
WEEKLY REPORTING MEMBER BANKS  
EIGHTH FEDERAL RESERVE DISTRICT  
(In thousands of dollars)**

34 banks reporting

ASSETS	Feb. 15, 1950	Change from	
		Jan. 18, 1950	Feb. 16, 1949
Gross commercial, industrial, and agricultural loans and open market paper .....	\$ 542,344	\$- 7,719	\$- 68,792
Gross loans to brokers and dealers in securities .....	5,975	- 913	+ 424
Gross loans to others to purchase and carry securities .....	19,660	+ 958	- 1,952
Gross real estate loans.....	193,542	+ 3,496	+ 32,488
Gross loans to banks.....	16,850	+16,000	+ 15,605
Gross other loans (largely consumer credit loans) .....	219,058	- 3,253	+ 5,609
<b>Total .....</b>	<b>997,429</b>	<b>+ 8,569</b>	<b>+ 16,618</b>
Less reserve for losses.....	11,752	+ 98	+ 2,504
<b>Net total loans.....</b>	<b>\$ 985,677</b>	<b>\$+ 8,471</b>	<b>\$- 19,122</b>
Treasury bills .....	55,655	-15,821	+ 587
Certificates of indebtedness.....	210,048	-24,058	+ 8,815
Treasury notes .....	181,059	+32,305	+126,050
U. S. bonds and guaranteed obligations .....	679,671	-33,529	- 10,372
Other securities .....	172,879	- 4,444	+ 38,048
<b>Total investments .....</b>	<b>\$1,299,312</b>	<b>\$-45,547</b>	<b>\$+163,128</b>
Cash assets .....	761,458	-27,887	- 66,728
Other assets .....	25,603	+ 821	+ 1,557
<b>Total assets .....</b>	<b>\$3,072,050</b>	<b>\$-64,142</b>	<b>\$+ 78,835</b>
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations.....	\$1,523,735	\$-10,389	\$+ 60,554
Interbank deposits .....	667,270	-52,969	+ 15,823
U. S. Government deposits.....	74,738	+20,960	+ 6,662
Other deposits .....	118,063	-10,136	- 25,456
<b>Total demand deposits.....</b>	<b>\$2,383,806</b>	<b>\$-52,534</b>	<b>\$+ 57,583</b>
Time deposits .....	486,639	+ 2,642	+ 11,458
Borrowings .....	800	-14,500	- 200
Other liabilities .....	18,114	- 643	+ 2,286
Total capital accounts.....	182,691	+ 893	+ 7,708
<b>Total liabilities and capital accounts.....</b>	<b>\$3,072,050</b>	<b>\$-64,142</b>	<b>\$+ 78,835</b>
Demand deposits, adjusted*.....	\$1,400,269	\$-30,209	\$+ 12,745

\*Other than interbank and government demand deposits, less cash items on hand or in process of collection.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Jan., 1950	Dec., 1949	Jan., 1950 compared with	
			Jan., 1949	Dec., '49 Jan., '49
El Dorado, Ark.....	\$ 22,096	\$ 25,937	\$ 22,844	-15% - 3%
Fort Smith, Ark....	40,204	40,191	39,239	- 0 - + 2
Helena, Ark.....	6,726	9,559	10,309	-30 -35
Little Rock, Ark....	121,510	134,659	121,551	-10 - 0 -
Pine Bluff, Ark....	27,387	34,477	29,546	-21 - 7
Texarkana, Ark.*..	10,828	11,783	10,511	- 8 + 3
Alton, Ill.....	23,216	26,633	23,530	-13 - 1
E.St.L.-Nat.S.Y., Ill.	103,761	106,070	105,194	- 2 - 1
Quincy, Ill.....	27,806	30,953	27,855	-10 - 0 -
Evansville, Ind.....	113,537	109,848	113,316	+ 3 - 0 -
Louisville, Ky.....	493,199	588,631	474,295	-16 + 4
Owensboro, Ky.....	38,891	43,362	31,659	-10 +23
Paducah, Ky.....	14,166	15,717	14,163	-10 - 0 -
Greenville, Miss....	24,204	28,121	24,818	-14 - 3
Cape Girardeau, Mo.	10,924	11,913	12,807	- 8 -15
Hannibal, Mo.....	7,928	8,864	7,215	-11 +10
Jefferson City, Mo.	56,088	40,569	78,141	+38 -28
St. Louis, Mo.....	1,532,231	1,608,694	1,501,013	- 5 + 2
Sedalia, Mo.....	9,219	10,908	9,094	-16 + 1
Springfield, Mo....	52,258	54,302	50,973	- 4 + 3
Jackson, Tenn.....	18,967	21,340	17,856	-11 + 6
Memphis, Tenn.....	583,172	632,682	556,460	- 8 + 5
<b>Totals .....</b>	<b>\$3,338,318</b>	<b>\$3,595,213</b>	<b>\$3,282,389</b>	<b>- 7% + 2%</b>

\*These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$25,790.

tinued growth in real estate loans and a temporary rise in loans to banks.

**Loans and Investments**—At the smaller district member banks, loan volume showed no change from December to January; at the city banks it declined \$17 million. In the first month of 1949, loan volume dropped \$3 million and \$7 million, respectively, for the two groups of banks. These month-end comparisons reflect what seems to be the approximate seasonal change in the month of January—a moderate shrinkage in total loan volumes at the city banks, where the drop is occasioned principally by a reduction in business loans, and a less noticeable decline, or stability, at the smaller banks.\*

At the close of January, 1950 the volume of loans at all district member banks was off only 1 per cent from a year ago. All of the decrease from January, 1949 was at the larger city banks with smaller banks showing a slight gain for the same period.

It should be noted, however, that the weekly data available for the 34 larger city banks through February 15 showed a measure of contraseasonal strength in total loans, which rose \$9 million from mid-January to mid-February. The reduction in business loans at these banks from the mid-December, 1949 peak appears to have been a normal seasonal amount. (The reduction was less than that in the corresponding 1948-49 period which was influenced to some extent by the business downturn of that period.) But loans on real estate and loans to banks have increased more rapidly in the first seven weeks of the 1950 calendar year than in a comparable period in any other postwar year.

As a result of the return flow of currency from circulation and net Treasury operations during the month of January, the banks generally acquired additional funds. These additional funds were invested for the most part in United States Government securities. The increase in Governments was most pronounced at the city banks—\$55 million from December, 1949 to January, 1950 as compared with a gain of \$8 million at the rural banks. At the end of January, 1950, total investments of district member banks were \$204 million (9 per cent) above the level of January, 1949.

**Deposits**—Demand deposits, except interbank, showed virtually no change during January, closing the month at \$3,184 million, off \$7 million from December, 1949 (a small fraction of 1 per cent) and up \$50 million (1½ per cent) over their level a year ago. City banks and rural banks showed about the same slight decline during January, 1950.

\* For the city banks, in eight of the past eleven years volume of total loans has declined in January.

Time deposits, on the other hand, increased moderately at both groups of banks for the month of January, 1950. The growth in time deposits matched the shrinkage in demand deposits (other than interbank). In view of the fact that there has been, during the past year, an increase in the rate paid on time and savings accounts in some areas

within the Eighth District, some of the growth in time deposits may have resulted from a conversion of demand deposits into savings accounts in order to gain the interest paid. Time deposits at the end of January, 1950 were \$24 million (2½ per cent) over their level a year ago.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

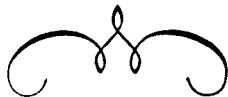
(In Millions of Dollars)

	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Jan., 1950	Dec., 1949 to Jan., 1950	Dec., 1948 to Jan., 1949	Jan., 1950	Dec., 1949 to Jan., 1950	Dec., 1948 to Jan., 1949	Jan., 1950	Dec., 1949 to Jan., 1950	Dec., 1948 to Jan., 1949
<b>Assets</b>									
1. Loans and Investments.....	3,956	+45	+40	2,343	+36	+38	1,613	+9	+2
a. Loans .....	1,514	-17	-10	1,000	-17	-7	514	-0-	-3
b. U.S. Government Obligations.....	2,091	+63	+51	1,172	+55	+46	919	+8	+5
c. Other Securities .....	351	-1	-1	171	-2	-1	180	+1	-0-
2. Reserves and Other Cash Balances.....	1,243	-27	-88	746	-20	-64	497	-7	-24
a. Reserves with the F.R. Banks.....	587	+4	-35	379	+2	-21	208	+2	-14
b. Other Cash Balances <sup>3</sup> .....	656	-31	-53	367	-22	-43	289	-9	-10
3. Other Assets .....	39	-0-	-0-	25	-0-	-0-	14	-0-	-0-
4. Total Assets .....	<u>5,238</u>	<u>+18</u>	<u>-48</u>	<u>3,114</u>	<u>+16</u>	<u>-26</u>	<u>2,124</u>	<u>+2</u>	<u>-22</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	3,930	+11	-59	2,421	+14	-39	1,509	-3	-20
a. Deposits of Banks.....	746	+18	-16	706	+18	-14	40	-0-	-2
b. Other Demand Deposits.....	3,184	-7	-43	1,715	-4	-25	1,469	-3	-18
6. Time Deposits .....	972	+7	+2	489	+4	+2	483	+3	-0-
7. Borrowing and Other Liabilities.....	26	-0-	+12	20	-1	+12	6	+1	-0-
8. Total Capital Accounts.....	310	-0-	-3	184	-1	-1	126	+1	-2
9. Total Liabilities and Capital Accounts...	<u>5,238</u>	<u>+18</u>	<u>-48</u>	<u>3,114</u>	<u>+16</u>	<u>-26</u>	<u>2,124</u>	<u>+2</u>	<u>-22</u>

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis—National Stockyards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in the process of collection.





**ADDITIONS TO VALUATION RESERVES ON LOANS  
EIGHTH DISTRICT MEMBER BANKS  
1948-1949**

(Thousands of Dollars)

	1948	1949
Banks with Average Deposits <sup>1</sup>		
\$1,000,000 or less.....	\$ 14.8	\$ 10.0
\$1,000,000 to \$2,000,000.....	103.5	112.7
\$2,000,000 to \$5,000,000.....	390.2	324.7
\$5,000,000 to \$10,000,000.....	531.3	353.3
\$10,000,000 to \$25,000,000.....	626.0	428.2
\$25,000,000 to \$50,000,000.....	537.2	445.4
\$50,000,000 and over.....	3,583.6	2,376.2
All District Member Banks.....	\$5,786.6	\$4,050.5

<sup>1</sup> Deposits were averaged from three call reports made on December 31, 1948, June 30, 1949, and November 1, 1949.

After paying operating expenses and income taxes, making charge-offs on loans, and setting aside reserves, a little less than 28 cents out of each dollar of gross earnings remained as net profit. This represented earnings of 10.9 per cent on total capital accounts and 0.70 per cent on total assets last year. Of this amount, 8 cents was paid to stockholders as dividends while 20 cents was plowed back into the capital structures of the banks.

The policy of retaining a large part of net profits in order to strengthen capital structures has been

followed rather consistently by banks in the district. The retained portion of profits last year was equal to 7.9 per cent of total capital accounts. This strengthening of the capital structure increased the ratio of capital accounts to total deposits from 6.5 per cent to 7.3 per cent. The ratio has been as high as 15.5 per cent in 1939 and as low as 6.0 per cent in 1946.

Earnings in future years may be higher but 1949 will be remembered by Eighth District bankers as a very profitable year. The banks paid substantial income taxes, more than met increased operating costs, and set aside reserves for possible losses on loans. 1949 will also be remembered as a good year for stockholders who received their usual dividend, and for depositors whose funds were backed by increased capital accounts.

**E. Francis De Vos  
Marie Wahlig**

# Survey of Current Conditions

The economic outlook for the nation improved with the settlement of the coal strike and the resumption of operations in that industry. As fuel supplies are restored, production schedules in industries that had been forced to cut back operations are being restored to levels approximating those which prevailed prior to the strike. In some instances, notably in the steel industry, the recovery has been sizable. Nevertheless, it is likely that several months of high-level activity will be required to compensate for the production that was lost during the strike.

In the Eighth District, this recovery problem probably is less serious than it is in many other parts of the country—principally because cutbacks were less abrupt here. Even so, industry in the district no doubt will feel the effects of the strike for some time. This is particularly true where operations are dependent upon steel shapes that are in limited supply.

The setback in steel and other heavy goods industries pretty much obscured the fact that total production of nondurables in February was close to the all-time peak for these industries. The value of new orders received by manufacturers of nondurables in January was about 4 per cent larger than in December and a little larger than in January, 1949. The backlog of unfilled orders also moved up in January. In the heavy industries, too, bookings increased in

January. In part, this reflected a more favorable near-term outlook for business, but much of the business was placed in anticipation of probable shortages resulting from the coal strike. The total value of new orders received by manufacturers in January was about \$1.5 billion more than the value of sales during the month; in December as well as in January last year, sales were larger than new orders.

Employment in some manufacturing industries dropped in February, but total nonfarm employment held at the January level, according to the U. S. Bureau of the Census, and was larger than it was last February. It is becoming increasingly apparent, however, that even the present high level of economic activity is not sufficient to provide work

**PRICES**

WHOLESALE PRICES IN THE UNITED STATES						
Bureau of Labor Statistics (1926=100)			Feb., '50 compared with			
	Feb., '50	Jan., '50	Feb., '49	Jan., '50	Feb., '49	
All Commodities.....	152.7	151.6	158.1	+ 0.7%	— 3.4%	
Farm Products.....	159.1	155.3	168.3	+ 2.4	— 5.5	
Foods .....	156.8	154.7	161.5	+ 1.4	— 2.9	
Other .....	145.9	145.8	151.8	+ 0.1	— 3.9	

RETAIL FOOD				Feb. 15, '50 compared with	
Bureau of Labor Statistics (1935-39=100)			Jan. 15, '50 Feb. 15, '49		
	Feb. 15, 1950	Jan. 15, 1950	Feb. 15, 1949	Jan. 15, '50	Feb. 15, '49
U. S. (51 cities).....	194.8	196.0	199.7	— 0.6%	— 2.5%
St. Louis.....	202.9	204.6	207.1	— 0.8	— 2.0
Little Rock .....	194.5	196.4	197.2	— 1.0	— 1.4
Louisville .....	183.1	183.7	189.2	— 0.3	— 3.2
Memphis .....	202.2	203.1	212.2	— 0.5	— 4.7

for all those who are seeking jobs. In February, total employment held at the January level but the number of unemployed persons increased by some 200,000, reflecting an increase of that number in the labor force. As a result, total unemployment climbed to the 4.7 million mark, which was the highest it has been since early in 1942.

There apparently was a rise in unemployment in this region in February, according to the available data. The number of unemployment compensation claims in the seven district states was larger than it was in January or in February of last year. Three of the nation's "critical areas" are in this district—Mount Vernon, Crab Orchard and Cairo, Illinois. However, this condition is not general in the district. In St. Louis, the claims load declined slightly in February.

Consumers in the nation and in this district continue to maintain their expenditures at a high level. Total retail sales in the nation were larger in January than they were a year ago. The increase was due almost entirely to a gain in automobile sales which totaled only a little below the peak month last year, on a seasonally adjusted basis. Sales of other items in January again were less than in the same month a year earlier. There has been an upward trend in consumers' expenditures for goods other than automobiles since the third quarter of 1949, but a sizable amount of total retail sales continues to be concentrated in automobiles.

Personal income receipts in January were up about \$1 billion, on a seasonally adjusted annual basis, even excluding the G. I. insurance refunds received during the month. Wage and salary receipts were about the same as in December but proprietors' and rental income increased \$2.7 billion on an annual basis.

EMPLOYMENT

There was little change in employment between mid-January and mid-February in either the nation or this district. A small gain in factory jobs about offset seasonal losses in nonmanufacturing jobs. Unemployment moved upward, however, as the mid-term school graduates began to hunt work.

Employment conditions, except in agriculture,

WHOLESALE

Line of Commodities Data furnished by Bureau of Census, U. S. Dept. of Commerce *	Net Sales		Stocks
	February, 1950 compared with		Feb. 28, '50
	Jan., '50	Feb., '49	comp. with Feb. 28, '49
Automotive Supplies .....	- 5%	- 5%	-20%
Drugs and Chemicals.....	- 6	+ 6	3
Dry Goods .....	-0-	-0-	+ 6
Groceries .....	- 2	- 1	1
Hardware .....	+17	- 8	8
Tobacco and its Products.....	- 3	- 4	6
Miscellaneous .....	- 1	-10	-15
**Total All Lines.....	+ 2%	- 7%	- 4%

\*\*Preliminary.  
\*\*Includes certain items not listed above.

were generally more favorable this February than a year ago. At that time there was a substantial drop in nonagricultural employment which was accompanied by a sharp increase in unemployment due to nonseasonal industrial cutbacks. This year employment remained relatively stable between January and February and the rise in unemployment was much less than last year. On the other hand, the number of workers on the farms expanded less than last year and was well below the 1949 level.

The mid-February estimates, however, did not fully reflect the impact of the coal strike on employment in other industries. Subsequently, there were some scattered layoffs throughout the Eighth District, but with the end of the strike most of the affected workers were recalled.

The upward trend in unemployment is causing increasing concern. Nationally, the February unemployment rate (the proportion of the labor force seeking work) was higher than at any time since early 1942. Although more people were working in nonagricultural industries this February than last, unemployment was almost half again as large as a year ago since the number of new entrants into the labor market exceeded the number of new jobs.

Unemployment apparently increased in the district states in February, as measured by the change in the volume of unemployment compensation claimants. In the seven district states, the claims load during the first half of the month was about 4 per cent higher than in January and 2 per cent higher than a year ago. The increase from January was considerably larger than that for the nation, but relative to the claims load a year ago the increase was smaller in the district states than nationally.

Nonagricultural employment in the five major district cities was below the year-ago levels in January. The declines ranged from 1 per cent in Memphis and Little Rock to 5 per cent in Louisville, with St. Louis off 2 per cent and Evansville 4 per cent. Most of the drop was in manufacturing but other industries also employed fewer workers.

Manufacturing employment was off in all the major district cities except Little Rock, where there was a minor gain from January, 1949. Memphis had the smallest loss (2 per cent), followed by St. Louis and Louisville (5 per cent) and Evansville (8 per cent).

INDUSTRY

The level of industrial activity in the district in February was little changed from that of January. Construction outlays continued to be the leading factor of support. Coal production remained at

about the low January level for most of February and became even more acute when the Progressive Mine Workers went on strike. They had been supplying a good portion of the fuel requirements, particularly of the St. Louis area. Basic steel output, not particularly hampered by coal shortages in this area, was at a fairly high level but, due to maintenance shutdowns, averaged slightly below the January rate. Basic lumber production, upheld by construction activity, increased over January. Manufacturing production, in the aggregate, was lower than in the previous month but on a daily average basis activity showed a slight increase.

Total electric power consumption by manufacturers in the district's leading industrial areas was 3 per cent below the January level but on a daily average basis showed an 8 per cent increase. Average consumption in each of the reporting cities showed gains over January, ranging from 2 per cent in Evansville to 11 per cent in Little Rock. Compared to a year ago, total consumption was up 5 per cent but Evansville and Louisville reported decreases, the latter being only slight.

**Manufacturing**—Aggregate output of the district's manufacturing plants in February probably was lower than in January because of the shorter work month. However, the rate of activity remained high, apparently slightly higher than the January level. In the case of the coal shortage, the district's operations were affected less than those in many of the nation's other manufacturing areas.

**Steel**—Basic steel operations in the St. Louis area in February were not particularly affected by the coal strike which curtailed production in most of the nation's steel centers. The slight drop in per cent of capacity operations in this area was due to shutdowns for maintenance and relining of several of the area's open hearth furnaces. Operations were scheduled at 76 per cent of capacity, three points lower than in January, and four points below February, 1949. Demand for sheet steel climbed as outside consumers sought supplies to replace those curtailed elsewhere by the coal shortage.

**Lumber**—With the demand for all kinds of lumber continuing strong, the district's lumber industry in February operated at a slightly higher level than in the previous month and considerably higher than a year ago.

Southern pine production in February averaged 5 per cent higher than in January, and operations of reporting southern hardwood producers were up 3 per cent—to 80 per cent of capacity. Both hardwood and pine operations were nearly 16 per cent higher than a year ago.

**Whiskey**—At the end of February, 32 of Kentucky's 60 distilleries were in operation. This was three fewer than a month ago and seven less than a year earlier. There has been relatively little change in output for the past five months. Operations have been held at a reduced rate primarily because of increased inventories in warehouses.

Whiskey production in Kentucky in January totaled 6.2 million tax gallons, a 5 per cent decrease compared with the 6.5 million gallon output in December, but 26 per cent lower than the 8.3 million gallons produced in January, 1949. Nationally output was not quite 4 per cent below that of the previous month, but the year-to-year drop was the same as in Kentucky.

**Shoes**—District shoe production in January totaled 7.9 million pairs, according to preliminary estimates. This was 2 per cent lower than the 8.1 million pairs produced in December and only 1 per cent below the January, 1949 output. Production in the nation as a whole fared somewhat better. Output in February was estimated at 38 million

**CONSTRUCTION**

(Cost in thousands)	BUILDING PERMITS Month of February							
	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1950	1949	1950	1949	1950	1949	1950	1949
Evansville .....	61	12	\$ 190	\$ 144	43	57	\$ 59	\$ 30
Little Rock .....	83	59	624	1,038	197	147	159	81
Louisville .....	129	162	1,091	733	54	57	40	63
Memphis .....	1,795	507	2,624	1,285	116	134	176	78
St. Louis .....	243	153	2,448	1,273	171	168	473	1,038
Feb. Totals.....	2,311	893	\$6,977	\$4,473	581	563	\$ 907	\$1,290
Jan. Totals.....	1,661	707	\$5,885	\$2,723	480	445	\$ 958	\$ 640

**INDUSTRY**

(K.W.H. in thousands)	CONSUMPTION OF ELECTRICITY*					
	Feb., 1950		Jan., 1950		Feb., 1950 compared with Feb., '49	
	K.W.H.	K.W.H.	K.W.H.	K.W.H.	Jan., '50	Feb., '49
Evansville .....	12,310	12,535	11,949		- 2%	+ 3%
Little Rock .....	5,227	5,210	4,768		- 0	+ 10
Louisville .....	68,853	69,925	69,432		- 2	- 1
Memphis .....	27,676	28,595	23,722		- 3	+ 8
Pine Bluff .....	6,157	6,389	4,669		- 4	+ 32
St. Louis .....	78,144	80,221	69,629		- 3	+ 12
Totals .....	198,367	202,875	186,169		- 2%	+ 7%

\* Selected industrial customers.

**LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS  
First Nine Days**

Feb., '50	Jan., '50	Feb., '49	Mar., '50	Mar., '49	2 mos.'50	2 mos.'49
95,531	99,462	102,274	31,542	33,216	194,993	210,329

Source: Terminal Railroad Association of St. Louis.

**CRUDE OIL PRODUCTION—DAILY AVERAGE**

(In thousands of bbls.)	Feb., 1950		Jan., 1950		Feb., 1950 compared with Feb., 1949	
	1950	1949	1950	1949	Jan., 1950	Feb., 1949
Arkansas .....	80.0	77.2	82.7		+ 4%	- 3%
Illinois .....	180.3	178.7	176.9		+ 1	+ 2
Indiana .....	27.0	27.7	22.8		- 3	+ 18
Kentucky .....	25.2	26.5	23.6		- 5	+ 7
Total .....	312.5	310.1	306.0		+ 1%	+ 2%

## PRODUCTION INDEXES

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Feb., '50	Jan., '50	Feb., '49	Feb., '50	Jan., '50	Feb., '49
57*	105*	165	50*	90*	144
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Jan., '50	Dec., '49	Jan., '49	Jan., '50	Dec., '49	Jan., '49
152	154	160 R	149	158 R	157 R
* Preliminary. R—Revised.					

pairs, 3 per cent above the December total and 12 per cent higher than in January, 1949.

**Meat Packing**—Meat packing operations in the St. Louis area in February declined a little more than seasonally from January to the lowest total since August, 1948. There were 343,000 animals slaughtered under Federal inspection as compared with 475,000 in January and 357,000 a year ago. Again, hog slaughter accounted for most of the month-to-month decline with a 31 per cent decrease. Slaughter of other animals declined also, ranging from a 7 per cent decrease in killings of calves to a 28 per cent decrease in sheep killings. Compared with a year ago only calf slaughter increased.

**Coal**—District coal output in February dropped to 3.4 million tons as the United Mine Workers' Union defied the back-to-work order. The situation was further aggravated by a strike of Progressive Mine Workers in the latter part of the month.

The district suffered relatively less than the nation as a whole, however, due largely to the output of nonunion mines. Compared with January, output in the district areas dropped 48 per cent, whereas national production was off 57 per cent. Western Kentucky was the one district area with only a small decline. Production there was just 3 per cent below the January total and was 1 per cent larger than in February, 1949.

**Oil**—Crude oil output in the district's producing areas continued the general upward trend begun in the middle of 1949. Daily average production totaled 313,000 barrels, a 1 per cent gain over the 310,000 barrel January output and 2 per cent higher than the 306,000 barrels produced daily in February, 1949. Output in Illinois and Arkansas, the district's leading producers, increased over January, offsetting decreases in Indiana and Kentucky. On a year-to-year basis, increases were registered in all states except Arkansas. Nationally, crude oil output in February increased slightly over January but was 8 per cent lower than a year ago.

**Construction**—On-site construction activities in February were hampered somewhat by weather, although conditions probably were better than aver-

age. In some areas, steel shortages also interrupted on-site work. The backlog of construction, as indicated by building permit authorizations and contract awards, continued high with February another big month. Building permits authorized in the major district cities were valued at \$7.9 million, the largest since 1939. This was a gain of 15 per cent over the January value and 38 per cent over a year ago.

The dollar value of contracts awarded in the district for new construction and repairs in February remained at a high level, according to F. W. Dodge reports. Awards totaled \$37.9 million, 16 per cent below the high January level but 27 per cent higher than in February, 1949. There was a considerable drop (22 per cent) in the dollar value of residential awards from the record high January level, and nonresidential awards also were lower (11 per cent). However, both were substantially higher than a year ago. In the St. Louis territory (which includes a large portion of the district) there was an increase in the value of nonresidential contracts due largely to a substantial gain in the value of social and recreational building. The lower value of residential awards reflected a substantial decline in contracts for apartment dwellings and for two-family dwellings. Single-family dwellings built for speculation continued at a high level, totaling slightly above the January volume.

## TRADE

February's "unusual" weather combined to make this winter one of the warmest and wettest in years. In the St. Louis area, merchants have had to combat what is reported by the Weather Bureau as the warmest winter since 1931-32. Sales promotions of seasonal merchandise have been washed out by heavy rains. Unseasonably warm weather helped little in selling heavy winter wear in spite of substantial markdowns. Promotions featuring spring merchandise have been stymied by snow and sleet storms. Not all of the decline from the sales level of 1949 was the result of the weather. Part of the drop in dollar volume reflects lower prices this year.

Despite these difficulties, sales volume reported by most district retailers, except in men's wear stores, was higher than in January. Sales generally were smaller than last February, with furniture stores being the only line to show an increase. District department store sales moved up seasonally from the previous month but were slightly less than in February last year. Seasonally adjusted sales in February were 300 per cent of the 1935-39 average in comparison to 282 per cent in January. Last February, daily sales averaged 310 per cent of those in the base period.

St. Louis department store sales declined 4 per cent from January in contrast to the district gain of 5 per cent. St. Louis sales declined from last February by slightly more than the district decline of 3 per cent. The largest drop from last year's volume occurred in Little Rock, but in Fort Smith and Louisville the decline also was somewhat more than that for the district as a whole. In Evansville, sales were 2 per cent less than last year. An increase from last year's volume was reported in Springfield, Memphis and Quincy.

In the first two months of 1950, district department store sales totaled 3 per cent less than in the same period last year. In Fort Smith and Little Rock the decline was considerably larger and in Louisville and Evansville the decrease was slightly more than the district average. Sales in St. Louis were off, but by a smaller percentage than in the remainder of the district. In Springfield and Quincy sales gained from last year.

Department stores' inventories moved up in February, in part reflecting an earlier Easter this year, and were unchanged from those at the end of February, 1949. The value of outstanding orders at the end of the month was slightly less than a month earlier but was 8 per cent larger than last year.

Women's specialty store sales in the month were unchanged from those in January but were 12 per cent less than in February a year ago. Men's wear store sales were off one-eighth from the previous month and dropped 9 per cent under the volume in February, 1949. Inventories at the end of the month in both types of stores gained from January 31. In comparison to a year ago, inventories were down 6 per cent at men's wear stores and 8 per cent at women's specialty stores.

Furniture store sales were larger than in the previous month or in February, 1949 but the increase from last year was not as large as that in comparable divisions of department stores. Furniture store sales gained 3 per cent while housefurnishings divisions of department stores gained 16 per cent from last year. Inventories on February 28 at furniture stores were higher than a month earlier but were 3 per cent under those a year ago.

**AGRICULTURE**

Cash farm income in Eighth District states declined from \$6.2 billion in 1948 to \$5.5 billion in 1949. The 11 per cent drop was fractionally larger than the national decrease. Larger-than-district or national average declines occurred in Missouri, Indiana and Tennessee (13, 13 and 15 per cent, respectively). Farm income in Mississippi was off 10

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks	Stock
	Feb., 1950 compared with Jan., '50		2 mos. '50 to same period 1949	on Hand Feb. 28, '50	Turnover Jan. 1 to Feb. 28 1950
	Jan., '50	Feb., '49	Feb. 28, '49	Feb. 28, '49	1949
8th F. R. District.....	+ 5%	- 3%	- 3%	- 0 - %	.56
Ft. Smith, Ark.....	+12	- 6	- 8	- 3	.53
Little Rock, Ark.....	+19	-12	- 8	+ 9	.56
Quincy, Ill. ....	+ 6	+ 1	+ 2	- 3	.44
Evansville, Ind. ....	+ 3	- 2	- 4	- 7	.49
Louisville, Ky. ....	+ 7	- 5	- 4	- 1	.58
St. Louis Area <sup>1</sup> .....	- 3	- 4	- 1	- 0 -	.58
St. Louis, Mo.....	- 4	- 4	- 2	- 0 -	.58
Springfield, Mo. ....	+24	+ 5	+ 2	- 8	.43
Memphis, Tenn. ....	+16	+ 3	- 3	+ 2	.59
*All other cities.....	+17	- 8	-11	- 4	.37

\* El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.  
<sup>1</sup> Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill.  
 † Outstanding orders of reporting stores at the end of February, 1950 were 8 per cent greater than on the corresponding date a year ago.  
 ‡ Percentage of accounts and notes receivable outstanding February 1, 1950 collected during February, by cities:

	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith .....	16%	46%	18%	54%
Little Rock .....	16	43	18	53
Louisville .....	20	48	12	50
Memphis .....	20	39	18	48
Quincy .....			18%	54%
St. Louis .....			18	53
Other Cities .....			12	50
8th F. R. Dist..			18	48

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

8th Federal Reserve District

	Feb., 1950	Jan., 1950	Dec., 1949	Feb., 1949
Sales (daily average), unadjusted <sup>1</sup> .....	252	232	504	261
Sales (daily average), seasonally adjusted <sup>2</sup> ....	300	282	330	310
Stocks, unadjusted <sup>3</sup> .....	289	248	259	282
Stocks, seasonally adjusted <sup>4</sup> .....	321	288	309	313

<sup>1</sup> Daily Average 1935-39 = 100.  
<sup>2</sup> End of Month Average 1935-39 = 100.

**SPECIALTY STORES**

	Net Sales			Stocks	Stock
	Feb., 1950 compared with Jan., '50		2 mos. '50 to same comp. with period '49	on Hand Feb. 28, '50	Turnover Jan. 1 to Feb. 28 1950
	Jan., '50	Feb., '49	Feb. 28, '49	Feb. 28, '49	1949
Men's Furnishings.....	-12%	-9%	-7%	-6%	.37
Boots and Shoes.....	+ 2	- 2	- 5	- 5	.56

Percentage of accounts and notes receivable outstanding February 1, 1950 collected during February:  
 Men's Furnishings..... 43% Boots and Shoes..... 41%  
 † Trading days: February, 1950—24; January, 1950—25; February, 1949—24.

**RETAIL FURNITURE STORES\*\***

	Net Sales		Inventories		Ratio of Collections	
	Feb., 1950 compared with Jan., '50		Feb., 1950 compared with Jan., '49		Feb., '50	Feb., '49
	Jan., '50	Feb., '49	Jan., '50	Feb., '49	Feb., '50	Feb., '49
8th Dist. Total <sup>1</sup> .....	+11%	+ 3%	+ 6%	- 3%	22%	25%
St. Louis Area <sup>2</sup> .....	+17	+ 4	+ 5	+ 5	42	44
St. Louis .....	+19	+ 4	+ 5	+ 5	43	46
Louisville Area <sup>3</sup> .....	+28	+20	+ 1	- 2	14	16
Louisville .....	+27	+20	+ 1	- 3	14	15
Memphis .....	+ 9	- 9	- 4	-17	12	17
Little Rock .....	- 0 -	- 5	+ 7	+ 7	17	20
Springfield .....	+12	+29	+ 5	-14	16	17
Fort Smith .....	- 2	-16	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

\*\* 40 stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Feb., 1950	Jan., 1950	Feb., 1949
Cash Sales .....	15%	15%	16%
Credit Sales .....	85	85	84
Total Sales .....	100%	100%	100%

per cent for the year, but during December, 1949 was 58 per cent less than in December, 1948. In only two states, Arkansas and Illinois, was the decrease less than the national average.

Total farm income nationally was \$27.5 billion—10 per cent less than in 1948. Prices averaged 13 per cent lower but increased marketings partially offset the lower prices. Crop receipts were \$12.6 billion, off 7 per cent, and livestock and livestock product receipts were \$14.9 billion, off 12 per cent. Cash receipts in only five states were higher in 1949 than in 1948, and in three states were down 20 per cent or more.

Net farm income in the United States declined from \$16.7 billion in 1948 to \$13.8 billion in 1949. The 17 per cent drop in net farm income in 1949 brings the total decrease since the 1947 postwar peak to 22 per cent. Even so, net realized income in 1949 was higher than for other years except 1946-48, and triple that of a year as late as 1940. But while current income is favorable compared with most any historical base except 1946-48, the 25 per cent reduction over a two-year period undoubtedly has and will have an appreciable effect on the rural areas.

More cattle, dairy cows, hogs and chickens were on farms January 1, 1950 than a year earlier. Sheep numbers, however, were down 3 per cent from a year earlier. The percentage increase in cattle numbers was larger in five district states than the increase nationally, with numbers increasing more relatively in Mississippi and Arkansas than in other district states. The number of hogs in the three important district hog-producing states (Illinois, Indiana and Missouri) increased more than the national average.

**AGRICULTURE**

CASH FARM INCOME						
(In thousands of dollars)	Jan., 1950		12 month total Jan. to Dec. *			
	Jan., 1950	compared with Dec., 1949	Jan., 1949	1949	compared with 1948	1947
Arkansas .....	\$ 23,613	-50%	-47%	\$ 527,607	-5%	+ 6%
Illinois .....	151,100	+17	+16	1,702,943	-9	-11
Indiana .....	67,926	-6	+3	916,022	-13	-14
Kentucky .....	112,718	+7	+18	527,920	-11	-10
Mississippi .....	17,677	-45	-75	481,312	-10	-2
Missouri .....	69,914	-13	-8	944,357	-13	-13
Tennessee .....	46,522	-0	+1	426,914	-15	-10
Totals .....	\$489,470	-5%	-7%	\$5,527,075	-11%	-10%

\* Revised.

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	Receipts			Shipments		
	Feb., 1950		Feb., 1950	Feb., 1950		Feb., 1950
	1950	compared with Jan., '50		1950	compared with Jan., '50	
Cattle and calves..	80,181	-14%	+ 1%	25,834	-4%	-7%
Hogs .....	237,629	-20	+ 8	78,668	-7	+18
Sheep .....	29,053	-39	+ 8	3,952	-57	+ 1
Totals .....	346,863	-21%	+ 6%	108,454	-10%	+10%

**BANKING**

PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS			
(In thousands of dollars)	Mar. 15, 1950	Change from	
		Feb. 15, 1950	Mar. 16, 1949
Industrial advances under Sec. 13b.....	\$ 1,898	-	2,101
Other advances and rediscounts.....	981,379	+	539
U. S. securities.....	\$ 983,277	\$ 1,562	\$ -190,292
Total earning assets.....	\$ 725,909	\$ 3,256	\$ + 19,559
Total reserves .....	636,051	-19,192	-134,306
Total deposits .....	1,062,112	+	572
F. R. notes in circulation.....	\$ -	\$ 500	\$ -
Industrial commitments under Sec. 13b.....	\$ -	\$ 500	\$ -

PRINCIPAL ASSETS AND LIABILITIES WEEKLY REPORTING MEMBER BANKS EIGHTH FEDERAL RESERVE DISTRICT			
(In thousands of dollars)	Mar. 15, 1950	Change from	
		Feb. 15, 1950	Mar. 16, 1949
<b>ASSETS</b>			
Gross commercial, industrial, and agricultural loans and open market paper..	\$ 531,659	\$ -10,685	\$ - 57,010
Gross loans to brokers and dealers in securities .....	7,949	+ 1,974	+ 1,403
Gross loans to others to purchase and carry securities .....	19,946	+ 286	- 1,617
Gross real estate loans.....	196,573	+ 3,031	+ 35,606
Gross loans to banks.....	1,052	-15,798	- 298
Gross other loans (largely consumer credit loans) .....	218,880	- 178	+ 8,958
Total .....	\$ 976,059	\$ -21,370	\$ -12,958
Less reserve for losses.....	12,053	+ 301	+ 2,446
Net total loans.....	\$ 964,006	\$ -21,671	\$ -15,404
Treasury bills .....	55,968	+ 313	+ 17,941
Certificates of indebtedness.....	180,537	-29,511	- 19,534
Treasury notes .....	223,522	+42,463	+171,990
U. S. bonds and guaranteed obligations..	658,098	-21,573	- 35,258
Other securities .....	175,644	+ 2,765	+ 46,226
Total investments .....	\$1,293,769	\$ 5,543	\$ +181,365
Cash assets .....	781,495	+20,037	- 57,096
Other assets .....	26,597	+ 994	+ 1,534
Total assets .....	\$3,065,867	\$ - 6,183	\$ +110,399
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships and corporations.....	\$1,528,150	\$ + 4,415	\$ + 68,381
Interbank deposits .....	656,548	-10,722	+ 45,962
U. S. Government deposits.....	66,165	- 8,573	- 3,761
Other deposits .....	124,438	+ 6,375	-12,292
Total demand deposits.....	\$2,375,301	\$ - 8,505	\$ + 98,290
Time deposits .....	488,528	+ 1,889	+ 8,432
Borrowings .....	725	- 75	- 6,275
Other liabilities .....	18,030	- 84	+ 2,464
Total capital accounts.....	183,283	+ 592	+ 7,488
Total liabilities and capital accounts.....	\$3,065,867	\$ - 6,183	\$ +110,399
Demand deposits, adjusted*.....	\$1,409,199	\$ + 8,930	\$ + 44,597

\*Other than interbank and government demand deposits, less cash items on hand or in process of collection

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Feb., 1950	Jan., 1950	Feb., 1949	Feb., 1950 compared with	
	1950	1950	1949	Jan., '50	Feb., '49
El Dorado, Ark.....	\$ 19,419	\$ 22,096	\$ 18,651	-12%	+ 4%
Fort Smith, Ark.....	33,343	40,204	32,258	-17	+ 3
Helena, Ark. ....	5,840	6,726	7,159	-13	-19
Little Rock, Ark.....	112,130	121,510	105,849	- 8	+ 6
Pine Bluff, Ark.....	22,540	27,387	24,068	-18	- 6
Texarkana, Ark.*.....	8,980	10,828	8,721	-17	+ 3
Alton, Ill.....	20,304	23,216	21,371	-13	- 5
E. St. L.-Nat. S. Y., Ill..	89,488	103,761	93,431	-14	- 4
Quincy, Ill. ....	25,934	27,806	24,932	- 7	+ 4
Evansville, Ind. ....	104,892	113,537	91,133	- 8	+15
Louisville, Ky.....	461,755	493,199	477,813	- 6	- 3
Owensboro, Ky.....	32,592	38,891	29,302	-16	+11
Paducah, Ky.....	12,866	14,166	12,854	- 9	- 0-
Greenville, Miss.....	18,975	24,204	20,108	-22	- 6
Cape Girardeau, Mo..	9,805	10,924	9,506	-10	+ 3
Hannibal, Mo. ....	7,456	7,928	6,276	- 6	+19
Jefferson City, Mo..	42,097	56,088	40,021	-25	+ 5
St. Louis, Mo.....	1,318,815	1,532,231	1,299,750	-14	+ 1
Sedalia, Mo. ....	9,112	9,219	8,568	- 1	+ 6
Springfield, Mo. ....	46,310	52,258	44,488	-11	+ 4
Jackson, Tenn. ....	16,078	18,967	15,320	-15	+ 5
Memphis, Tenn. ....	495,882	583,172	464,858	-15	+ 7
Totals .....	\$2,914,613	\$3,338,318	\$2,856,437	-13%	+ 2%

\* These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$22,885.

instalment sales were up 57 per cent. The smallest increase in such sales in the heavy goods lines was at furniture stores where instalment purchases were only 2 per cent larger than in 1948.

In most lines, instalment volume accounted for a larger part of total sales in 1949 than in the previous year. Where this did not occur—in men's and women's apparel stores—instalment sales represent a minor portion of the total. At hardware stores, 9 per cent of sales were on instalment credit terms last year. In 1948 the proportion was 5 per cent. Household appliance dealers saw this ratio move from nearly 49 per cent in 1948 to 60 per cent last year. At furniture stores, the proportion moved up only slightly—from 59 per cent to 61 per cent. Automobile dealers reported that a little less than one-fourth of their sales last year were on the instalment plan as compared with about 18 per cent in 1948. It is likely that in each year the car dealers' ratio is somewhat understated in terms of the ultimate method of payment used by the purchaser. That is, many auto sales are on a cash basis insofar as the dealer is concerned, but part of the funds used by the consumer actually is borrowed and will be repaid over an extended period.

All nine lines of trade ended the year with inventories at a lower level than a year earlier in terms of dollar value. The declines ranged from 4 per cent at household appliance stores to 19 per cent in women's apparel stores. Relative to total net sales, however, inventories in most lines were a little larger than in the previous year. The exceptions were jewelry, hardware and men's clothing stores where the ratio was unchanged.

The volume of open account receivables outstanding at the end of 1949 was higher than a year earlier in only four lines. These were automobile tire and accessory dealers, department stores, furniture stores and household appliance dealers. Relative to total sales, open credit receivables were larger than a year earlier in all but two lines—automobile dealers and household appliance stores.

Instalment receivables on December 31, 1949 were larger than on the same date in 1948 in all lines except men's clothing and women's apparel stores. Substantial gains in the ratio of instalment receivables to instalment sales were registered in all but the same two lines.

Alfred C. Kearschner  
Marie Wahlig

## Survey of Current Conditions

Optimism concerning the immediate economic outlook is running higher in this district and in the nation. Most of the statistical indicators are pointing to high-level activity, and reports from official bodies and from businessmen generally are on the favorable side. It is difficult to find much direct support for pessimism about the shortrun future.

Both nationally and districtwise, production is increasing, construction is moving to new peacetime highs, business investment is larger than was anticipated, prices (except for farm products) continue stable, income holds up, and consumers continue to spend freely and indicate that their wants for housing, automobiles and other durables are far from satisfied. Government will spend more this year than it takes in. Employment is picking up seasonally. Except for prospects for lower farm income and the higher level of unemployment (which reflects an increased labor force rather than a decrease in employment), statistical evidence is encouraging.

The farm outlook—smaller acreage and probable lower average prices—worries people in the district more than in the nation as a whole. Agriculture

accounts for about one-fourth of the district's total income in contrast with one-tenth for the United States. Unfavorable developments in farming generally would have more serious repercussions here than in the nation.

The district also has some soft spots in its economy. Unemployment is rated by the employment source as "very substantial" in some southern Illinois communities and as "substantial" in some other district cities.

But aside from these factors the district indicators also look good. On the record so far, neither the softness in agriculture nor the spotty unemployment has had much effect on the district economy.

Total production in the nation continued to increase in the first quarter. Goods and services were produced at an annual rate of \$258 billion, according to preliminary estimates. This is only about 2 per cent below the level of output in the first three months of 1949—and is within 5 per cent of the peak quarter of 1948.

The slight decrease relative to early 1949 reflects a minor drop in prices and some decline in indus-

trial output this year. Restricted by major work stoppages in the coal and automobile industries, factory and mine production through March was about 3 per cent smaller than in the same period last year. However, the impact of these strikes now seems to have been somewhat less serious in terms of curtailed production than appeared likely at the time of the stoppages.

Personal income in the first quarter, excluding G. I. insurance refunds, was about as large this year as in the early part of 1949 and was only about 2 per cent less than in the peak quarter of 1948. Wage and salary income held at about the same level that has prevailed since February of last year. Cash farm income from marketings so far this year is off about 5 per cent from last year in the nation. Reflecting the district's relatively poor crop outturn last year, farmers in the district states have taken a somewhat larger decline, the drop averaging 7 per cent.

Consumers' expenditures increased slightly in the first quarter and were about as large as in the peak quarter in 1948, according to preliminary estimates. Larger spending for automobiles and other hard goods and for services compensated for a decline in outlays for soft goods. When allowance is made for the drop in average prices since late 1948, an increase in physical volume of goods purchased is indicated. The boom in automobile buying is a strong influence in maintaining the current level of retail sales and developments in this field will bear watching as the year progresses.

The maintenance of consumers' buying has tended to encourage capital investment by business, particularly in new equipment. The value of new orders received by manufacturers of nonelectrical machinery in the first two months this year averaged well above that in any month in 1949 and compared favorably with the peak months in 1948.

**PRICES**

WHOLESALE PRICES IN THE UNITED STATES						
Bureau of Labor Statistics (1926=100)			March, 1950 compared with			
	Mar., '50	Feb., '50	Mar., '49	Feb., '50	Mar., '49	
All Commodities..	152.6	152.7	158.4	-0.1%	-3.7%	
Farm Products..	159.4	159.1	171.3	+0.2	-7.0	
Foods .....	153.5	156.8	162.9	-0.8	-4.6	
Other .....	146.0	145.9	150.8	+0.1	-3.2	

CONSUMER PRICE INDEX					
Bureau of Labor Statistics (1935-39=100)			March 15, 1950 compared with		
	Mar. 15, 1950	Dec. 15, 1949	Mar. 15, 1949	Dec. 15, '49	Mar. 15, '49
United States .....	167.0	167.5	169.5	-0.3%	-1.5%
St. Louis.....	167.4	167.8	169.0	-0.2	-1.0
Memphis .....	169.4	170.8	173.3	-0.8	-2.3

RETAIL FOOD					
Bureau of Labor Statistics (1935-39=100)			March 15, 1950 compared with		
	Mar. 15, 1950	Feb. 15, 1950	Mar. 15, 1949	Feb. 15, '50	Mar. 15, '49
U. S. (51 cities) ..	196.0	194.8	201.6	+0.6%	-2.8%
St. Louis .....	204.5	202.9	207.6	+0.8	-1.5
Little Rock.....	194.5	194.5	198.0	0 -	-1.8
Louisville .....	184.2	183.1	187.7	+0.6	-1.9
Memphis .....	202.7	202.2	211.9	+0.2	-4.4

Joint estimates by the U. S. Department of Commerce and the Securities Exchange Commission indicate that investment in new plant and equipment totaled \$4.1 billion in the first quarter, about 8 per cent more than the earlier estimates by industry executives.

**EMPLOYMENT**

The employment picture improved in the nation and in the Eighth District in March. There was a seasonal pick-up in agricultural activity and a lesser gain in nonagricultural industries. Agricultural employment expanded at about the same rate as last year. As usual, the additions consisted largely of self-employed and unpaid family workers, most of whom had been outside the labor force or in non-agricultural industries during February.

Nationally, slightly more persons were working in nonagricultural industries this March than last, although the reverse was true for most of the district cities. Total employment in the nation was below last year's level, however, because of a significant reduction in agricultural workers during the year. About 10 per cent fewer persons were working on farms this March and there were almost one-fourth fewer than in 1940.

Employment in the St. Louis area expanded between February and March and at a somewhat larger rate than that early last year. However, the decline from year-ago levels, which began early in 1949, continued in March. Employment was up in manufacturing and in nonmanufacturing industries. There were major gains in manufacturing and construction and minor gains in trade and service. Employment in public utilities, mining, and finance experienced little change.

The improvement in manufacturing employment was general with no unusually large expansion in any single industry. The food, fabricated metals, and nonelectrical machinery industries had the most significant growth in employment, with lesser gains in the stone, clay and glass, transportation equipment, and printing and publishing industries. There were minor cutbacks in the textiles and apparel, petroleum and coal, and leather industries.

**WHOLESALE**

Line of Commodities	Net Sales		Stocks Mar. 31, 1950 compared with Mar. 31, 1949
	Feb., 1950	Mar., 1949	
Data furnished by Bureau of Census U. S. Dept. of Commerce *			
Automotive Supplies .....	+19%	-2%	-9%
Drugs and Chemicals.....	+18	+7	.....
Dry Goods .....	+14	-0 -	+13
Groceries .....	+19	-1	+4
Hardware .....	+17	-9	-0 -
Tobacco and its Products...	+11	-3	-0 -
Miscellaneous .....	+25	+11	-23
** Total All Lines.....	+18%	-1%	+2%
* Preliminary.			
** Includes certain items not listed above.			

Employment in the Louisville area rose between January and March to reach the highest level since May, 1949. There were gains in almost all major industries, particularly in nonelectrical machinery, chemicals, construction, trade and service. Fewer persons were employed in the tobacco manufacturing industry and by government offices in March than in January. Employers, especially in the construction, prefabricated houses and nonelectrical machinery industries, expect employment to continue to expand, at least through July.

Employment in the Little Rock area moved upward between February and March due to gains in manufacturing as well as nonmanufacturing industries. There was a moderate expansion in the food, apparel, lumber, chemical, and electrical equipment industries, while larger gains occurred in retail trade and construction. Unlike other district cities, March employment in Little Rock was slightly larger than that last year. A gradual rise is expected at least through July due to increased activity in construction and trade.

Nationally, the largest drop in many months occurred in unemployment in March, but there were still substantially more persons looking for work than there were a year ago. The decline from February was about four times as large among men as among women, but the unemployment rate (the proportion of the labor force seeking work) for women remained smaller than that for men. The number of persons unemployed for long periods of time continued to move upward as it has since early 1949. About one out of every ten persons unemployed in March had been seeking work more than 26 weeks; last March the ratio was one out of 20.

In this district, as in the nation, there were fewer continued claims for unemployment compensation in March than in February or in March, 1949. The 5 per cent average decline for the seven district states between February and March was about the same as that for the nation. The reductions varied in the individual states from less than 1 per cent in Kentucky to 12 per cent in Arkansas. There was a drop of 5 per cent in St. Louis and 19 per cent in Little Rock. In Evansville, there was a rise of almost 20 per cent. Relative to volume in March, 1949 the average decline of 11 per cent in the district states was about the same as that in the nation. In Illinois and Mississippi, however, there were more claimants this March than last.

Another indication of an improvement in the national employment picture was the slight increase in the average work week for nonagricultural em-

ployees in March. About one out of every three persons in these lines worked more than 40 hours per week in March, with an average work week for all of about 41.2 hours.

**INDUSTRY**

Industrial activity in the district in March apparently was at a higher level than in February, with the longer work month and settlement of the coal strike accounting for most of the increase. Gains occurred in some of the basic industries such as coal, steel and construction. In the latter the seasonal influence was strong. Crude oil output was practically unchanged from a month earlier.

Electric power consumed by manufacturers in the leading industrial areas in March was 6 per cent higher than in February and 5 per cent above that of a year ago. However, there were mixed trends throughout the district. On a month-to-month comparison, St. Louis, Louisville and Evansville showed increases of 13 per cent, 6 per cent and 5 per cent, respectively, while Pine Bluff and Little Rock registered considerable decreases. Memphis consumption was unchanged. On a daily average basis, the picture was different with industry in all reporting areas consuming less power than in February.

**Manufacturing**—Primarily because of a longer work month, March manufacturing output in this district was larger than in February. Increases occurred in all lines except lumber and newspaper and printing; output in both of these was equal to February's. The largest gains were indicated in production of chemicals, primary and fabricated metals, stone, clay and glass products, electrical machinery and transportation equipment.

**INDUSTRY**

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	Mar., 1950	Feb., 1950	Mar., 1949	March, 1950 compared with		
	K.W.H.	K.W.H.	K.W.H.	Feb., '50	Mar., '49	
Evansville.....	12,961	12,961	12,379	+ 5%	-15%	
Little Rock.....	4,767	5,227	4,479	- 9	+ 6	
Louisville.....	72,678	68,853	70,408	+ 6	+ 3	
Memphis.....	27,711	27,676	27,499	- 0-	+ 1	
Pine Bluff.....	4,327	6,157	6,111	-30	-29	
St. Louis.....	87,995	78,144	79,683	+13	+10	
Total.....	210,439	198,366	200,559	+ 6%	+ 5%	

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
Mar., '50	Feb., '50	Mar., '49	First Nine Days			
			Apr., '50	Apr., '49	3 mos., '50	3 mos., '49
113,432	95,531	108,966	31,986	30,956	308,425	319,295

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	Mar., 1950	Feb., 1950	Mar., 1949	Mar., 1950 compared with	
				Feb., 1950	Mar., 1949
Arkansas.....	80.6	80.0	81.6	+ 1%	- 1%
Illinois.....	179.6	180.3	173.9	- 0-	+ 3
Indiana.....	27.2	27.0	22.9	+ 1	+19
Kentucky.....	25.6	25.2	22.9	+ 2	+12
Total.....	313.0	312.5	301.3	- 0-0%	+ 4%

**Steel**—The basic steel industry in the St. Louis area increased operations to an average of 78 per cent of capacity in March. This was about equal to the January level, was 2 points higher than in February, and 5 points above the year-ago level. Several open hearth furnaces which had been shut down for maintenance and repairs were put back into production and at the end of the month the rate was at 85 per cent of capacity, the highest of the year. March output of cold rolled sheets set a record for that month and, since the coal shortage, pig iron output in the area has been at capacity.

**Lumber**—The district's basic lumber industry operated at about the same level as in February, but was somewhat higher than that of a year ago, despite unfavorable weather in some areas adversely affecting output. Demand was strong, particularly for hardwoods, and is expected to remain so for some time. Trade reports indicate that mill stocks of lumber are generally lower than a year ago. Nationally, the dollar value of new orders placed by furniture manufacturers in February was 44 per cent above that of the like period last year.

Reporting southern hardwood producers operated at 79 per cent of capacity compared with 80 per cent in February and 72 per cent a year ago. Southern pine production in March was 1 per cent higher than in February but 9 per cent above the March, 1949 level.

**Whiskey**—At the close of March, 40 of Kentucky's 61 distilleries were in operation. This was eight more than were in production a month earlier and one more than a year ago. Output in February totaled 5.9 million tax gallons, about 3 per cent less than in January and 23 per cent less than in February, 1949. Nationally, production was 9 per cent less than in January and 29 per cent below that in February, 1949.

**Shoes**—With the peak of production of spring lines past, February shoe output was slightly lower than in January. According to preliminary estimates, production in the district totaled 7.6 million pairs as compared with 7.9 million pairs in the previous month. The total was slightly higher than a year ago when output reached 7.4 million. Nationally, February output was not much changed from January and was about 13 per cent above the February, 1949 total.

**Meat Packing**—March meat packing operations in the St. Louis area increased seasonally over February and were higher than a year ago. According to Federal inspection records, there were 452,000 animals slaughtered in March, a third more than in February. Hog killings were up 40 per cent;

slaughter of calves and cattle up 38 per cent and 12 per cent, respectively. The nation as a whole showed only an 18 per cent increase over February, but the February total had not fallen off as much as it had in this area. Slaughter in both the district and nation was off about 8 per cent from last year.

**Crude Oil**—There was little change in the production of crude oil in the district in March but output was higher than a year ago. Daily production averaged 313,000 barrels as compared with 312,500 barrels in February and 301,300 barrels in March, 1949. Slight month-to-month gains were registered in Kentucky, Arkansas, and Indiana, but in Illinois, the largest producing state, production remained unchanged. Gains over last year were shown in all reporting states except Arkansas where output decreased slightly. United States output continued to fare worse than in the district, declining 2 per cent from February and 7 per cent from a year ago.

**Coal**—With the settlement of the coal strike, district coal production rebounded to the highest level since February, 1948. Production totaled 10.5 million tons, more than three times the February output and 43 per cent larger than in March, 1949. The largest increases over February were registered in Indiana and Illinois, the states in which output was cut back most during the strike. However, all areas showed substantial increases. On a year-to-year basis, decreases of 12 per cent and 24 per cent in Arkansas and Missouri, respectively, were offset by substantial increases in output in western Kentucky, Illinois and Indiana.

**Construction**—The construction industry in March moved forward both in terms of on-site activity and the backlog of contracts. According to F. W. Dodge Corporation reports, March awards totaled \$73.2 million or 67 per cent larger than the \$43.9 million value awarded in March, 1949. There were substantial increases both in residential and nonresidential awards; the latter showed larger gains, however, due principally to increases in public works and utility construction. Residential

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
Mar. '50	Feb. '50	Mar. '49	Mar. '50	Feb. '50	Mar. '49
157*	57*	110	165*	50*	116
SHOE PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
Feb. '50	Jan. '50	Feb. '49	Feb. '50	Jan. '50	Feb. '49
144	152	149	136	149	141

\*Preliminary.

**CONSTRUCTION**

(Cost in thousands)	BUILDING PERMITS Month of March				Repairs, etc.			
	New Construction							
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
Evansville.....	135	40	\$ 403	\$ 522	93	100	\$ 71	\$ 73
Little Rock.....	109	73	870	615	221	186	188	76
Louisville.....	145	52	754	264	85	72	71	424
Memphis.....	1,799	1,083	4,512	3,001	189	217	220	105
St. Louis.....	455	227	4,985	1,863	258	266	624	598
Mar. Totals.....	2,643	1,475	\$11,524	\$6,265	846	841	\$1,174	\$1,276
Feb. Totals.....	2,311	893	\$ 6,977	\$4,473	581	563	\$ 907	\$1,290

awards in March totaled \$26.0 million and non-residential, \$47.2 million.

In the St. Louis territory, public works and utilities showed the largest gains, totaling \$20.5 million—three times the February total and more than double that of March, 1949. Other nonresidential totaled \$22.1 million; a gain of 143 per cent over February and 74 per cent higher than a year ago. This increase reflected rises in commercial and educational building. The gain in residential awards in the main was due to increased contracts for apartment and one-family owner-built dwellings.

In the first quarter of 1950, the dollar value of residential awards in the St. Louis territory was more than one and one-half times larger than a year ago. In this category the largest gain, both relative and absolute, was in contracts for apartment dwellings. Public works and utilities increased 31 per cent and other nonresidential contracts showed a 20 per cent gain. Hospital and institutional building fell to about half of what it was in the first quarter of 1949.

**AGRICULTURE**

With tighter controls on agriculture in 1950, crop acreage in the nation and district will be smaller than in 1949. Major cuts are in wheat and cotton, but corn acreage also will be smaller. Acreage of soybeans, hay and oats will be larger than in 1949 with a considerable amount of district land taken out of cotton going into these crops. In the southern portions of the district, corn acreage also will be larger as a result of the shift from cotton.

Prospective corn acreage in Eighth District states in 1950 is 6 per cent less than in 1949—a decline of equal percentage is indicated for the United States. If these intentions are realized, the national corn acreage will be the smallest in 50 years, and with a yield equal to the 1944-48 acreage the 1950 crop will be 2.8 billion bushels as compared with 1949's 3.4 billion bushels. Acreage reductions are attributed primarily to the allotment program in the so-called commercial corn producing areas. Farmers in district states in the commercial corn producing area intend to plant 12 per cent less corn in Illinois, 10 per cent less in Indiana, and 6 per cent less in Ken-

tucky and Missouri. On the other hand, corn acreages in Mississippi and Arkansas are expected to be up 8 and 15 per cent, respectively, compared with 1949. This will reflect the shifting of large acreages from cotton, for which marketing quotas will be in effect.

Soybean acreage in Mississippi and Arkansas is expected to be 35 and 80 per cent larger, respectively, than in 1949, reflecting again the shift from cotton to other row crops. Although the increase in soybean acreage nationally is expected to be 18 per cent, the above two are the only district states in which soybean acreage growth is expected to exceed the national average. Increases in Indiana, Illinois and Missouri are expected to be 10, 13 and 15 per cent, respectively.

Oats acreage nationally on March 1 was expected to exceed 1949 by 8 per cent, but only a 1 per cent increase was anticipated in the district states. Even then, inclement weather during March may have prevented this increase from being realized.

Cotton acreage figures for 1950 will not be available before July 1. However, recent legislation approved increasing the national cotton acreage quota by a million acres. This will increase allotments of many farmers in the Delta and particularly in the boot heel of Missouri. Farmers are expected to plant up to the maximum under the new quota.

The condition of the winter wheat crop has deteriorated appreciably since the December 1 forecast. Estimated production in Eighth District states as of April 1 was 36 per cent less than the 1949 crop. In Illinois the reduction is placed at 51 per cent and in Missouri at 37 per cent. Nationally, the crop is estimated at 764 million bushels compared with 902 million in 1949, a decrease of 15 per cent. Combined winter and spring wheat acreage is expected to be 73 million acres, 15 per cent less than the 1949 acreage, and slightly less than the acreage allotments for 1950.

**AGRICULTURE**

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	Receipts			Shipments		
	Mar., 1950	Mar., 1950 compared with Feb., '50 Mar., '49		Mar., 1950	Mar., 1950 compared with Feb., '50 Mar., '49	
Cattle and calves.....	88,517	+10%	-7%	29,972	+16%	-15%
Hogs.....	294,633	+24	+16	78,345	-1	+26
Sheep.....	42,757	+47	+78	18,461	+367	+515
Totals.....	425,907	+23%	+14%	126,778	+17%	+26%
CASH FARM INCOME						
(In thousands of dollars)	Feb., 1950 compared with Jan., 1950		Feb., 1949 compared with Jan., 1949		2 month total Jan. to Feb. 1950 compared with 1949	
	Feb., 1950	1950	1950	1949	1950	1949
Arkansas.....	\$ 22,338	-5%	-22%	\$ 45,951	-37%	-26%
Illinois.....	122,476	-19	+24	273,576	+20	-5
Indiana.....	59,065	-13	+5	127,027	+4	-12
Kentucky.....	21,152	-81	-31	133,870	+6	+20
Mississippi.....	11,452	-35	-70	29,129	-73	-50
Missouri.....	59,087	-16	-7	129,001	-8	-14
Tennessee.....	23,080	-50	-18	69,602	-6	-12
Totals.....	\$318,650	-35%	-7%	\$808,156	-7%	-10%

**BANKING**

**PRINCIPAL ASSETS AND LIABILITIES  
FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)	Change from		
	Apr. 19, 1950	Mar. 22, 1950	Apr. 20, 1949
Industrial advances under Sec. 13b.....	\$.....	\$.....	\$.....
Other advances and rediscounts.....	3,608	79	7,667
U. S. securities.....	960,376	8,986	190,073
<b>Total earning assets.....</b>	<b>\$ 963,984</b>	<b>\$ 9,065</b>	<b>\$ 197,740</b>
Total reserves.....	\$ 739,407	\$ 13,771	\$ 2,796
Total deposits.....	633,991	20,552	159,205
F. R. notes in circulation.....	1,054,614	2,588	36,171
Industrial commitments under Sec. 13b.....	\$.....	\$.....	\$.....

**PRINCIPAL ASSETS AND LIABILITIES  
WEEKLY REPORTING MEMBER BANKS  
EIGHTH FEDERAL RESERVE DISTRICT  
(In thousands of dollars)**

34 banks reporting.

ASSETS	Change from		
	Apr. 19, 1950	Mar. 22, 1950	Apr. 20, 1949
Gross commercial, industrial, and agricultural loans and open market paper.....	\$ 507,234	\$ 19,197	\$ 40,056
Gross loans to brokers and dealers in securities.....	6,685	191	1,221
Gross loans to others to purchase and carry securities.....	20,820	473	741
Gross real estate loans.....	197,483	928	36,587
Gross loans to banks.....	14,090	9,527	12,840
Gross other loans (largely consumer credit loans).....	222,240	3,320	12,277
<b>Total.....</b>	<b>\$ 968,552</b>	<b>\$ 6,996</b>	<b>\$ 22,128</b>
Less reserve for losses.....	12,167	88	2,411
<b>Net total loans.....</b>	<b>\$ 956,385</b>	<b>\$ 7,084</b>	<b>\$ 19,717</b>
Treasury bills.....	51,994	19,762	23,879
Certificates of indebtedness.....	166,699	15,501	5,327
Treasury notes.....	212,375	4,354	166,517
U. S. bonds and guaranteed obligations.....	635,616	4,208	60,915
Other securities.....	185,661	3,297	50,875
<b>Total investments.....</b>	<b>\$ 1,272,345</b>	<b>\$ 7,412</b>	<b>\$ 175,029</b>
Cash assets.....	714,292	11,422	57,875
Other assets.....	25,534	282	1,762
<b>Total assets.....</b>	<b>\$ 2,968,556</b>	<b>\$ 12,032</b>	<b>\$ 138,633</b>
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations.....	\$ 1,494,501	\$ 34,047	\$ 65,028
Interbank deposits.....	588,654	22,189	45,792
U. S. Government deposits.....	63,358	8,203	11,712
Other deposits.....	117,111	2,938	7,430
<b>Total demand deposits.....</b>	<b>\$ 2,263,624</b>	<b>\$ 717</b>	<b>\$ 115,102</b>
Time deposits.....	494,039	4,902	12,130
Borrowings.....	6,125	3,975	350
Other liabilities.....	20,156	1,444	3,868
Total capital accounts.....	184,612	994	7,883
<b>Total liabilities and capital accounts.....</b>	<b>\$ 2,968,556</b>	<b>\$ 12,032</b>	<b>\$ 138,633</b>
Demand deposits, adjusted *.....	\$ 1,394,911	\$ 13,778	\$ 42,636

\* Other than interbank and government demand deposits, less cash items on hand or in process of collection.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Mar., 1950	Feb., 1950	Mar., 1949	Mar., 1950 compared with	
				Feb., '50	Mar., '49
El Dorado, Ark.....	\$ 24,138	\$ 19,419	\$ 23,398	+24%	+ 3%
Fort Smith, Ark.....	37,045	33,343	39,320	+11	6
Helena, Ark.....	6,846	5,840	7,982	+17	-14
Little Rock, Ark.....	130,442	112,130	132,089	+16	1
Pine Bluff, Ark.....	26,357	22,540	28,643	+17	8
Texarkana, Ark.*.....	11,835	8,980	11,142	+32	+ 6
Alton, Ill.....	25,706	20,304	24,445	+27	+ 5
E. St. L.-Nat. S. Y., Ill.....	106,611	89,488	114,259	+19	7
Quincy, Ill.....	29,587	25,934	29,784	+14	1
Evansville, Ind.....	122,427	104,892	108,467	+17	+13
Louisville, Ky.....	555,245	461,755	507,028	+20	+10
Owensboro, Ky.....	32,572	32,592	31,012	0	+ 5
Paducah, Ky.....	14,516	12,866	14,724	+13	2
Greenville, Miss.....	18,747	18,975	22,692	1	-17
Cape Girardeau, Mo.....	11,137	9,805	10,981	+14	+ 1
Hannibal, Mo.....	8,726	7,456	7,874	+17	+11
Jefferson City, Mo.....	39,071	42,097	36,562	7	+ 7
St. Louis, Mo.....	1,601,226	1,318,815	1,549,525	+21	+ 3
Sedalia, Mo.....	9,833	9,112	9,614	+ 8	+ 2
Springfield, Mo.....	56,233	46,310	53,983	+21	+ 4
Jackson, Tenn.....	18,473	16,078	18,310	+15	+ 1
Memphis, Tenn.....	570,609	495,882	529,653	+15	+ 8
<b>Totals.....</b>	<b>\$ 3,457,382</b>	<b>\$ 2,914,613</b>	<b>\$ 3,311,487</b>	<b>+19%</b>	<b>+ 4%</b>

\* These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$27,332.

The condition of member banks in this district at mid-April, 1950 reflects the continued increase in over-all business activity in the district. Total loan volume declined moderately during 1950 to mid-April but the drop was less than in the corresponding period in 1949.

**BANKING**

**Loans**—Reports from all district member banks, available through March, 1950, show that total loan volume at the end of the first quarter was slightly above that of March, 1949 (about \$11 million or 1 per cent). In the first three months of 1950, city banks reduced their loans less and the smaller rural banks increased their loans somewhat more than in the first quarter of 1949. The loan decline at city banks so far this year has been just about half as large as in the like period in 1949 when business activity was dropping. Growth in country bank loans has been about \$2 million larger than occurred in the first quarter of 1949. In fact, the March, 1950 loan total for country member banks, \$523 million, represents a new postwar high for those banks.

Real estate loans constitute the principal class of loans supporting the expansion in total loans. At the large city banks (which classify loans on their weekly reports), real estate loans increased 23 per cent in the year ending mid-April, 1950, in contrast to a 10 per cent gain for all weekly reporting banks in the United States. As a proportion of all loans, real estate loans at district banks rose from 17 per cent last April to 20 per cent in April, 1950. The increase in the ratio of real estate loans to total earning assets was from 7.9 per cent to 8.8 per cent, with total earning assets rising \$192 million in the period. Outlying city banks showed a relatively larger ratio gain (16.7 per cent to 17.6 per cent) than the big city banks (5.6 per cent to 5.7 per cent).

Measurement of the real estate loan expansion in the year ending mid-April, 1950 at each of the weekly reporting member banks showed that most of the banks apparently were attempting to increase their real estate loans to offset some shrinkage in other types of loans. The tendency to add moderately to real estate loans relative to total earning assets was fairly widespread.

**Deposits**—Demand deposits, other than interbank, at all district member banks declined seasonally in the first quarter of 1950 but remained some 2 per cent over their 1949 level. Time deposits expanded \$19 million in the first quarter in contrast with a gain of \$14 million in the corresponding period a year ago and were approximately 2 per cent over their level at the close of March, 1949.

# Survey of Current Conditions

The district and the national economic thermometers are moving up almost as rapidly as the temperature. Strong consumer demand (especially for automobiles and other durables), large business expenditures and the construction boom are sending the indicators up. Adding to the upward push is government demand—financed in part by a deficit, with further deficits in prospect. All of these factors point upward and contribute to the current optimistic view of the short-run future.

Production, employment and income are all on the up side. On a national basis, the Board of Governors estimates, provisionally, that May industrial production was close to 190 per cent of 1935-39—larger than at any time since February, 1949, and up 17 per cent from the 1949 low. The Bureau of the Census states that more people were at work in May than in April or a year ago. First quarter figures on the gross national product put it at an annual rate of \$264 billion—up from a year earlier and well ahead of fourth quarter 1949.

Not every thing is pointing up, however. Agriculture—production, prices and income—is weaker this year. Consumer and mortgage credit continues to rise—indicating growing dependence of demand in these fields on credit. Financing the Federal deficit also is adding to the money supply, and prices are moving higher.

The district picture is similar to that in the nation but perhaps not in quite as brilliant colors. One reason, of course, is that the hazy farm outlook makes our picture somewhat more gray. So far, farm production prospects here are good—on restricted acreages, of course—but summer and fall weather will have a lot to do with a continued good outlook or disappointment. As a matter of fact, however, because we had a bad year in 1949, district farm output in 1950, even with curtailed acreages, may not be off as much from last year as that in the nation. But prices received are down from last year and farm profit margins have narrowed further.

Still, optimism is running high in the district as well as in the nation—despite the uncertainty of farm prospects and the greater-than-national reliance on agriculture as a source of income. Consumer and business demands here are high—as are production, employment and income in general. And because they are at a high level, these reflec-

tions of strength in the economy, rather than the indicators of potential weaknesses, continue to exert the major influence on business sentiment.

## EMPLOYMENT

Employment conditions continued to improve between March and April in the Eighth District and in the nation. Employment moved up during the month and at a much higher rate than last year. The increase was due primarily to a pickup in trade and construction and to a smaller gain in manufacturing. Accompanying these increases was a decline in unemployment—both districtwide and nationally.

For the first time in twelve months, total civilian employment in the nation was higher than in the corresponding month of the preceding year. Nationally, however, employment was still below the 61.6 million peak reached in July, 1948. District employment continued slightly below last year's level.

For the fourth consecutive month, nonfarm employment nationally was higher than a year ago. In the district, it went ahead of the previous year for the first time in more than twelve months. There was a seasonal gain in the number of farm workers, too, but farm employment was lower than in any April during the past decade.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Apr., '50	Mar., '50	Apr., '49	April, 1950 compared with	
				Mar., '50	Apr., '49
All Commodities.....	152.9	152.6	156.9	+ 0.2%	- 2.6%
Farm Products.....	159.3	159.4	170.3	- 0.1	- 6.5
Foods.....	155.3	155.5	162.9	- 0.2	- 4.7
Other.....	146.4	146.0	148.8	+ 0.2	- 1.7

RETAIL FOOD					
Bureau of Labor Statistics (1935-39=100)	Apr. 15, 1950	Mar. 15, 1950	Apr. 15, 1949	April 15, 1950 compared with	
				Mar. 15, '50	Apr. 15, '49
U. S. (51 cities).....	196.6	196.0	202.8	+ 0.3%	- 3.1%
St. Louis.....	202.5	204.5	207.5	- 1.0	- 2.4
Little Rock.....	194.6	194.5	201.2	- 0 -	- 3.3
Louisville.....	183.4	184.2	187.6	- 0.4	- 2.2
Memphis.....	201.3	202.7	214.9	- 0.7	- 6.3

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	April, 1950 compared with		April 30, 1950 compared with
Data furnished by Bureau of Census, U. S. Dept. of Commerce*	March, 1950	April, 1949	April 30, 1949
Automotive Supplies.....	- 5%	- 7%	+ 1%
Drugs and Chemicals.....	-16	+ 5	+ 10
Dry Goods.....	-19	- 8	+ 10
Groceries.....	-10	- 6	+ 10
Hardware.....	- 8	+ 2	+ 4
Tobacco and its Products.....	- 7	- 7	+ 1
Miscellaneous.....	-14	+10	-18
**Total All Lines.....	-12%	- 2%	+ 4%

\*Preliminary.  
\*\*Includes certain items not listed above.

In the Louisville area, employment jumped about 3,800, or 2 per cent, between March and April, according to the Kentucky Employment Service. The expansion was fairly general but was most pronounced in manufacturing, especially in farm machinery and equipment, furniture and wood products.

Total employment in the St. Louis area edged upward between March and April due to gains in the nonmanufacturing industries. Manufacturing employment remained relatively stable. There were declines in textiles, leather and nonelectrical machinery, but these were offset by increases in food, primary and fabricated metals, and electrical machinery. Gains in the nonmanufacturing field, primarily seasonal in nature, occurred in construction, trade, service and public utilities.

Although employment expansion in St. Louis between March and April was not substantial, the situation was a marked improvement over last year when employment was dropping. For the first time since early 1949, both total nonagricultural and manufacturing employment in April exceeded the level of the corresponding month of the previous year. Manufacturing employment was higher than at any time since the spring of 1949.

Unemployment in the nation dropped significantly during April for the second consecutive month. There also was a decline in unemployed in the seven district states (measured by changes in the volume of compensation claims). The reduction in claims was somewhat smaller in these states than in the nation, however—9 per cent as compared with 12 per cent nationally.

## INDUSTRY

Industrial activity in the Eighth District continued to increase in April. Manufacturing industries operated at a higher level than in March. Construction activity advanced throughout the district, particularly in the residential field, and continued to provide a substantial part of the strength in the district's economy. Coal production was off in April but crude petroleum output averaged as large as in the previous month.

Aggregate consumption of electric power by manufacturers in the district's principal industrial areas was a little smaller than in March. The decline resulted from the shorter work month, however; average daily consumption increased. Consumption was larger than a year ago in each of the areas.

**Manufacturing**—Seasonal forces plus strong demand for goods resulted in a further expansion in manufacturing operations in April. Production of shoes, food products, chemicals and most other non-durables showed increases during the month. In the heavy goods industries, basic steel operations in the St. Louis area were scheduled at a lower rate (relative to theoretical capacity) due to maintenance shutdowns of some furnaces. Elsewhere in the heavy industries, there were increases in stone, clay and glass, primary and fabricated metals, and transportation equipment.

**Steel**—Reflecting maintenance shutdowns of some of the St. Louis area's open hearth furnaces in April, scheduled operations in the basic steel industry dropped to 72 per cent of theoretical capacity. This was 6 points below the March rate but was 2 points above that in April, 1949. Demand continued strong and shipments of nearly all steel shapes and forms remained at a high level.

**Lumber**—Heavy rains in much of the lumber producing area of the district curtailed district output in April. Demand for all grades and kinds of lumber was strong, however, and shipments more than kept up with production. Trade reports indicate that prices are firm with some advances in selected items.

Southern pine production in the entire South was 6 per cent larger than in March and 14 per cent above year-ago levels. Reporting southern hardwood producers operated at 88 per cent of capacity in April as compared with 78 per cent in March and 59 per cent in April, 1949.

**Whiskey**—The end of April found 40 of Kentucky's 63 distilleries in operation. This was unchanged from March but three more than a year ago. Production continued at a reduced scale, reflecting the large stocks on hand.

In March, Kentucky's output totaled 7.2 million tax gallons, 21 per cent higher than in February but

## INDUSTRY

## CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Apr., 1950	Mar., 1950	Apr., 1949	Apr., 1950 compared with	
				Mar., 1950	Apr., 1949
Arkansas.....	80.3	80.6	81.2	-0 -%	-1%
Illinois.....	179.5	179.6	175.9	-0 -	+2
Indiana.....	28.0	27.2	23.3	+3	+20
Kentucky.....	25.7	25.6	23.4	-0 -	+10
Total.....	313.5	313.0	303.8	-0 -%	+3%

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS  
First Nine Days

Apr., '50	Mar., '50	Apr., '49	May, '50	May, '49	4 mos. '50	4 mos. '49
109,886	113,432	103,103	32,334	29,780	418,311	422,398

Source: Terminal Railroad Association of St. Louis.

## CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	Apr., 1950	Mar., 1950	Apr., 1949	Apr., 1950 compared with	
				Mar., '50	Apr., '49
Evansville.....	12,964	12,961	12,204	-0 -%	+6%
Little Rock....	5,074	4,767	4,863	+6	+4
Louisville.....	72,280	72,678	68,942	-1	+5
Memphis.....	28,610	27,711	26,298	+3	+9
Pine Bluff.....	6,767	4,327	4,706	+56	+44
St. Louis.....	82,807	87,995	74,587	-6	+11
Totals.....	208,502	210,439	191,600	-1%	+9%

Correction: Evansville figures in May Review should be Feb. 1950 KWH 12,310, March 1950 compared with March 1949 + 5%.

5 per cent below the March, 1949 output. In the nation, March production was 9 per cent above that of February but 24 per cent lower than a year ago.

**Shoes**—Shoe production in March increased somewhat more than seasonally and totaled 8.5 million pairs, according to preliminary estimates. This was about 12 per cent more than were manufactured in February but was 1 per cent less than in March, 1949. In the nation, production in March was only 3 per cent larger than in February and was 9 per cent below year-ago levels. District output in the first quarter totaled 24.1 million pairs or about the same as in the first quarter last year.

**Meat Packing**—Meat packing operations in the St. Louis area in April were 8 per cent lower than in March but 14 per cent higher than a year ago. In April, 415,000 animals were slaughtered under Federal inspection, as compared with 452,000 in March and 365,000 in April, 1949. Calf slaughter was larger than in March but fewer sheep, cattle and hogs were killed. The decline from a month earlier in total slaughter in the district was less than that in the nation. Nationally, killings were off 14 per cent from March and were only 8 per cent above the year-ago total.

**Crude Oil**—Crude oil output in April in the district's producing states continued at the high level reached in January. Daily production averaged nearly 314,000 barrels as compared with 313,000 barrels in March and February. A year ago production was at a rate of 304,000 barrels per day. There was little month-to-month change in daily output in the district states except in Indiana where production was up 3 per cent. Gains over last year ranged from 2 per cent in Illinois to 20 per cent in Indiana. Nationally, daily output was 3 per cent larger than in March but was off 1 per cent as compared with April, 1949.

**Coal**—Production of coal in the district's producing areas in April was about 20 per cent below the high March total. Output was lower in all the reporting areas, ranging from 10 per cent in Indiana to 73 per cent in Arkansas. Compared with last year there were mixed trends, but in the largest volume areas production was up. Output in Mis-

**CONSTRUCTION**

(Cost in thousands)	BUILDING PERMITS Month of April				Repairs, etc.			
	New Construction							
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
	1950	1949	1950	1949	1950	1949	1950	1949
Evansville.....	69	52	\$ 178	\$ 357	100	121	\$ 51	\$ 83
Little Rock.....	135	83	1,270	602	246	240	161	152
Louisville.....	273	130	2,265	850	114	75	99	68
Memphis.....	1,622	1,624	5,236	2,694	155	121	98	197
St. Louis.....	413	288	8,525	2,058	287	281	557	512
April Totals.....	2,512	2,177	\$17,474	\$6,561	902	838	\$ 966	\$1,012
March Totals.....	2,643	1,475	\$11,524	\$6,265	846	841	\$1,174	\$1,276

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX 1935-39 = 100					
Unadjusted			Adjusted		
Apr., '50	Mar., '50	Apr., '49	Apr., '50	Mar., '50	Apr., '49
145 *	160	135	223 *	168	208

SHOE PRODUCTION INDEX 1935-39 = 100					
Unadjusted			Adjusted		
Mar., '50	Feb., '50	Mar., '49	Mar., '50	Feb., '50	Mar., '49
149	144	150 R	146	136	147 R

\* Preliminary.  
R—Revised.

souri and Arkansas decreased, the latter by a considerable margin. Increases in Indiana, Illinois and western Kentucky, however, easily offset the decreases, and in the aggregate output was up 7 per cent over last year.

**Construction**—Construction continued to gain in April. On-site activity increased and the dollar value of new work put under contract was slightly higher than in March. It was the largest April volume on record—contracts totaled \$77.6 million. This compares with \$71.5 million in March and \$51.4 million in April, 1949. The increase over March was due to gains in the value of residential awards since nonresidential contracts were off 7 per cent. Residential awards increased 40 per cent.

In the St. Louis territory, residential contracts showed a 28 per cent month-to-month gain. This largely reflected increases in the value of contracts for two-family dwellings and one-family dwellings for sale or rent. Public works and utilities awards totaled nearly a third lower than in March, whereas other nonresidential gained 20 per cent.

**AGRICULTURE**

Weather was both good and bad for spring planting in the Eighth District during April and early May. Generally, farm work in the mid-South progressed rapidly during this period but in the northern

**AGRICULTURE**

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS					
	Receipts			Shipments	
	Apr., 1950	April, 1950 compared with		Apr., 1950	April, 1950 compared with
		Mar., '50	Mar., '49	Mar., '50	Mar., '50
Cattle and calves....	83,839	- 5%	- 3%	26,823	- 11%
Hogs.....	260,939	- 12	+ 2	63,695	- 19
Sheep.....	55,591	+ 30	+ 127	34,259	+ 86
Totals.....	400,369	- 6%	+ 10%	124,777	- 2%

CASH FARM INCOME					
(In thousands of dollars)	March, 1950 compared with		3 month total Jan. to Mar. 1950 compared with		
	Mar., 1950	Feb., 1950	Mar., 1949	1950	1948
Arkansas.....	\$ 18,693	-16%	-40%	\$ 64,644	-38%
Illinois.....	129,697	+ 6	- 8	403,273	+ 9
Indiana.....	68,909	+17	- 8	195,936	- 0
Kentucky.....	23,457	+11	- 6	157,327	+ 4
Mississippi....	12,011	+ 5	-55	41,140	-69
Missouri.....	61,556	+ 4	-11	190,557	- 9
Tennessee.....	21,196	- 8	- 4	90,798	- 6
Totals.....	\$335,519	+ 5%	-14%	\$1,143,675	- 9%

**TRADE**

**DEPARTMENT STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	April, 1950 compared with Mar., '50		4 mos. '50 to same period 1949		Jan. 1, to April 30 1950	
	Apr., '49	Apr., '49	Apr. 30, '50	Apr. 30, '49	1950	1949
8th F. R. District.....	+ 4%	- 6%	- 3%	+ 2%	1.21	1.24
Ft. Smith, Ark.....	+ 8	- 8	- 7	+ 1	1.17	1.29
Little Rock, Ark.....	+ 7	- 6	- 4	+ 9	1.20	1.30
Quincy, Ill.....	+ 10	- 3	- 1	- 1	1.04	1.02
Evansville, Ind.....	+ 10	- 4	- 3	+ 1	1.12	1.08
Louisville, Ky.....	+ 12	- 1	- 2	+ 4	1.33	1.35
St. Louis Area <sup>1</sup> .....	- 1	- 8	- 3	- 0	1.21	1.23
St. Louis, Mo.....	- 2	- 8	- 4	- 0	1.22	1.23
Springfield, Mo.....	+ 21	- 1	- 0	+ 1	1.03	.98
Memphis, Tenn.....	+ 3	- 4	- 2	+ 3	1.24	1.31
*All other cities.....	+ 24	- 1	- 5	+ 2	.94	.95

<sup>1</sup>El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>1</sup>Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill.

Outstanding orders of reporting stores at the end of April, 1950, were 22 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding April 1, 1950, collected during April, by cities:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	20%	45%	Quincy.....	20%	57%
Little Rock.....	20	42	St. Louis.....	18	54
Louisville.....	20	50	Other Cities.....	14	53
Memphis.....	19	41	8th F. R. Dist... 18		49

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	Apr., 1950	Mar., 1950	Feb., 1950	Apr., 1949
Sales (daily average), unadjusted <sup>2</sup> .....	316	285	252	327
Sales (daily average), seasonally adjusted <sup>2</sup> .....	319	297	300	321
Stocks, unadjusted <sup>3</sup> .....	329	317	289	321
Stocks, seasonally adjusted <sup>3</sup> .....	329	326	321	321

<sup>2</sup>Daily Average 1935-39=100.  
<sup>3</sup>End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	April, 1950 compared with Mar., '50		4 mos. '50 to same period '49		Jan. 1, to April 30, 1950	
	Apr., '49	Apr., '49	Apr. 30, '50	Apr. 30, '49	1950	1949
Men's Furnishings..	+10%	-16%	-7%	-3%	.79	.81
Boots and Shoes....	+22	-13	-5	+3	1.40	1.42

Percentage of accounts and notes receivable outstanding April 1, 1950, collected during April:  
Men's Furnishings..... 47% Boots and Shoes..... 42%  
Trading days: April, 1950—25; March, 1950—27; April, 1949—26.

**RETAIL FURNITURE STORES \*\***

	Net Sales		Inventories		Ratio of Collections	
	April, 1950 compared with Mar., '50		April, 1950 compared with Mar., '50		Apr., '50	
	Apr., '49	Apr., '49	Apr., '49	Apr., '49	Apr., '50	Apr., '49
8th Dist. Total <sup>1</sup> .....	- 7%	+ 7%	+ 3%	+ 8%	21%	25%
St. Louis Area <sup>2</sup> .....	-12	+14	+ 1	+16	28	31
St. Louis.....	-13	+15	+ 1	+16	27	31
Louisville Area <sup>3</sup> .....	+ 1	+11	+ 3	+10	16	19
Louisville.....	+ 2	+13	+ 3	+ 9	15	18
Memphis.....	+14	-10	+ 7	-26	13	16
Little Rock.....	+ 9	- 0	+ 5	+ 1	17	22
Springfield.....	+ 9	-10	+11	+14	18	24
Fort Smith.....	+ 2	-19	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal and Springfield, Missouri; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

\*\*42 stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	April, 1950	March, 1950	April, 1949
Cash Sales.....	15%	12%	15%
Credit Sales.....	85	88	85
Total Sales.....	100%	100%	100%

part of the district was retarded by continued cold and wet weather. Rains in early May were beneficial in cotton areas, but resulted in local flooding in northwest Arkansas and tributary streams along the Missouri River.

Favorable weather during most of April permitted farmers in the mid-South area of the Eighth District to prepare and plant seed beds. By May 1, three-fourths or more of the district cotton acreage had been planted and many fields were up to good stands. Seed beds were in good condition. Rains and warm weather during the first week of May were most beneficial, permitting rapid germination and growth of the cotton. Record numbers of boll weevils survived the mild winter, however. Thus, a hot, dry July will be necessary, in addition to chemical control, if damage is to be avoided.

In Missouri and Illinois, wet weather retarded field work and corn planting. At the end of the second week of May, farm work was about two weeks later than in the corresponding period in 1949.

Unfavorable weather in the northern two-thirds of the country is further indicated by the continued deterioration of the winter wheat crop. The May 1 crop estimate was 74 million bushels lower than the April 1 estimate. The most recent estimate is 690 million bushels, compared with 902 million bushels in 1949, a reduction nationally of 24 per cent. A drop of this size would be 8 per cent under the 1939-48 average of 759 million bushels. Rain and cold weather have seriously delayed planting in the important spring wheat producing areas of the Dakotas, Minnesota, and Montana.

On April 15, farm prices were up 3 per cent from a month earlier, and were about at the October, 1949 level. However, the index was about 6 per cent lower than a year earlier. Prices paid were up fractionally due primarily to increases in feed and feeder livestock prices.

**TRADE**

Give retailers an Easter in April and they usually are happy. Add to this sunny skies and warm weather and their optimism grows. For this is a combination that sparks sales and builds volume.

This year Easter was in April—but it was early and the weather was anything but favorable for selling spring and summer goods. As a result, sales at department and apparel stores in the early part of April were disappointing.

But perhaps bad weather wasn't the only limiting factor this year. Lack of style changes in women's apparel, as well as the price tag on some of the merchandise, may have delayed some buying until

the time of the post-Easter sales. For, when these sales occurred, they produced a surge in consumer buying—particularly of merchandise consumers felt was "right" in price and quality. The increase in sales after Easter at reporting lines was sufficient to lift the month's total to a level that was about as high as in March. The only exception to this generality was the women's specialty store. Relative to last year's volume, however, furniture store sales showed the only increase among lines reporting to this bank.

**Department Stores**—In the district April sales, in terms of dollars, gained more than seasonally from March but were 6 per cent less than in April, 1949. After adjustment, both for the difference in the Easter date and the fact that April had one less trading day this year than last, daily average sales were 319 per cent of the 1935-39 average. In March, adjusted sales were 297 per cent and in April, 1949, 321 per cent of the five-year base. Preliminary figures through the middle of May indicate that the year-to-date decline of 3 per cent will be maintained in the month.

In St. Louis, sales in April, and in the first four months, were off more than those in the district as a whole. About the same developments occurred in Little Rock. April volume in St. Louis was 8 per cent smaller than a year ago. The decline was cushioned by a strong demand for housefurnishings, bedding and television. Housefurnishing divisions' sales were up 4 per cent from last year. But in the apparel departments, volume generally was smaller than a year ago. Sales of women's and misses' ready-to-wear accessories and apparel, for example, were off 17 per cent. Men's and boys' wear divisions' sales averaged 4 per cent less than last year.

In some of the other district cities, sales compared more favorably with last year's volume—in April and in the first four months. In Louisville, April sales were only slightly smaller than a year ago and year-to-date sales also are off less than those in the entire district. In Memphis, sales declined 4 per cent from last year with year-to-date volume only slightly under that in 1949. In Springfield, monthly sales were 1 per cent behind those last year and the cumulative sales total about the same as in 1949.

The dollar value of inventories held by reporting department stores at the end of April was slightly smaller than a month earlier but was about the same level as a year ago. Outstanding orders, in terms of value, were 22 per cent smaller than at

## BANKING

### PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS

(In thousands of dollars)	Change from		
	May 17, 1950	Apr. 19, 1950	May 18, 1949
Industrial advances under Sec. 13b.....	\$ .....	\$ .....	\$ .....
Other advances and rediscounts.....	2,933	675	10,026
U. S. securities.....	959,830	546	105,140
<b>Total earning assets.....</b>	<b>\$ 962,763</b>	<b>\$ 1,221</b>	<b>\$ 115,166</b>
Total reserves .....	\$ 734,944	\$ 4,463	\$ 28,784
Total deposits .....	645,042	+11,051	104,796
F. R. notes in circulation.....	1,050,582	4,032	33,341
Industrial commitments under Sec. 13b..	\$ .....	\$ .....	\$ .....

### PRINCIPAL ASSETS AND LIABILITIES WEEKLY REPORTING MEMBER BANKS EIGHTH FEDERAL RESERVE DISTRICT (In thousands of dollars)

34 banks reporting

ASSETS	Change from		
	May 17, 1950	Apr. 19, 1950	May 18, 1949
Gross commercial, industrial, and agricultural loans and open market paper..	\$ 491,359	\$ -15,875	\$ -26,072
Gross loans to brokers and dealers in securities .....	8,183	+ 1,498	+ 2,298
Gross loans to others to purchase and carry securities .....	20,805	15	14
Gross real estate loans.....	201,949	+ 4,466	+ 38,565
Gross loans to banks.....	255	-13,835	+ 4,350
Gross other loans (largely consumer credit loans) .....	227,477	+ 5,237	+ 20,528
<b>Total .....</b>	<b>\$ 950,028</b>	<b>\$ -18,524</b>	<b>\$ +30,983</b>
Less reserve for losses.....	12,221	+ 54	+ 2,451
<b>Net total loans.....</b>	<b>\$ 937,807</b>	<b>\$ -18,578</b>	<b>\$ +28,532</b>
Treasury bills .....	63,831	+11,837	+ 27,164
Certificates of indebtedness.....	169,049	+ 2,350	+ 3,676
Treasury notes .....	201,580	-10,795	+151,718
U. S. bonds and guaranteed obligations..	658,234	+ 2,618	+ 79,633
Other securities .....	189,572	+ 3,911	+ 52,605
<b>Total investments .....</b>	<b>\$1,282,266</b>	<b>\$ +9,921</b>	<b>\$ +148,178</b>
Cash assets .....	755,837	+41,545	+ 284
Other assets .....	27,615	+ 2,081	+ 2,641
<b>Total assets .....</b>	<b>\$3,003,525</b>	<b>\$ +34,969</b>	<b>\$ +179,635</b>
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations.....	\$1,523,792	\$ +29,291	\$ + 85,762
Interbank deposits .....	583,286	5,368	+ 43,938
U. S. Government deposits.....	64,238	+ 880	+ 30,983
Other deposits .....	121,537	+ 4,426	+ 3,253
<b>Total demand deposits.....</b>	<b>\$2,292,853</b>	<b>\$ +29,229</b>	<b>\$ +157,430</b>
Time deposits .....	496,354	+ 2,315	+ 11,639
Borrowings .....	8,000	+ 1,875	+ 1,620
Other liabilities .....	21,387	+ 1,231	+ 3,850
Total capital accounts.....	184,931	+ 319	+ 8,336
<b>Total liabilities and capital accounts.....</b>	<b>\$3,003,525</b>	<b>\$ +34,969</b>	<b>\$ +179,635</b>
Demand deposits, adjusted*.....	\$1,409,927	\$ +15,016	\$ + 56,923

\*Other than interbank and government demand deposits, less cash items on hand or in process of collection.

## DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Apr., 1950 compared with			
	Apr., 1950	Mar., 1950	Apr., 1949	Mar., '50 Apr., '49
El Dorado, Ark.....	\$ 22,571	\$ 24,138	\$ 20,670	- 7% + 9%
Fort Smith, Ark.....	35,594	37,045	39,890	- 4 -11
Helena, Ark.....	5,906	6,846	7,034	-14 -16
Little Rock, Ark.....	121,998	130,442	118,345	- 7 + 3
Pine Bluff, Ark.....	22,317	26,357	26,397	-15 -16
Texarkana, Ark.*.....	11,056	11,835	9,806	- 7 +13
Alton, Ill.....	22,439	25,706	23,083	-13 - 3
E. St. L.-Nat. S. Y., Ill..	93,390	106,611	101,672	-13 - 8
Quincy, Ill.....	27,358	29,587	28,710	- 8 - 5
Evansville, Ind.....	102,095	110,063R	109,488	- 7 - 7
Louisville, Ky.....	478,961	555,245	458,718	-14 + 4
Owensboro, Ky.....	31,523	32,572	26,978	- 3 +17
Paducah, Ky.....	13,166	14,516	13,414	- 9 - 2
Greenville, Miss.....	16,321	18,747	18,457	-13 -12
Cape Girardeau, Mo....	10,964	11,137	10,486	- 2 + 5
Hannibal, Mo.....	7,707	8,726	7,560	-12 + 2
Jefferson City, Mo.....	51,270	39,071	58,178	+31 -12
St. Louis, Mo.....	1,438,939	1,601,226	1,413,310	-10 + 2
Sedalia, Mo.....	9,485	9,833	9,883	- 4 - 4
Springfield, Mo.....	54,073	56,233	52,519	- 4 + 3
Jackson, Tenn.....	17,290	18,473	16,799	- 7 + 3
Memphis, Tenn.....	566,302	570,609	466,450	- 1 +21
<b>Totals.....</b>	<b>\$3,160,725</b>	<b>\$3,445,018R</b>	<b>\$3,037,847</b>	<b>- 8% + 4%</b>

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$26,435.

R—Revised.

the end of the previous month but were one-fifth larger than at the end of April, 1949.

**Specialty Stores**—Women's store sales in St. Louis dropped 10 per cent from March and were about one-fifth smaller than a year ago. Sales may have been limited to some extent by relatively short inventory in particular lines. On April 30, the value of stocks at stores was 11 per cent less than on March 31 and 19 per cent less than on April 30, 1949.

Sales at district men's and boys' wear stores were 10 per cent larger than in March but were about one-sixth smaller than last year. In terms of value, inventories on April 30 were slightly less than they were in April last year.

**Furniture Stores**—Reporting furniture stores in the district did 7 per cent less business in April than in March but sales were 7 per cent larger than in April, 1949. Part of the gain over last year may be due to the fact that sales at that time were being held back in anticipation of the elimination of consumer credit regulations. Much of the continued strength of furniture store sales is in television volume. This is indicated by the experience of department stores where television sales during April were 219 per cent larger than a year ago. Furniture stores' inventories at the end of April were 3 per cent and 8 per cent larger than a month and year ago.

## BANKING

Mid-April to mid-May, 1950 saw continuation of the banking trends in evidence since the beginning of the year. Loan totals dropped somewhat further, but the decline remained less than seasonal (\$19 million in the period this year as against double that amount in the like four weeks of 1949). Investment totals rose, as did deposits.

Business loans (commercial and industrial) at weekly reporting banks in this district continued to drop from April 19 to May 17. A decline in volume of such loans is normal for the first part of the year. In 1950 to date, and in the past four weeks, the decrease has been less than anticipated on seasonal grounds. As usual, such decrease as has occurred

has been mainly at the Louisville, Memphis and East St. Louis areas.

Real estate, "other," and security loans all showed gains in the four-week period, and all were above year-ago levels at mid-May. Real estate loans at weekly reporting banks passed the \$200 million mark on May 10. As of May 17 they were \$39 million (24 per cent) ahead of the comparable date in 1949.

Demand deposits of individuals and businesses at the reporting banks totaled \$1,524 million on May 17—up \$29 million from April 19 and \$86 million from mid-May, 1949. Time deposits continued their gradual growth and were \$12 million ahead of a year earlier.

<b>EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS</b>									
(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Apr., 1950	Dec., 1949 to Apr., 1950	Dec., 1948 to Apr., 1949	Apr., 1950	Dec., 1949 to Apr., 1950	Dec., 1948 to Apr., 1949	Apr., 1950	Dec., 1949 to Apr., 1950	Dec., 1948 to Apr., 1949
<b>Assets</b>									
1. Loans and Investments.....	3,870	- 41	-121	2,246	- 61	-112	1,624	+ 20	- 9
a. Loans .....	1,489	- 42	- 85	963	- 54	- 93	526	+ 12	+ 8
b. U.S. Government Obligations.....	2,010	- 18	- 30	1,094	- 23	- 19	916	+ 5	-11
c. Other Securities .....	371	+ 19	- 6	189	+ 16	- 0 -	182	+ 3	- 6
2. Reserves and Other Cash Balances.....	1,158	-112	-195	707	- 59	-130	451	- 53	-65
a. Reserves with F.R. Bank.....	563	- 20	- 88	363	- 14	- 73	200	- 6	-15
b. Other Cash Balances <sup>3</sup> .....	595	- 92	-107	344	- 45	- 57	251	- 47	- 50
3. Other Assets .....	41	+ 2	+ 2	27	+ 2	+ 1	14	- 0 -	+ 1
4. Total Assets .....	<u>5,069</u>	<u>-151</u>	<u>-314</u>	<u>2,980</u>	<u>-118</u>	<u>-241</u>	<u>2,089</u>	<u>- 33</u>	<u>- 73</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	3,723	-196	-355	2,259	-148	-269	1,464	- 48	- 86
a. Deposits of Banks.....	603	-125	-180	569	-119	-170	34	- 6	-10
b. Other Demand Deposits.....	3,120	- 71	-175	1,690	- 29	- 99	1,430	- 42	- 76
6. Time Deposits .....	993	+ 28	+ 21	501	+ 16	+ 12	492	+ 12	+ 9
7. Borrowings and Other Liabilities.....	38	+ 12	+ 15	33	+ 12	+ 15	5	- 0 -	- 0 -
8. Total Capital Accounts.....	315	+ 5	+ 5	187	+ 2	+ 1	128	+ 3	+ 4
9. Total Liabilities and Capital Accounts....	<u>5,069</u>	<u>-151</u>	<u>-314</u>	<u>2,980</u>	<u>-118</u>	<u>-241</u>	<u>2,089</u>	<u>- 33</u>	<u>- 73</u>

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in the process of collection.

# Survey of Current Conditions

The nation's economy is operating at a close-to-capacity level as the second half of 1950 gets under way. Industrial activity, paced by the steel and automobile industries, is booming. Employment has climbed higher. The construction industry is setting records monthly. Consumers are buying more than ever before—and when current income, which is at near-peak levels, is not sufficient to finance their purchases, it is easy to buy on credit. Producers are stepping up their expenditures, too, in part to enable them to meet the demand for their products but partly to hedge against rising prices.

In this district, too, industrial and business activity is moving higher. In terms of production, the manufacturing and construction industries are showing most of the gains. In those district areas that are heavily dependent on agriculture, business volume in the past month or two has moved at a somewhat slower pace than it has in the industrial areas. And there is a similar contrast in the outlook for the industrial and agricultural portions of the district.

When business is booming, as it is at the present time, it is easy to minimize the potential dangers that develop in a rapidly expanding economy. Some of the characteristics of the current boom need to be kept in mind in appraising the present situation. For example, it must be remembered that an important part of the expansion in production, which has increased 20 per cent since last July, according to the Federal Reserve index, reflects the efforts made by automobile manufacturers to meet the record demand for their product. The all-time high level of activity in the residential construction field accounts for another sizable portion of the expansion in total economic activity to new peaks.

The importance of credit expansion also needs to be evaluated in appraising the rate at which production and consumption have increased. Easy credit terms have made possible a significant portion of the sales of automobiles and other consumers' durable goods and of housing—the three major sources of support for current levels of economic activity. A boom based to an important extent on the use of credit contains certain potential dangers which should not be taken lightly.

These forces—the heavy demand for automobiles and other consumer durables and for housing, together with easy credit—have played a major role in shaping economic trends so far this year. But there can be less confidence now than a month ago that they will play an equally important role in the second half of 1950. The developments in Korea have injected a major element of uncertainty into the picture. As this is written, it is impossible to know what the present crisis may lead to. It is evident, however, that the impact of decisions that will have to be made as events unfold in the Far East will strongly influence the economy in the remainder of 1950.

## EMPLOYMENT

In the Eighth District, more people had jobs in May than at any time in almost a year. Most industries showed an increase in employment from April, but manufacturing and construction accounted for the major part of the gain.

Despite a considerable growth in the labor force during the past year, there was less unemployment in this district in May than at this time last year. The expansion in employment opportunities during the twelve-month period apparently was sufficient

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)		May, 1950 compared with			
	May, '50	Apr., '50	May, '49	Apr., '50	May, '49
All Commodities.....	155.9	152.9	155.7	+ 2.0%	+ 0.1%
Farm Products.....	164.7	159.3	171.2	+ 3.4	— 3.8
Foods.....	159.9	155.3	163.9	+ 3.0	— 2.5
Other.....	147.6	146.4	146.7	+ 0.8	+ 0.6
RETAIL FOOD					
Bureau of Labor Statistics (1935-39=100)		May 15, 1950 compared with			
	May 15, 1950	Apr. 15, 1950	May 15, 1949	Apr. 15, '50	May 15, '49
U. S. (51 cities).....	200.3	196.6	202.4	+ 1.9%	— 1.0%
St. Louis.....	208.4	202.5	207.8	+ 2.9	+ 0.3
Little Rock.....	197.4	194.6	201.9	+ 1.4	— 2.2
Louisville.....	188.9	183.4	189.4	+ 3.0	— 0.3
Memphis.....	204.3	201.3	215.6	+ 1.5	— 5.3

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	May, 1950 compared with		
U. S. Dept. of Commerce*	Apr., '50	May, '49	May 31, 1950 compared with May 31, 1949
Automotive Supplies.....	+10%	— 2%	— 4%
Boots and Shoes.....	—27	—14	+87
Drugs and Chemicals.....	+ 3	+ 9	....
Dry Goods.....	+ 8	+ 6	+27
Furniture.....	+15	+29	— 4
Groceries.....	+ 9	+ 4	+11
Hardware.....	+17	+12	+ 7
Tobacco and its Products..	+14	+ 1	— 5
Miscellaneous.....	+10	+13	—15
**Total All Lines.....	+ 9%	+ 9%	+10%
* Preliminary.			
** Includes certain items not listed above.			

to absorb the new entrants into the labor force as well as some of the unemployed. While this picture is true districtwide, a few areas still have considerable unemployment. Crab Orchard, Mt. Vernon and Cairo, Illinois continue to be rated as areas with very substantial labor surplus.

One result of increasing employment is that June graduates are having less trouble finding jobs than was expected earlier in the year. In fact, employer competition is fairly strong for trainees in clerical and stenographic jobs. However, demand for graduates is smaller than in 1947 and 1948. Employers are more strict in their hiring specifications and starting salaries are generally lower than at the 1948 peak.

### INDUSTRY

Manufacturing activity in the district continued to expand in May and there was a further increase in construction. In the mining industries, coal production was up slightly but the gain was less than seasonal. Daily average production of crude oil declined during the month. Consumption of industrial electric power in the district's major cities was up 7 per cent from April and was 26 per cent larger than in May last year.

#### Outlook Good For the Tourist Industry

A principal industry in the district, in some areas the major industry—recreation-travel activity—is just getting under way this year after a slow start. But reports from a number of sources indicate that another good year is expected. Total receipts in the current season may well top those last year. If these prospects materialize, it will mean a sizable amount of income for the people in the recreation areas—and the largest tourist business on record for the district.

In 1949, tourists spent upwards of \$160 million in Arkansas, according to estimates made by the University of Arkansas' Institute of Science and Technology. More than \$200 million was spent in Missouri, the State Resources and Development Commission estimates. In Indiana, where state parks are an important part of the recreation facilities, the number of people paying attendance at these parks totaled more than 1.5 million last year—10 per cent larger than in 1948. A 30 per cent increase was reported in state park attendance in Arkansas last year and a similar gain occurred at Kentucky Lake in Kentucky and Tennessee.

Currently, business is good in most of the recreation areas in the district. A wet and relatively cold spring season got the operators off to a bad start. In May, things began to pick up, however, and

## INDUSTRY

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	May, 1950	Apr., 1950	May, 1949	May, 1950 compared with		
	K.W.H.	K.W.H.	K.W.H.	Apr., '50	May, '49	
Evansville.....	14,614	12,964	12,245	+12.7%	+19.3%	
Little Rock.....	4,760	5,074	4,547	- 6.2	+ 4.7	
Louisville.....	73,426	72,280	54,985	+ 1.6	+33.5	
Memphis.....	30,056	28,610	25,774	+ 5.1	+16.6	
Pine Bluff.....	6,615	6,767	4,629	- 2.3	+42.9	
St. Louis.....	92,944	82,807	74,243	+12.2	+25.2	
Totals.....	222,415	208,502	176,423	+ 6.7%	+26.1%	

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
May, '50	Apr., '50	May, '49	First Nine Days		5 mos. '50	5 mos. '49
			June, '50	June, '49		
112,550	109,886	104,513	32,460	31,134	530,861	526,911

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE						
(In thousands of bbls.)	May, 1950	Apr., 1950	May, 1949	May, 1950 compared with		
				Apr., 1950	May, 1949	
Arkansas.....	79.3	80.3	80.3	- 1%	- 1%	
Illinois.....	175.0	179.5	177.4	- 3	- 1	
Indiana.....	29.2	28.0	24.5	+ 4	+19	
Kentucky.....	26.3	25.7	23.7	+ 2	+11	
Total.....	309.8	313.5	305.9	- 1%	+ 1%	

later reports indicate reservations are equal to those last year—larger in some places. Requests already received for accommodations at the state parks in Arkansas, where receipts in May were up 50 per cent from a year ago, point toward capacity operations this year.

The relative importance of the tourist business in the district is suggested by a few comparisons. The \$160 million spent by tourists in Arkansas is equivalent to about 50 per cent of all wages paid to manufacturing workers in the state. The estimated \$200 million of tourist expenditures in Missouri is equal to the total wage bill of manufacturing plants that employed almost one-third of the state's manufacturing employees.

Sizable as the district's tourist business is at the present time, a considerable amount of effort is being directed by private and public organizations looking toward further expansion of the industry. This would seem to be all to the good. Tourists' expenditures provide a significant part of the total income received by the people in some of the lower income areas in the district. Many of these areas are not particularly suited to industrial or agricultural development much beyond present levels. At the same time, they have scenery, lakes, streams and many of the attractions tourists enjoy. Thus, a concentrated effort to build up the recreation-travel industry might well do a great deal toward narrowing the gap that exists between income in these areas and in higher income communities.

#### Manufacturing Activity Up In May

Most of the district's manufacturing industries increased their operations in May. Gains relative

to last year were even more pronounced since the trend at this time last year was down, with May output being close to the bottom for the year.

The steel industry in the St. Louis area lifted scheduled operations in May to an estimated 76 per cent of theoretical capacity—four points above the April level and 15 points higher than a year earlier. In terms of production, the margin over last year is understated somewhat by these comparisons since present capacity is some 10 per cent larger than that a year ago. One major producer—Granite City Steel Company—early in June announced a \$2.6 million plant improvement project that will increase output of cold-rolled products from 25,000 to 40,000 tons monthly.

Wet weather in the lumber-producing sections of Arkansas made logging difficult and curtailed lumber output in May. There has been no slackening in demand, however. The huge amount of lumber going to the construction industry plus the heavy demand in furniture and other wood-using industries is putting considerable pressure on lumber manufacturers.

Southern pine production in the entire South was off about 3 per cent from April to May but was 11 per cent larger than a year ago. Southern hardwood producers stepped up their operations slightly—from 88 per cent to 90 per cent of capacity—but the increase was enough to lift operations to the highest level since late in 1948.

In other heavy goods industries, such as machinery, stone, clay and glass, and transportation equipment, output moved higher in May. In Evansville, the step-up in operations in nonelectrical machinery plants and in the transportation equipment and fabricated metals industries helped boost total employment in the area to 71,700 in mid-May. This was the highest that employment has been since December, 1948.

Increases in the soft goods industries were somewhat smaller and less widespread than those in the durable goods industries. Available reports, how-

ever, indicate production gains in food processing, chemicals, shoes, paper and paper products, printing and publishing.

The indicated increase in shoe production in May followed a larger-than-seasonal setback in April. Output in April is tentatively estimated at 6.9 million pairs as against 8.5 million in March and 7.3 million in April, 1949. The apparent increase in May was followed by an announcement early in June that one major producer was putting six of its 53 plants on an overtime basis to meet the heavy demand for fall lines of men's and boys' dress shoes.

In contrast to gains in these industries, operations in the district's textile products plants and in the distilling industry declined in May. At the end of the month, only 34 of Kentucky's 63 distilleries were in operation. A month earlier, when production amounted to 7 million tax gallons, there were 40 distilleries in production. Output in April was a little less than in March, but was up 11 per cent compared with that in April, 1949.

### Coal Production Up—Oil Output Down

Coal production in the district in May was fractionally larger than in April, reflecting slight increases in Illinois and Indiana which were more than enough to offset declines in the other producing areas. A total of 8.6 million tons were mined in May—about 1 per cent more than in April but 10 per cent larger than production a year ago.

Crude oil output averaged just under 310,000 barrels per day—the lowest volume since last December. Production was slightly higher than that a year ago, but by the smallest margin since January.

### Construction—Still Booming

New records are commonplace in the construction industry these days. The one that was established yesterday lasts only as long as it takes to buy a dollar's worth of building material today. Every time a permit is issued or a contract is signed, another record is broken and a new one goes on the books.

### PRODUCTION INDEXES

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
May, '50	Apr., '50	May, '49	May, '50	Apr., '50	May, '49
163*	145*	126	158*	223*	123
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Apr., '50	Mar., '50	Apr., '49	Apr., '50	Mar., '50	Apr., '49
138*	149	139	135*	146	137

\*Preliminary.

### CONSTRUCTION

BUILDING PERMITS Month of May								
(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1950	1949	1950	1949	1950	1949	1950	1949
Evansville.....	136	64	\$ 354	\$ 163	111	98	\$ 103	\$ 139
Little Rock....	121	42	850	353	273	221	192	161
Louisville.....	182	152	827	831	117	91	121	54
Memphis.....	1,580	1,951	5,190	3,782	197	241	144	225
St. Louis.....	493	263	9,854	2,204	310	318	993	361
May Totals...	2,512	2,472	\$17,075	\$7,333	1,008	969	\$1,553	\$ 940
April Totals...	2,512	2,177	\$17,474	\$6,561	902	838	\$ 966	\$1,012

A lot of houses are being raised by this construction boom—and so are a lot of questions. How long can it last? What will happen when the boom stops booming? How sound are the mortgages on many of these houses—not at the present time but in the future when there might be a lower average income level? Right at the moment, however, builders and buyers seem to be less worried about the questions than about a threat of shortages that may hold down further expansion.

It seems likely that actual construction activity will be at a high level during the remainder of the year—or at least as long as weather conditions are favorable. Through May about 15,000 building permits were issued in the five major district cities. About 12,000 of these authorized new construction valued at \$59 million—equal to about 70 per cent of the value of new construction permits issued in all of last year. Nearly three-fifths of the work authorized in the first five months this year came in April and May.

Much of this proposed construction already is taking shape. Available figures do not show how much. But in the district as a whole, contracts awarded through May total \$324 million. In May, construction put under contract was valued at \$91 million, of which \$42 million was for residential and \$49 million for nonhousing work, according to F. W. Dodge Corporation reports. Contracts for commercial, manufacturing and other nonresidential construction dropped off as they did between April and May in the past two years. But residential volume—for sale or rent or for owner occupancy—continued to climb. The residential work put under contract in May in the St. Louis territory lifted the year's total to a level that was 93 per cent larger than in the first five months last year in terms of dwelling units, 90 per cent larger in terms of floor area, and 88 per cent larger in contract value.

**TRADE**

When district consumers did their shopping in May, they continued to prefer furniture to footwear, appliances and automobiles to apparel. When the price tag was attractive, women's apparel did move—but it took heavy promotion of seasonal merchandise as well as clearance sales to do the job.

On preliminary evidence, total retail sales in the district in May topped those in April as well as those in May, 1949. Dollar volume in department and furniture stores was larger than in either the previous month or in the same month last year. Women's specialty store sales dropped off from April, and volume was below that a year ago. Men's wear stores did substantially more business than in

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover
	May, 1950	5 mos. '50	May 31, '50	Jan. 1, to	
	compared with	to same	comp. with	May 31	
	Apr., '50	May, '49	period '49	May 31, '49	1950 1949
8th F. R. District.....	+ 5%	+ 3%	- 2%	+ 3%	1.55 1.59
Ft. Smith, Ark.....	+ 3	- 1	- 5	- 0-	1.51 1.64
Little Rock, Ark.....	+ 7	+ 9	- 1	+ 15	1.56 1.68
Quincy, Ill.....	- 5	- 8	- 2	+ 4	1.35 1.34
Evansville, Ind.....	+ 9	+ 10	- 0-	- 2	1.46 1.40
Louisville.....	- 2	+ 7	- 0-	+ 6	1.72 1.74
St. Louis Area <sup>1</sup> .....	+ 5	- 0-	- 3	+ 1	1.54 1.57
St. Louis, Mo.....	+ 5	- 0-	- 3	+ 1	1.55 1.57
Springfield, Mo.....	- 0-	+ 2	+ 1	+ 4	1.35 1.30
Memphis, Tenn.....	+ 12	+ 4	- 1	+ 1	1.62 1.70
*All other cities.....	+ 2	+ 8	- 2	+ 7	1.25 1.26

\*El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>1</sup> Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill. Outstanding orders of reporting stores at the end of May, 1950, were 18 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding May 1, 1950, collected during May, by cities:

	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	.....%	47%	Quincy.....	17%
Little Rock.....	16	48	St. Louis.....	18
Louisville.....	19	52	Other Cities.....	15
Memphis.....	20	43	8th F.R. Dist.	18
				53

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	May, 1950	April, 1950	March, 1950	May, 1949
Sales (daily average), unadjusted <sup>2</sup> .....	323	316	285	328
Sales (daily average), seasonally adjusted <sup>2</sup> ....	330	319	297	335
Stocks, unadjusted <sup>2</sup> .....	313	329	317	296
Stocks, seasonally adjusted <sup>2</sup> .....	313	329	326	296

<sup>2</sup> Daily average 1935-39=100.

<sup>2</sup> End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales		Stocks on Hand	Stock Turnover	
	May, 1950	5 mos. '50	May 31, '50	Jan. 1, to	
	compared with	to same	comp. with	May 31	
	Apr., '50	May, '49	period '49	May 31, '49	
Men's Furnishings.....	+ 8%	- 1%	- 6%	+ 1%	1.02 1.05
Boots and Shoes.....	- 15	+ 1	- 4	+ 2	1.80 1.83

Percentage of accounts and notes receivable outstanding May 1, 1950, collected during May:

Men's Furnishings.....	45%	Boots and Shoes.....	45%
Trading days: May, 1950—26; April, 1950—25; May, 1949—25.			

**RETAIL FURNITURE STORES \*\***

	Net Sales		Inventories		Ratio of Collections	
	May, 1950	May, 1950	May, 1950	May, 1950	May, '50	May, '49
	compared with	compared with	compared with	compared with	May, '50	May, '49
	Apr., '50	May, '49	Apr., '50	May, '49	May, '50	May, '49
8th Dist. Total <sup>1</sup> .....	+ 17%	+ 13%	- 2%	+ 11%	22%	25%
St. Louis Area <sup>2</sup> .....	+ 20	+ 17	- 1	+ 19	29	32
St. Louis.....	+ 21	+ 18	- 1	+ 19	28	32
Louisville Area <sup>3</sup> .....	+ 16	+ 9	- 2	+ 20	16	18
Louisville.....	+ 14	+ 9	- 2	+ 19	15	17
Memphis.....	+ 12	- 10	+ 6	- 19	13	16
Little Rock.....	- 3	+ 2	+ 1	+ 6	17	21
Springfield.....	+ 43	+ 42	- 10	+ 5	19	21
Fort Smith.....	- 6	- 8	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal and Springfield, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

\*\* 42 stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	May, '50	Apr., '50	May, '49
Cash Sales.....	14%	15%	14%
Credit Sales.....	86	85	86
Total Sales.....	100%	100%	100%

April but not enough to lift the total above last May's volume.

A large part of May sales was entered on the retailers' credit books—not in his cash sales' accounts. In department stores, open credit as well as instalment sales represented a larger proportion of total sales in May than a year ago. Credit sales in furniture stores were considerably larger than last May.

**Department Stores**—Sales in the district were up 5 per cent from April and were 3 per cent larger than in May, 1949. The gain partly reflects the fact that May, 1950 had one shopping day more than either the previous month or the same month last year. After allowing for this and for seasonal factors, daily sales averaged 330 per cent (1935-39=100) as against 319 per cent in April and 335 per cent in May, 1949. Total sales for this year through May were off about 2 per cent from those a year ago.

In most district cities, sales last month were larger than in May, 1949. This was not the case in Quincy and Fort Smith, however, where volume dropped below that last year. The largest gains occurred in Little Rock and Evansville; most of the other shopping centers reported larger-than-district average gains from last year.

Year-to-date sales in Springfield totaled larger than in 1949. In St. Louis and Fort Smith, cumulative sales were off more than for the district as a whole. Stores in Louisville and Evansville have kept sales volume up to last year's level so far in 1950.

The preference for hard rather than soft goods is evident in the figures showing sales by departments in the St. Louis stores. The only major division to show a gain over last year was housefurnishings where sales were up 10 per cent. (Radio and phonograph sales were less than one-half as large as last year but this was the only department in the housefurnishings' division to show a decline.) Sales of women's and misses' accessories and apparel dropped 6 per cent below last year's volume.

Inventories of reporting district department stores declined during May but they were larger than a year earlier. Month-end stocks were valued at 4 per cent less than on April 30 but were 3 per cent larger than on May 31 last year. The value of outstanding orders was 7 per cent less than a month earlier but was almost one-fifth larger than on the comparable date last year.

**Specialty Stores**—Women's apparel store sales in St. Louis during May totaled 5 per cent less than

in April and were 4 per cent smaller than in May, 1949. So far this year, sales are about one-tenth less than in the same period in 1949. The retail value of inventories on May 31 was 8 per cent less than a month earlier and 7 per cent less than on the same date last year.

Men's wear stores reported sales 8 per cent larger in May than in April but 1 per cent below those in May, 1949. In the first five months of 1950, total sales were 6 per cent less than last year. Inventories at the end of May were valued at slightly less than the stocks held on April 30 but were 1 per cent larger than they were on May 31, 1949.

**Furniture Stores**—Sales of reporting district stores during May totaled 17 per cent higher than in the previous month and were 13 per cent larger than a year ago. Inventories were off slightly relative to a month earlier but were 11 per cent larger than they were last year.

#### AGRICULTURE

Crop conditions in the nation as a whole improved during May but compared unfavorably with conditions a year earlier or with average conditions during the past ten years. On June 1, the estimate of winter wheat production was raised 21 million bushels from that of a month earlier. Spring wheat production was estimated at 245 million bushels or 10 million bushels less than in 1949. If these expectations are realized, the combined wheat crop will total 945 million bushels, compared with 1,146 million bushels in 1949, and will be the first crop in seven years to total less than a billion bushels.

Oats production was estimated at 1,380 million bushels on June 1, despite unfavorable planting conditions. A crop of this size, if realized, would be 4 per cent larger than that in 1949. Acreage is at a record high and yields are expected to be only slightly lower than in 1949. In district states, however, production is expected to be 4 per cent less than in 1949. Exceptions are in Mississippi where the crop is figured 47 per cent larger and Missouri where an increase of 10 per cent is indicated.

The corn crop was planted later than in 1949 but by June 1 it was in the ground in most areas. Conditions were favorable at that time but no estimate of production is made until July 1. Soybean planting also had been completed for the most part by the end of May.

Farm real estate values in all but one district state strengthened in the four months from last November to March. In Tennessee, there was no

change. For the district states as a whole, farm real estate values on March 1 averaged 2 per cent higher than last November. Relative to a year ago, farm land values in Missouri and Illinois were up 1 and 3 per cent, respectively. In other district states, there were declines of 1 per cent in Indiana; 2 per cent in Mississippi and Tennessee; 4 per cent in Kentucky; and 5 per cent in Arkansas. The average for district states was a decline of 1 per cent. Nationally, values in the year to March 1 were off 3 per cent.

Volume of farm transfers continued to decline during 1949. Forced sales, although still unimportant in terms of total sales, were up slightly from 1948. Demand was good for better grades of land but some price cuts were necessary to move many of the lower grade farms.

Credit sales increased during 1949. The Bureau of Agricultural Economics reported 61 per cent of sales were credit-financed compared with 56 per cent for a similar sample in 1948. No significant change has occurred in recent years in the proportion of purchase price represented by a mortgage.

Agricultural prices continued to advance for the month ending May 15. The index of prices received on that date was 247 (1910-14=100), up 4 per cent from March and 6 per cent higher than in December, 1949. However, agricultural prices were 2 per cent lower than a year earlier and 19 per cent lower than in January, 1948. The price rise for the past month was due to higher prices for hogs and most meat animals, cotton, wool, soybeans and corn. Prices paid by farmers also edged upward in May, due to rather general increases in cost of production items as well as food, building, and other living costs.

**AGRICULTURE**

**RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS**

	Receipts		Shipments	
	May, 1950	May, 1950 compared with Apr., '50	May, 1950	May, 1950 compared with Apr., '50
	1950	Apr., '50	1950	Apr., '50
Cattle and calves...	91,516	+ 9%	31,506	+17%
Hogs.....	291,187	+12	89,671	+41
Sheep.....	82,534	+48	52,494	+53
Totals.....	465,237	+16%	173,671	+39%

**CASH FARM INCOME**

(In thousands of dollars)	Apr., 1950 compared with		4 month total Jan. to Apr., 1950 compared with	
	Apr., 1950	Mar., 1950	1950	1949
Arkansas.....	\$ 17,155	-8%	\$ 81,799	-39%
Illinois.....	103,051	-21	506,324	-0
Indiana.....	61,107	-11	257,043	-4
Kentucky.....	19,105	-19	176,432	+ 1
Mississippi.....	15,269	+27	56,409	-64
Missouri.....	52,778	-14	243,335	-10
Tennessee.....	18,348	-14	109,146	- 8
Totals.....	\$286,813	-15%	\$1,430,488	-12%

**BANKING**

**PRINCIPAL ASSETS AND LIABILITIES  
FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)	June 14, 1950	Change from	
		May 17, 1950	June 15, 1949
Industrial advances under Sec. 13b.....	\$ 2,898	\$ 35	\$ 2,089
Other advances and rediscounts.....	975,954	+16,124	-75,738
U. S. securities.....	\$ 978,852	\$ +16,089	\$ -77,827
Total earning assets.....	\$ 717,443	\$ -17,501	\$ -10,436
Total reserves.....	652,263	+ 7,221	-41,263
Total deposits.....	1,043,182	+ 7,400	-33,866
F. R. notes in circulation.....	\$ .....	\$ .....	\$ .....
Industrial commitments under Sec. 13b..	\$ .....	\$ .....	\$ .....

**PRINCIPAL ASSETS AND LIABILITIES  
WEEKLY REPORTING MEMBER BANKS  
EIGHTH FEDERAL RESERVE DISTRICT**

(In thousands of dollars)

34 banks reporting

ASSETS	June 14, 1950	Change from	
		May 17, 1950	June 15, 1949
Gross commercial, industrial, and agricultural loans and open market paper..	\$ 477,780	\$ -13,579	\$ + 897
Gross loans to brokers and dealers in securities .....	7,462	- 721	+ 1,883
Gross loans to others to purchase and carry securities .....	22,462	+ 1,657	+ 1,892
Gross real estate loans.....	203,576	+ 1,627	+ 39,020
Gross loans to banks.....	825	+ 570	+ 345
Gross other loans (largely consumer credit loans) .....	229,200	+ 1,723	+ 22,540
Total .....	\$ 941,305	\$ - 8,723	\$ + 66,577
Less reserve for losses.....	12,112	- 109	+ 2,429
Net total loans.....	\$ 929,193	\$ - 8,614	\$ + 64,148
Treasury bills .....	69,871	+ 6,040	+ 22,139
Certificates of indebtedness.....	103,292	-65,757	- 95,730
Treasury notes .....	254,977	+53,397	+207,297
U. S. bonds and guaranteed obligations..	672,043	+13,809	- 77,759
Other securities .....	189,720	+ 148	+ 51,222
Total investments .....	\$1,289,903	\$+ 7,637	\$+107,169
Cash assets .....	780,572	+24,735	- 13,586
Other assets .....	27,846	+ 231	+ 1,859
Total assets .....	\$3,027,514	\$+23,989	\$+159,590
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations.....	\$1,565,846	\$+42,054	\$+ 82,864
Interbank deposits.....	573,507	- 9,779	+ 22,208
U. S. Government deposits.....	55,757	+ 8,481	+ 34,289
Other deposits .....	125,820	+ 4,283	- 2,335
Total demand deposits.....	\$2,320,930	\$+28,077	\$+137,026
Time deposits .....	495,658	- 696	+ 8,108
Borrowings .....	4,500	- 3,500	+ 2,200
Other liabilities .....	20,896	- 491	+ 4,585
Total capital accounts.....	185,530	+ 599	+ 7,671
Total liabilities and capital accounts..	\$3,027,514	\$+23,989	\$+159,590
Demand deposits, adjusted*.....	\$1,441,113	\$+31,186	\$+ 67,512

\*Other than interbank and government demand deposits, less cash items on hand or in process of collection.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)

	May, 1950	Apr., 1950	May, 1949	May, 1950 compared with	
	1950	1950	1949	Apr., '50	May, '49
El Dorado, Ark.....	\$ 22,985	\$ 22,571	\$ 21,619	+ 2%	+ 6%
Fort Smith, Ark.....	37,689	35,594	37,650	+ 6	-0
Helena, Ark.....	5,542	5,906	6,386	- 6	-13
Little Rock, Ark.....	122,100	121,998	115,984	-0	+ 5
Pine Bluff, Ark.....	24,406	22,317	21,853	+ 9	+12
Texarkana, Ark.*.....	10,640	11,056	9,615	- 4	+11
Alton, Ill.....	23,953	22,439	20,826	+ 7	+15
E. St. L., Nat. S. Y., Ill..	111,500	93,390	100,600	+19	+11
Quincy, Ill.....	30,153	27,358	27,726	+10	+ 9
Evansville, Ind.....	123,494	102,095	106,580	+21	+16
Louisville, Ky.....	531,336	478,961	466,912	+11	+14
Owensboro, Ky.....	31,577	31,523	26,061	-0	+21
Paducah, Ky.....	14,223	13,166	13,235	+ 8	+ 7
Greenville, Miss.....	18,422	16,321	15,771	+13	+17
Cape Girardeau, Mo.....	11,156	10,964	9,814	+ 2	+14
Hannibal, Mo.....	8,476	7,707	7,094	+10	+19
Jefferson City, Mo.....	45,673	51,270	51,387	-11	-11
St. Louis, Mo.....	1,582,573	1,438,939	1,419,964	+10	+11
Sedalia, Mo.....	10,256	9,485	10,140	+ 8	+ 1
Springfield, Mo.....	58,567	54,073	50,946	+ 8	+15
Jackson, Tenn.....	18,017	17,290	16,557	+ 4	+ 9
Memphis, Tenn.....	533,671	566,302	448,055	- 6	+19
Totals.....	\$3,376,409	\$3,160,725	\$3,004,775	+ 7%	+12%

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$25,791.

R- Revised.

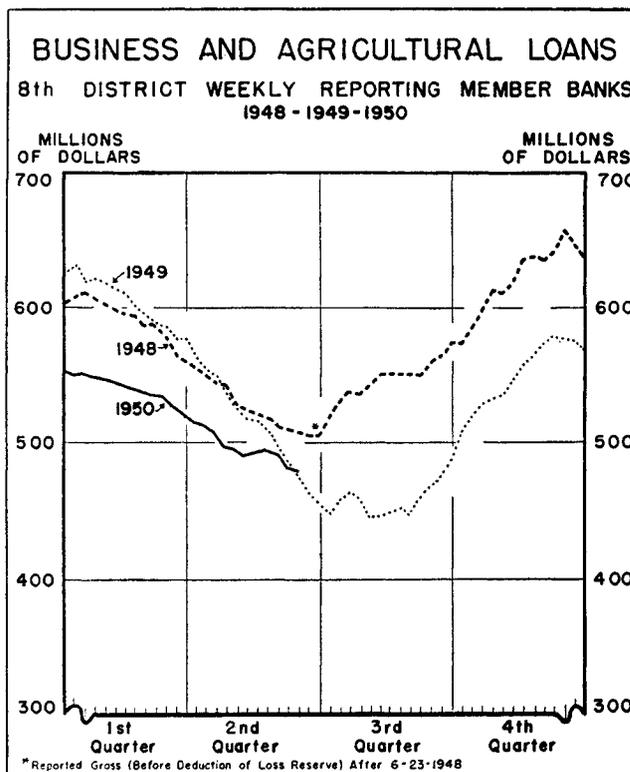
**BANKING**

Member bank reports in this district for May indicated that moderately expansionary trends continued. Deposits rose and loans and investments increased.

At the end of May, 1950, member bank gross demand deposits (other than interbank) were up \$58 million from their April level and up \$159 million from a year ago. The month's increase was limited largely to the bigger city banks; deposit volume at the smaller banks remained virtually unchanged. Likewise, the bulk of the gain for the full year period was concentrated in the large city banks. The seasonal decline in deposits (from year-end) characteristic of this district has been much smaller this year than last—\$13 million as against \$158 million in the first five months of 1949. The large city banks showed a gain of \$30 million in this period of 1950 against a loss of \$78 million a year ago; the smaller banks a loss of \$43 million in contrast with one of \$80 million last year.

Time deposits at district member banks increased moderately in May, 1950. During the five months of the current year the gain exceeded that of the corresponding months in 1949 by \$5 million.

Loans of all district member banks combined showed a \$22 million increase in May, 1950, shared about equally between the large and small banks.



At the large city banks the gain reflected mainly expansion in real estate, security, "other" (largely consumer credit) loans, partly offset by a seasonal drop in business loans.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	May, 1950	Change from:		May, 1950	Change from:		May, 1950	Change from:	
		Apr., 1950	May, 1949		Apr., 1950	May, 1949		Apr., 1950	May, 1949
<b>Assets</b>									
1. Loans and Investments.....	\$3,894	\$+24	\$+276	\$2,263	\$+17	\$+195	\$1,631	\$+7	\$+81
a. Loans .....	1,511	+22	+92	975	+12	+63	536	+10	+29
b. U.S. Government Obligations.....	2,009	—1	+118	1,097	+3	+75	912	—4	+43
c. Other Securities .....	374	+3	+66	191	+2	+57	183	+1	+9
2. Reserves and Other Cash Balances.....	1,168	+10	—47	723	+16	—29	445	—6	—18
a. Reserves with the F.R. bank.....	543	—20	—125	351	—12	—74	192	—8	—51
b. Other Cash Balances <sup>3</sup> .....	625	+30	+78	372	+28	+45	253	+2	+33
3. Other Assets .....	43	+2	+4	29	+2	+4	14	—0—	—0—
4. Total Assets .....	<u>\$5,105</u>	<u>\$+36</u>	<u>\$+233</u>	<u>\$3,015</u>	<u>\$+35</u>	<u>\$+170</u>	<u>\$2,090</u>	<u>\$+1</u>	<u>\$+63</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,756	\$+33	\$+183	\$2,295	\$+36	\$+145	\$1,461	\$—3	\$+38
a. Deposits of Banks.....	578	—25	+24	546	—23	+22	32	—2	+2
b. Other Demand Deposits.....	3,178	+58	+159	1,749	+59	+123	1,429	—1	+36
6. Time Deposits .....	994	+1	+24	502	+1	+11	492	—0—	+13
7. Borrowings and Other Liabilities.....	37	—1	+8	31	—2	+6	6	+1	+2
8. Total Capital Accounts.....	318	+3	+18	187	—0—	+8	131	+3	+10
9. Total Liabilities and Capital Accounts....	<u>\$5,105</u>	<u>\$+36</u>	<u>\$+233</u>	<u>\$3,015</u>	<u>\$+35</u>	<u>\$+170</u>	<u>\$2,090</u>	<u>\$+1</u>	<u>\$+63</u>

<sup>1</sup>Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup>Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup>Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

# Survey of Current Conditions

The district's economy, as well as the nation's, was operating at close to peacetime capacity levels in June—before the outbreak of hostilities in Korea. Eighth District manufacturing output was at or near a new postwar high; steel production was at a rate equalled only twice since 1944; construction was considerably over the volume in June, 1949, and employment was just under the postwar peak in 1948. Eighth District agricultural output was at high levels although below the 1948 and 1949 volumes. Consumer demand, in substantial volume as a result of the increased industrial output, was bolstered by expanding credit.

The outbreak of hostilities in Korea added to the demand for goods and commodities. One of the principal effects of the sudden increase in demand was on prices. Within the first three weeks of the outbreak of the Korean war, sharp increases occurred in certain basic commodity prices, in numerous wholesale prices and, to a more limited extent, in retail store prices. Many manufacturers and merchants attempted to build up their inventories and many consumers bought certain goods in excess of current requirements.

In addition to the strong private business and consumer demand, our participation in the Korean hostilities will accelerate military demand for some goods. While demand is being thus expanded further, need for more men and women in the armed services will reduce, to some extent, the labor force available to provide the goods and services.

Under the circumstances, which are inflationary, the President proposed legislative action to curb

consumer credit and to divert to military use whatever goods and materials were necessary to prosecute the Korean defense successfully. Restrictions on the use of Government credit and guarantees in the real estate field were ordered.

While it is still too early to measure the full impact of the Korean war situation on the Eighth District economy, it is clear that the additional demand generated by the war has increased prices—primarily basic commodity prices—and that the credit restrictions ordered in the real estate field and suggested in the consumer credit field would exercise a restraining influence on the currently inflationary situation. Further restraint could be exercised by individuals and business and Government (in its nonmilitary domestic affairs) with equally helpful results in dampening the inflationary potential.

## EMPLOYMENT

More people were working in June and for longer hours and higher wages than at any time since the peak of 1948. Fewer persons were looking for jobs and those with experience were having less trouble finding work than at this time last year. A few scattered labor shortages were beginning to appear in June for the first time in many months.

Nationally, total employment in June was the second highest on record. In the week ended June 10, the number of persons holding jobs was 61.5 million, or only 133,000 less than the record set in July, 1948, and 1.8 million more than in May, 1950. Average employment in the major Eighth District cities was also higher than in any month since late 1948.

The expansion in total employment in the nation between May and June was almost twice as large as last year due primarily to a substantial pick-up in the agriculture, manufacturing and construction in-

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)			June, 1950 compared with		
	June, '50	May, '50	June, '49	May, '50	June, '49
All Commodities.....	157.3	155.9	154.4	+ 0.9%	+ 1.9%
Farm Products.....	165.9	164.7	168.5	+ 0.7	- 1.6
Foods.....	162.1	159.9	162.4	+ 1.4	- 0.2
Other.....	148.8	147.6	145.5	+ 0.8	+ 2.3

CONSUMER PRICE INDEX					
Bureau of Labor Statistics (1935-39=100)			June 15, 1950 compared with		
	June 15, 1950	Mar. 15, 1950	June 15, 1949	Mar. 15, '50	June 15, '49
United States.....	170.2	167.0	169.6	+ 1.9%	+ 0.4%
St. Louis.....	169.7	167.4	169.8	+ 1.4	- 0.1
Memphis.....	169.9	169.4	173.5	+ 0.3	- 2.1

RETAIL FOOD					
Bureau of Labor Statistics (1935-39=100)			June 15, 1950 compared with		
	June 15, 1950	May 15, 1950	June 15, 1949	May 15, '50	June 15, '49
U. S. (51 cities)....	204.6	200.3	204.3	+ 2.1%	+ 0.1%
St. Louis.....	212.4	208.4	212.8	+ 1.9	- 0.2
Little Rock.....	201.0	197.4	204.2	+ 1.8	- 1.6
Louisville.....	194.1	188.9	194.1	+ 2.8	- 0-
Memphis.....	206.4	204.3	215.3	+ 1.0	- 4.1

## WHOLESALE

Line of Commodities	Net Sales		Stocks June 30, 1950 compared with June 30, 1949
	June, 1950 compared with May, 1950	June, 1950 compared with June, 1949	
Automotive Supplies.....	+10%	+ 7%	- 5%
Drugs and Chemicals.....	-15	-10	.....
Dry Goods.....	+ 1	+11	+37
Groceries.....	+ 2	- 1	+10
Hardware.....	+ 1	+22	+ 4
Tobacco and its Products...	+ 5	+ 2	+ 4
Miscellaneous.....	+ 6	+14	-11
**Total All Lines.....	+ 1%	+10%	+17%

\*Preliminary.  
\*\*Includes certain items not listed above.

dustries. A major portion of this year's gain consisted of school-age persons, but employment of adults also edged upward.

Agricultural employment rose seasonally between May and June at a rate slightly higher than last year, but continued to be substantially lower than a year ago. During the first six months of 1950, the number of farm workers in the nation averaged almost 10 per cent below 1949. The same trend is believed to be true for the district.

None of the five major areas in the Eighth District had more than a moderate labor surplus in May, according to the classifications of the Department of Labor. Only three small areas (Cairo, Crab Orchard and Mt. Vernon, Illinois) were considered "critical" with a very substantial labor surplus; and only one area (Springfield, Missouri) had a substantial labor surplus. St. Louis and Memphis had a moderate portion of their labor force unemployed this May as well as a year ago. Employment conditions improved in Louisville and Little Rock during the year. The outstanding instance of labor market gains in this district occurred in Evansville. This area had a substantial labor surplus in January, 1950 and was only one step away from the "critical" classification. By May, however, an expansion in the manufacture of nonelectrical machinery and transportation equipment plus seasonal gains in construction had resulted in a change in classification to an area of balanced labor supply. This meant that in May less than 3 per cent of the Evansville labor force was unemployed as compared with over 8 per cent in January.

Unemployment rose in both this district and the nation between May and June, although not as much as normally would be expected. This rise was due primarily to school graduates and to students seeking summer jobs.

Probably more significant than the seasonal rise in total unemployment was the fact that long-term unemployment (persons out of work for four months or more) declined for the second successive month, following a steady rise for more than a year.

The number of persons collecting unemployment compensation in the district has been on the downgrade for the past several months (summer workers and school graduates generally are not eligible for compensation). In St. Louis, fewer compensable claims were filed in June than at any time since last October and the June volume of claims was less than three-fourths of the January peak. The biggest improvement occurred in Evansville, where the number of unemployment compensation claims in June was only one-fourth as large as in March.

## INDUSTRY

Industrial activity in the Eighth District continued to expand during June, with most segments of the economy sharing in the gain. Production in the manufacturing industries probably reached a new peak, and the construction boom continued. Coal production and crude petroleum output, however, were off slightly in June. The consumption of electric power by manufacturers in the district's leading industrial areas in June was up slightly from May and was substantially higher (21 per cent) than last June.

### Manufacturing Activity Higher in June

This district's manufacturing plants apparently produced more goods in June than in May, or in June of 1949. Preliminary figures indicate that manufacturing output in June may have reached a new postwar high. The recent gains have been strongest in the durable goods industries, with production in such industries as electrical machinery, stone-clay-glass, lumber, nonelectrical machinery, and steel more in June than in May. In the soft or nondurable goods field, several industries, including chemicals, shoes, textiles, and meat packing, suffered declines which were, however, partly seasonal in nature.

The basic steel industry in the St. Louis area was operating in June at 83 per cent of capacity, 7 points higher than in May and 23 points above the year-ago level. The June rate was equalled in only two months since 1944. During the first six months of 1950, the average rate of operations was 12 per cent above that of the same period last year.

## INDUSTRY

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	June, 1950	May, 1950	June, 1949	June, 1950 compared with		
	K.W.H.	K.W.H.	K.W.H.	May, '50	June, '49	
Evansville.....	15,462	14,614	12,422	+ 5.8%	+24.5%	
Little Rock.....	4,624	4,760	5,142	- 2.9	-10.1	
Louisville.....	74,171	73,426	61,814	+ 1.0	+20.0	
Memphis.....	27,763	30,056	24,782	- 7.6	+12.0	
Pine Bluff.....	7,149	6,615	6,023	+ 8.1	+18.7	
St. Louis.....	93,965	92,944	74,104	+ 1.1	+26.8	
Totals.....	223,134	222,415	184,287	+ 0.3%	+21.1%	

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
June, '50	May, '50	June, '49	First Nine Days		6 mos. '50	6 mos. '49
			July, '50	July, '49		
110,339	112,550	103,244	29,561	29,647	641,200	630,155
Source: Terminal Railroad Association of St. Louis.						

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	June, 1950	May, 1950	June, 1949	June, 1950 compared with	
				May, 1950	June, 1949
Arkansas.....	79.1	79.3	76.4	-0-%	+ 4%
Illinois.....	172.0	175.0	176.5	- 2	- 3
Indiana.....	30.2	29.2	25.0	+ 3	+21
Kentucky.....	26.1	26.3	23.9	- 1	+ 9
Total.....	307.4	309.8	301.8	- 1%	+ 2%

The demand for lumber continued to be very strong during June reflecting both the construction boom and the expected record production in the furniture industry this summer and fall. During June, the Southern pine mills produced slightly less lumber than in May but about 8 per cent more than last June.

During the first half of 1950, production averaged considerably higher than in 1949. The reporting southern hardwood producers operated at 93 per cent of capacity in June as compared with 90 per cent in May and only 64 per cent in June, 1949. Since February, the southern hardwood producers have operated at greater capacity than in the corresponding month of last year.

The manufacture of shoes in the Eighth District was curtailed during May, although not nearly as much as last year. The drop in shoe production in this district between April and May was relatively much smaller than that for the United States as a whole. With the exception of the month of March, district shoe production has fallen off steadily so far this year. However, slightly more shoes were produced during the first six months of 1950 than in the same period of 1949.

Meat packing operations in the St. Louis area in June were reported to be at the lowest level since March. About 390,000 animals were slaughtered in June as compared with 419,000 in May and 409,000 last June. A substantial drop in the volume of hogs slaughtered was responsible for the May-June decline.

**Less Coal and Oil Produced**

Less coal and oil were produced in the district in June than in May, but production remained higher than in June of 1949. About 7.5 million tons of coal were mined in June—1.1 million tons less than in May but 4.3 million tons more than last June. Each of the three major coal producing areas, Illinois, Indiana and western Kentucky, mined less coal in June than a month earlier, but western Kentucky was the only one of the three which did not exceed its last year's output. During the first six months of 1950, coal production averaged about 11 per cent less than in 1949 due to the abnormally low output

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
June,'50	May,'50	June,'49	June,'50	May,'50	June,'49
139*	163*	109	147*	158*	116
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
May,'50	April,'50	May,'49	May,'50	April,'50	May,'49
123*	139	108	127*	137	112

\*Preliminary.

**CONSTRUCTION**

(Cost in thousands)	BUILDING PERMITS Month of June							
	New Construction				Repairs, etc.			
	Number		Cost		Number	Cost		
1950	1949	1950	1949	1950	1949			
Evansville.....	64	113	\$ 223	\$ 895	82	100	\$ 188	\$ 61
Little Rock.....	135	58	1,211	466	273	215	437	286
Louisville.....	215	299	1,611	964	90	76	76	80
Memphis.....	2,429	1,181	5,170	2,894	219	200	128	143
St. Louis.....	391	304	3,050	2,006	348	320	831	642
June Totals..	3,234	1,955	\$11,265	\$7,225	1,012	911	\$1,660	\$1,212
May Totals..	2,512	2,472	\$17,075	\$7,333	1,008	969	\$1,553	\$ 940

in the months of January and February. During the last four months, output has exceeded the year-ago level.

The average crude oil output in June of about 307,000 barrels per day was the smallest volume reported so far this year. The production of crude oil in June was fractionally less than in May, but was moderately above last June. During the first six months of 1950, output of oil has been consistently higher than in either 1948 or 1949.

**Construction Continues to Break Records**

Building activity continued at a high level in June. Construction during the first half of 1950 broke one record after another.

Building permits were issued for approximately \$70 million worth of new construction in the first six months of this year in the five major district cities. This was twice the amount issued during the same period last year, with all cities except Evansville contributing to the increase. New construction authorized in June—\$11 million—was substantially lower than in May, but was half again as high as a year ago.

The dollar volume of construction contracts awarded in the Eighth District totaled \$82 million in June, bringing the total for the year to date up to \$407 million. The June volume of contracts awarded, according to the F. W. Dodge reports, was down from May, but was considerably higher than last June. Both nonresidential and residential building contracts dropped during June, but public works and utilities construction gained. During the first half of 1950, the total dollar volume of construction was 44 per cent higher than in 1949, with residential showing an 82 per cent and non-residential showing a 26 per cent gain.

**TRADE**

The picture of retail sales in the Eighth District for the first half of 1950 reflected continuing consumer eagerness to purchase durable goods. Soft goods retailers had to combat the weather and consumer preference for hard goods. But the life of retailers of durable goods was not bright in all lines.

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	June, 1950 compared with May, '50		6 mos. '50 to same period '49	June 30, '50 comp. with June 30, '49	Jan. 1, to June 30, 1949	
	June, '49	June, '49	period '49	June 30, '49	1949	
8th F.R. District....	- 9%	+ 4%	- 1%	+ 3%	1.88	1.92
Ft. Smith, Ark.....	- 5	+ 5	- 4	+ 4	1.83	1.96
Little Rock, Ark....	-20	+ 5	-0-	+15	1.86	2.00
Quincy, Ill.....	- 8	- 1	- 2	+ 7	1.64	1.64
Evansville, Ind.....	- 4	+15	+ 3	- 2	1.79	1.70
Louisville, Ky.....	-10	+12	+ 2	+ 6	2.08	2.08
St. Louis Area.....	- 5	+ 1	- 2	+ 2	1.87	1.90
St. Louis, Mo.....	- 5	-0-	- 3	+ 2	1.88	1.91
Springfield, Mo.....	- 6	+ 5	+ 1	- 4	1.67	1.59
Memphis, Tenn.....	-19	+ 2	-0-	- 1	1.94	2.02
*All other cities.....	- 4	+14	+ 1	+ 4	1.54	1.52

\*El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>1</sup> Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill. Outstanding orders of reporting stores at the end of June, 1950, were 20 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding June 1, 1950, collected during June, by cities:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith ....	....%	47%	Quincy .....	18%	53%
Little Rock....	16	42	St. Louis.....	18	54
Louisville .....	17	50	Other Cities....	13	55
Memphis .....	17	40	8th F.R. Dist.	17	49

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	June, 1950	May, 1950	April, 1950	June, 1949
Sales (daily average), unadjusted <sup>2</sup> .....	293	323	316	283
Sales (daily average), seasonally adjusted <sup>2</sup> .....	326	350	319	314
Stocks, unadjusted <sup>3</sup> .....	299	313	329	280
Stocks, seasonally adjusted <sup>3</sup> .....	299	313	329	280

<sup>2</sup> Daily average 1935-39=100.

<sup>3</sup> End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	June, 1950 compared with May, '50		6 mos. '50 to same period '49	June 30, '50 comp. with June 30, '49	Jan. 1, to June 30, 1949	
	June, '49	June, '49	period '49	June 30, '49	1949	
Men's Furnishings....	- 6%	- 1%	- 5%	- 1%	1.25	1.27
Boots and Shoes.....	- 7	- 2	- 3	- 6	2.25	2.26

Percentage of accounts and notes receivable outstanding June 1, 1950, collected during June:

Men's Furnishings ..... 41% Boots and Shoes..... 42%  
Trading days: June, 1950—26; May, 1950—26; June, 1949—26.

**RETAIL FURNITURE STORES\*\***

	Net Sales		Inventories		Ratio of Collections	
	June, 1950 compared with May, '50		June, 1950 compared with May, '49		June, '50	June, '49
	June, '49	June, '49	June, '49	June, '49	June, '50	June, '49
8th Dist. Total <sup>1</sup> .....	- 3%	+12%	- 2%	+12%	21%	24%
St. Louis Area <sup>2</sup> .....	- 3	+20	- 1	+21	26	31
St. Louis.....	- 3	+20	- 1	+21	26	31
Louisville Area <sup>3</sup> .....	- 9	+20	- 5	+18	15	17
Louisville.....	-14	+19	- 4	+18	14	16
Memphis.....	-0-	-0-	- 2	-20	13	15
Little Rock.....	+ 4	+ 8	+ 2	+ 4	16	20
Springfield.....	-19	- 4	- 7	+ 2	17	20
Fort Smith.....	- 1	-20	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal and Springfield, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

\*\*41 stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	June, '50	May, '50	June, '49
Cash Sales.....	14%	14%	15%
Credit Sales.....	86	86	85
Total Sales.....	100%	100%	100%

Sales of some lines of major appliances and furniture lagged, and competition grew keener and, in some instances, extended into the field of credit terms.

Percentagewise, the growth in instalment credit nationally, since the end of 1949, has been about three times that for total consumer credit outstanding. Automobile sale credit outdistanced other types substantially and at midyear was about one-sixth larger than at the end of 1949.

Of the reporting district retail trade lines, only furniture store sales were larger in the first half of the year than in the corresponding period in 1949. Department store sales were slightly under those last year. Women's specialty store sales were about one-sixth less and men's wear store sales were down 5 per cent.

**Department Stores**—June sales of reporting stores dropped seasonally from May but were 4 per cent larger than in June, 1949. In the district, seasonally adjusted daily average sales were 326 per cent of the 1935-39 average as compared with 330 per cent in May and 314 per cent in June, 1949.

St. Louis department store sales in June were unchanged from those a year ago. In contrast, all other district cities except Quincy registered increased sales. The largest gain occurred in Evansville where sales increased about one-sixth.

Sales of durables continued to contribute heavily to the strength in department store sales in June. Of the major divisions in St. Louis stores, only housefurnishings, small wares, and men's and boys' wear showed gains from last year. Sparked by sales of television sets, which had more than doubled, housefurnishings sales were 12 per cent larger than last year. Small wares divisions averaged slightly better than in 1949 with the major portion of the gain occurring in umbrella sales—up one-third from a year ago. Men's and boys' wear declined slightly in the upstairs divisions but the gain in basement sales was large enough to boost the total to slightly over last year.

Inventories, at retail value, of reporting district department stores on June 30 were 7 per cent less than on May 31 but were 3 per cent larger than on June 30, 1949. The value of outstanding orders on June 30 was about four-fifths larger than a month earlier and one-fifth larger than a year ago, possibly reflecting fear of future goods shortages plus a growing optimism concerning the level of sales for the remainder of the year.

**Specialty Stores**—Both women's specialty and men's wear store sales in June were less than in the previous month and the corresponding month in 1949. St. Louis women's specialty store sales were

about a third less than in May and 15 per cent less than in June, 1949. The retail value of inventories on June 30 was one-tenth less than on May 31 and 16 per cent under that a year ago.

Men's wear store sales in June declined 6 per cent from their May level and were 1 per cent less than a year ago. Inventories at the end of June dropped 7 per cent under those a month earlier but were slightly under those last year.

**Furniture Stores**—Reporting district furniture store sales were 3 per cent less than in May but were 12 per cent larger than in June, 1949. The retail value of inventories on June 30 was slightly less than on May 31, but was 12 per cent larger than on June 30, 1949.

**AGRICULTURE**

Generally, the prospects for 1950 crop production indicate a higher outturn of crops than for any year prior to 1942, but considerably lower than in 1948 and 1949. Corn production, for example, was estimated on July 1 at 3,176 million bushels, compared with 3,378 million in 1949—a 6 per cent reduction. However, a crop of this size would be 500 million bushels above the corn goal fixed at the outset of the crop season, 200 million bushels above the 10-year average, and the third largest crop of record.

Prospects for other district crops improved during the month. Wheat yields are exceeding earlier expectations in Missouri, Illinois and Indiana, where most of the district wheat is grown. The July estimate of total United States wheat production (957 million bushels) represented an increase of 12 million bushels over the June estimate. Similarly, the July estimate of the oats crop (1,395 million bushels) indicated an increase of 15 million bushels from a month earlier.

Crop prospects in district states varied from excellent to poor. In Missouri, corn production was esti-

mated at 181 million bushels, 7 million higher than in 1949. Estimated corn production in other district states included in the commercial areas where allotments are in effect was less than in 1949. The declines ranged from 17 per cent in Illinois to 13 and 9 per cent in Kentucky and Indiana. In the other three district states, corn production was expected to increase.

Missouri soybean acreage was estimated at 1,136,000 acres, a record high, and 279,000 acres more than were planted in 1949. Soybean acreages in Mississippi, Arkansas and Tennessee were up 171, 72 and 50 per cent, respectively, from a year earlier. Although substantial acreage increases have been made in Indiana, Illinois and Kentucky, the proportionate increase has been smaller than the 31 per cent increase for the country as a whole.

Total cotton acreage on July 1 was estimated at 19 million acres, more than 7 million acres less than in 1949—a decline of nearly one-third. This would indicate a crop in the neighborhood of 10 million bales, compared with 16 million in 1949. In district states, the acreage decline averaged 29 per cent. The decline in Mississippi was 27 per cent, in Arkansas 34 per cent.

While crop prospects for all district states indicate a high level of production, it might be noted that the spring-sown crops are still dependent on weather during the remainder of the crop season. Dry weather in the second week of July was damaging the crop in some localities.

**INDICATED 1950 CROP ACREAGES AND PRODUCTION**

	Corn		Soybeans (for beans)		Cotton	
	1950 Production	Per cent change from '49	1950 Acreage	Per cent change from '49	1950 Acreage	Per cent change from '49
Arkansas.....	34,032	+20%	500	+72%	1,720	-34%
Illinois.....	429,777	-17	3,865	+22	*	.....
Indiana.....	226,416	-9	1,680	+17	-	-
Kentucky.....	77,875	-13	131	+10	*	.....
Mississippi.....	57,050	+20	293	+171	2,085	-27
Missouri.....	180,643	+4	1,136	+33	440	-27
Tennessee.....	69,960	+2	90	+50	650	-23
Eighth District						
States.....	1,075,753	-8	7,695	+27	4,895	-29
United States.....	3,175,602	-6	12,937	+31	19,032	-31

\*Not reported separately.  
Source: Crop Production, U.S.D.A.

**AGRICULTURE**

CASH FARM INCOME						
(In thousands of dollars)	May, 1950		5 month total Jan. to May			
	May, 1950	compared with April, 1950	May, 1949	1950	1950 compared with 1949	
Arkansas.....	\$ 22,886	+33%	-13%	\$ 104,685	-35%	-17%
Illinois.....	132,318	+28	+7	638,642	+1	-5
Indiana.....	74,200	+21	+5	331,243	-2	-12
Kentucky.....	27,559	+44	+3	203,991	+1	+9
Mississippi.....	13,308	-13	-36	69,717	-61	-47
Missouri.....	71,312	+35	+7	314,647	-7	-10
Tennessee.....	25,466	+39	+9	134,612	-8	-17
Totals.....	\$367,049	+28%	+1%	\$1,797,537	-10%	-10%
RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	Receipts			Shipments		
	June, 1950	June, 1950 compared with May, '50		June, 1950	June, 1950 compared with May, '50	
Cattle and calves....	103,049	+13%	-9%	34,889	+11%	-11%
Hogs.....	239,642	-18	-4	97,298	+9	+24
Sheep.....	78,833	-4	+35	44,553	-15	+95
Totals.....	421,524	-9%	-0%	176,740	+2%	+26%

Agricultural prices in mid-June were unchanged from a month earlier, following a rise from January to May. Prices paid increased 1 per cent in the month to mid-June. Prices of wheat and dairy products declined, but were offset by higher prices for cotton, fruit, poultry and eggs. However, since June 15, and with the outbreak of the Korean war, prices of agricultural products generally again moved upward. The Bureau of Labor Statistics weekly index of grain prices rose 2 per cent between June 27 and July 11. Livestock prices increased 12 per cent during the same period.

**BANKING**

The upward trend in bank activity in this district continued in June, 1950, although at a somewhat less rapid rate than in the earlier months of the year. The expansion in total loans at country banks—\$7 million—was offset by the seasonal shrinkage in loans at the larger city banks. Combined total loan volumes at all reporting member banks showed a reduction of \$14 million in comparison with a \$42 million decline in June, 1949. In June, 1950, investments were reduced \$16 million in contrast to an increase of \$18 million in investments during June, 1949. Demand deposits were off \$51 million and time deposits were off \$4 million for the month. A year ago, in June, demand deposits declined about an equal amount and time deposits increased slightly.

The drop in loans at the larger city banks was occasioned by the declines in business loans and loans to banks (\$19 million and \$12 million) partly offset by gains in real estate, security and "other" (largely consumer credit) loans—\$5, \$1, and \$4 million, respectively.

The year ending June, 1950, as a whole, was a moderately expansionary period in banking as well as in business generally. For all district member banks, total assets increased \$232 million over the level of June, 1949. Earning assets increased even more—\$270 million. (The greater increase in earning assets was primarily the result of the lowering of reserve requirements in August, 1949.) Gross demand deposits increased \$192 million, time deposits \$18 million and capital accounts \$24 million.

Although both earning assets and deposits of all member banks in the Eighth District declined in the first six months of 1950, these declines were less than the average of the past three years. In other words, allowing for seasonal declines, the trend in bank earning assets and demand deposits was upward for the six-month period. This expansionary trend in earning assets and deposits of all member banks in the district can be seen from the following comparison.

**CHANGES IN EARNING ASSETS AND DEPOSITS DURING FIRST SIX MONTHS, 1947-1950**  
Eighth District Member Banks

(In millions of dollars)	1950	Av. '47, '48, '49
Loans .....	\$-34	\$-69
U. S. Governments.....	-31	-79
Other securities.....	+18	+10
Demand deposits .....	-41	-193

(It should be noted that a small part of the difference in demand deposits between 1950 and previous years might be accounted for by the change in the date of levying state taxes on bank deposits in Louisville from July 1 to September 1.)

**BANKING**

**PRINCIPAL ASSETS AND LIABILITIES  
FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)	Change from		
	July 19, 1950	June 21, 1950	July 20, 1949
Industrial advances under Sec. 13b.....	\$ .....	\$ .....	\$ .....
Other advances and rediscounts.....	6,732	+ 690	- 6,288
U. S. securities.....	985,699	+10,534	-12,673
Total earning assets.....	\$ 992,431	\$+11,224	\$-18,961
Total reserves.....	\$ 719,367	\$+ 872	\$-50,542
Total deposits.....	659,312	- 382	-36,331
F. R. notes in circulation.....	1,044,379	+ 4,796	-28,927
Industrial commitments under Sec. 13b..	\$ .....	\$ .....	\$ .....

**PRINCIPAL ASSETS AND LIABILITIES  
WEEKLY REPORTING MEMBER BANKS  
EIGHTH FEDERAL RESERVE DISTRICT**

(In thousands of dollars)

34 banks reporting

ASSETS	Change from		
	July 19, 1950	June 21, 1950	July 20, 1949
Gross commercial, industrial and agricultural loans and open market paper..	\$ 477,048	\$+ 947	\$+ 15,517
Gross loans to brokers and dealers in securities .....	6,829	- 1,578	- 798
Gross loans to others to purchase and carry securities .....	24,115	+ 1,626	+ 3,069
Gross real estate loans.....	213,116	+ 6,743	+ 46,741
Gross loans to banks.....	4,482	+ 3,606	+ 3,837
Gross other loans (largely consumer credit loans) .....	240,825	+ 7,775	+ 29,104
Total .....	\$ 966,415	\$+19,119	\$+ 97,470
Less reserve for losses.....	12,121	+ 96	+ 2,986
Net total loans.....	\$ 954,294	\$+19,023	\$+ 94,484
Treasury bills .....	80,746	+15,338	+ 22,023
Certificates of indebtedness.....	77,853	-21,962	-119,141
Treasury notes .....	253,900	+ 1,855	+214,463
U. S. bonds and guaranteed obligations	680,097	+ 1,972	- 93,068
Other securities .....	189,056	+ 1,037	+ 37,127
Total investments .....	\$1,281,652	\$- 1,760	\$+ 61,404
Cash assets .....	748,495	+33,251	+ 4,709
Other assets .....	26,164	+ 1,032	+ 1,876
Total assets .....	\$3,010,605	\$+51,546	\$+162,473
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations.....	\$1,563,412	\$+36,773	\$+117,592
Interbank deposits.....	557,110	+24,235	- 3,797
U. S. Government deposits.....	65,077	- 981	+ 47,557
Other deposits .....	116,196	- 3,720	- 15,153
Total demand deposits.....	\$2,301,795	\$+56,307	\$+146,199
Time deposits .....	493,324	- 1,685	+ 6,095
Borrowings .....	8,120	- 2,610	- 1,305
Other liabilities .....	20,588	- 1,144	+ 3,203
Total capital accounts.....	186,778	+ 678	+ 8,281
Total liabilities and capital accounts..	\$3,010,605	\$+51,546	\$+162,473
Demand deposits, adjusted*.....	\$1,448,331	\$+ 9,283	\$+ 68,605

\*Other than interbank and government demand deposits, less cash items on hand or in process of collection.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	June, 1950	May, 1950	June, 1949	June, 1950 compared with May, '50	June, '49
El Dorado, Ark.....	\$ 25,728	\$ 22,985	\$ 22,256	+12%	+16%
Fort Smith, Ark.....	39,383	37,689	39,409	+ 4	-0
Helena, Ark.....	6,122	5,542	5,639	+10	+ 9
Little Rock, Ark.....	130,005	122,100	117,955	+ 6	+10
Pine Bluff, Ark.....	24,430	24,406	23,325	-0	+ 5
Texarkana, Ark.*.....	10,447	10,640	10,294	- 2	+ 1
Alton, Ill.....	26,750	23,953	24,677	+12	+ 8
E. St. L.-Nat. S. Y., Ill.....	112,995	111,500	108,570	+ 1	+ 4
Quincy, Ill.....	31,547	30,153	28,353	+ 5	+11
Evansville, Ind.....	136,187	123,494	116,921	+10	+16
Louisville, Ky.....	563,995	531,336	530,383	+ 6	+ 6
Owensboro, Ky.....	31,856	31,577	29,136	+ 1	+ 9
Paducah, Ky.....	16,566	14,223	16,046	+16	+ 3
Greenville, Miss.....	18,474	18,422	16,050	-0	+15
Cape Girardeau, Mo.....	12,201	11,156	11,132	+ 9	+10
Hannibal, Mo.....	8,758	8,476	8,020	+ 3	+ 9
Jefferson City, Mo.....	39,368	45,673	34,619	-14	+14
St. Louis, Mo.....	1,704,070	1,582,573	1,478,267	+ 8	+15
Sedalia, Mo.....	10,148	10,256	10,374	- 1	- 2
Springfield, Mo.....	61,641	58,567	53,419	+ 5	+15
Jackson, Tenn.....	18,305	18,017	16,254	+ 2	+13
Memphis, Tenn.....	524,088	533,671	435,705	- 2	+20
Totals.....	\$3,553,064	\$3,376,409	\$3,136,804	+ 5%	+13%

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$26,229.

From mid-June to mid-July, the rate of activity at district banks quickened. Total loans at larger city banks reporting weekly increased \$19 million while in the corresponding weeks a year ago they increased \$5 million. The expansion this year occurred in all categories of loans. Business loans

were up \$1 million for the four-week period. Real estate loans rose \$7 million and "other" loans increased \$8 million.

At mid-July, 1950, real estate loans had increased \$47 million (28 per cent), and "other" loans \$29 million (14 per cent) over their year-ago levels.

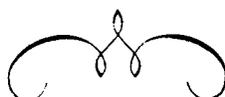
**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	June, 1950	May, 1950 to June, 1950	June, 1949 to June, 1950	June, 1950	May, 1950 to June, 1950	June, 1949 to June, 1950	June, 1950	May, 1950 to June, 1950	June, 1949 to June, 1950
<b>Assets</b>									
1. Loans and Investments.....	\$3,864	\$- 30	\$+270	\$2,232	\$- 31	\$+186	\$1,632	\$+ 1	\$+ 84
a. Loans .....	1,497	- 14	+120	954	- 21	+ 87	543	+ 7	+ 33
b. U. S. Government Obligations.....	1,997	- 12	+ 96	1,089	- 8	+ 51	908	- 4	+ 45
c. Other Securities .....	370	- 4	+ 54	189	- 2	+ 48	181	- 2	+ 6
2. Reserves and Other Cash Balances.....	1,151	- 24	- 43	712	- 11	- 22	439	- 13	- 21
a. Reserves with the F.R. bank.....	563	+ 21	- 75	366	+ 15	- 35	197	+ 6	- 40
b. Other Cash Balances <sup>3</sup> .....	588	- 45	+ 32	346	- 26	+ 13	242	- 19	+ 19
3. Other Assets .....	44	- 8	+ 5	26	- 3	+ 1	18	- 5	+ 4
4. Total Assets .....	<u>\$5,059</u>	<u>\$- 62</u>	<u>\$+232</u>	<u>\$2,970</u>	<u>\$- 45</u>	<u>\$+165</u>	<u>\$2,089</u>	<u>\$- 17</u>	<u>\$+ 67</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,713	\$- 51	\$+192	\$2,261	\$- 34	\$+153	\$1,452	\$- 17	\$+ 39
a. Deposits of Banks.....	563	- 16	+ 10	530	- 16	+ 7	33	- 0-	+ 3
b. Other Demand Deposits.....	3,150	- 35	+182	1,731	- 18	+146	1,419	- 17	+ 36
6. Time Deposits .....	990	- 4	+ 18	500	- 2	+ 7	490	- 2	+ 11
7. Borrowings and Other Liabilities.....	28	+ 9	- 2	21	- 10	+ 3	7	+ 1	+ 1
8. Total Capital Accounts.....	328	+ 2	+ 24	188	+ 1	+ 8	140	+ 1	+ 16
9. Total Liabilities and Capital Accounts....	<u>\$5,059</u>	<u>\$- 62</u>	<u>\$+232</u>	<u>\$2,970</u>	<u>\$- 45</u>	<u>\$+165</u>	<u>\$2,089</u>	<u>\$- 17</u>	<u>\$+ 67</u>

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.





# Survey of Current Conditions

The tempo of economic activity in the Eighth District is being stepped up. Announcement of defense contracts let, "scare buying" waves, longer "Help Wanted" columns, and pictures of men being called up for military service are reminiscent of the early 1940's.

Currently we are a long way from the scope and magnitude of the programs of the early Forties. And the economy as a whole is in far different shape than it was in 1940. It is at the same time better prepared and worse prepared to take on an expanded defense program. Better in the sense that we have more capacity, more know-how, and more workers. Worse in the sense that the new program will go on top of an already inflationary economy, whereas we had considerable slack in 1940.

Most district manufacturing industries now are operating at a higher level than two months ago. Some of the increase has been reflected in larger employment. Part of the expanded volume of output has been achieved by lengthening the work week—in some cases to an overtime basis. Consumer spending is considerably above last year's volume. Construction expenditures are still large, and judging from the volume of building permits issued in July, activity is likely to continue at record levels during the remainder of the year unless materials and labor shortages interfere.

Nationally, industrial output is now at a "peacetime" peak that is perhaps 5 per cent above the high of 1948. Industries such as steel, automobiles and construction, which have furnished much of the upward push throughout the year, continue to operate at or near record-breaking levels. Employment has climbed and fewer people are out of work now than at any time in more than a year. Income and spending are increasing—and accompanying the heavier demand is an advance in prices.

In general, the major economic developments in the nation during the past two months reflect the fact that some expansion in war goods production, together with a substantially increased demand for civilian goods (which essentially reflected fears or apprehensions with respect to possible future developments) were superimposed on an already record level of total demand. Not much of the gains in production or employment, or of

the increases in prices, can be attributed directly to expanded government requirements. Some war goods production, of course, is in the picture now but wasn't there in June or July. But not much of the increase in industrial output—from 199 per cent of 1935-39 in June to an estimated 204 per cent in August, as measured by the Board's adjusted index—can be traced to a corresponding increase in newly-placed Government orders.

On the other hand, buying that was based on fears of future shortages or anticipations of credit controls, together with that which resulted from an intent to hoard goods, has been a major influence in determining recent price and other developments. Retail sales in July and August were larger than would have been expected on the basis of consumers' spending in earlier months this year. They were higher because of the heavy buying in a relatively few lines of merchandise which some consumers decided would be scarce—or subject to credit controls—later on. This type of buying was restricted to not many different kinds of goods—but it added to the pressure generated by an already record level of spending.

The impact of this scare-buying went beyond the local store. Retailers, in order to meet their customers' requirements and to protect their own inventory positions, also had to get in the market. They stepped up their buying. The wave has gone back to the manufacturers' level where production schedules have been geared to an expanded volume of orders and to the manufacturers' inventory requirements.

It should be remembered, however, that total demand was at a new peak prior to this wave of buying. In the three months to June 30, consumers' expenditures were at an annual rate of \$184.5 billion—an increase of \$2 billion from the preceding

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	July, 1950 compared with		July 31, 1950 compared with
U. S. Dept. of Commerce*	June, 1950	July, 1949	July 31, 1949
Automotive Supplies.....	+ 3%	+38%	+ 3%
Drugs and Chemicals.....	— 1	— 7	+ 7
Dry Goods.....	+22	+49	+49
Groceries.....	+11	+34	+ 7
Hardware.....	+12	+39	+ 1
Tobacco and its Products...	+ 2	+ 7	+ 5
Miscellaneous.....	+21	+55	— 1
**Total All Lines.....	+10%	+37%	+16%

\*Preliminary.

\*\*Includes certain items not listed above.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926 = 100)			July, 1950 compared with		
	July, '50	June, '50	July, '49	June, '50	July, '49
All Commodities...	162.9	157.3	153.4	+ 3.6%	+ 6.2%
Farm Products...	176.0	165.9	165.8	+ 6.1	+ 6.2
Foods.....	171.4	162.1	161.3	+ 5.7	+ 6.3
Other.....	151.5	148.8	145.0	+ 1.8	+ 4.5
RETAIL FOOD					
Bureau of Labor Statistics (1935-39 = 100)			July 15, 1950 compared with		
	July 15, 1950	June 15, 1950	July 15, 1949	June 15, '50	July 15, '49
U. S. (51 cities)...	210.0	204.6	201.7	+ 2.6%	+ 4.1%
St. Louis.....	223.8	212.4	206.8	+ 5.4	+ 8.2
Little Rock.....	205.5	201.0	196.8	+ 2.2	+ 4.4
Louisville.....	199.8	194.1	189.4	+ 2.9	+ 5.5
Memphis.....	212.0	206.4	217.1	+ 2.7	- 2.4

quarter and \$5 billion larger than in the full year 1949. Business expenditures for producers' durable goods climbed to a rate of \$21.6 billion and inventories were being accumulated at an annual rate of \$3.4 billion.

The impact of the "extra" demand is apparent in terms of prices. Increases have been posted on a wide range of commodities at each level in the production-distribution process. But these advances in many cases have continued and accentuated an upward trend that was under way for a number of weeks prior to the Korean conflict. In other words, inflationary tendencies existed before the end of June. Developments since then have simply added fuel to the flames.

In appraising the economic outlook during the coming months, one important fact must be kept in mind. The direct impact of expanded military requirements will become apparent only gradually—and in fairly limited parts of the economy—during the remainder of the year. Thus there is no real basis for anticipating widespread shortages of supplies in the near future.

## EMPLOYMENT

The latest available reports on the labor markets of the nation and the district offer little evidence of how great an impact the Korean conflict has had on employment. In July, the last month for which data have been published, nonfarm employment moved higher and approached the peak reached in 1948. All major industry groups, except Government and mining, showed gains. Unemployment dropped off in July to about 3.2 million, nationally.

In this district the "Help Wanted" columns in the newspapers have lengthened. How much this growing demand for workers reflects increased labor requirements resulting from the Korean situation is not clear. Probably comparatively few new job openings can be traced directly to expansion based on war goods production.

Labor shortages are not a problem in any of the district's industrial centers. From areas in which World War II war plants are located, but not yet operating, come reports that workers already are inquiring about "war jobs". There are shortages of certain skills, however, in some areas.

Most in demand are trained clerical workers, semi-skilled production workers and skilled craftsmen such as machinists and tool and die makers. Increasing emphasis is being placed on the draft status of job applicants. Some firms specify that prospective male employees be over 25 years of age. At the same time, however, relatively few openings exist for older men and women, although employment opportunities for these workers have improved during the past year.

Nonagricultural employment in the district and the nation edged upward between June and July. Agricultural employment dropped more than seasonally, due mainly to bad weather conditions, and continued to be substantially below the year-ago level. Employment in all the major industry groups, except Government and mining, went up in July. The largest increase was in the construction industry. Compared with last July, manufacturing employment showed the largest relative as well as absolute gain. The only declines from a year ago were in the service and mining industries.

In manufacturing industries, the increase between June and July was evenly divided between the durable and nondurable goods producers. There was a sharp seasonal expansion in the food processing industry and smaller gains occurred in the lumber, electrical machinery and leather industries. These increases more than offset losses in textiles and apparel. In the St. Louis and Louisville areas there were declines in the nonelectrical machinery industry. Fewer people were employed in the transportation equipment industry in St. Louis. In Evansville, the largest gains occurred in transportation equipment and fabricated metals products.

Most of the substantial rise in manufacturing employment since last July, in the nation and the district, occurred in the heavy goods industries. All of the major industries in this group employed more persons this July than a year ago. More workers were employed in the production of soft goods, too, although three industries in this group—food processing, tobacco and petroleum and coal products—showed declines.

The moderate decline in unemployment nationally between June and July consisted mainly of teen-agers. Of more significance was a drop, for the third successive month, in the number of long-

term unemployed. Almost a million fewer persons were looking for work in the nation this July than last, but unemployment was still 1.5 million higher than the peacetime low in October, 1948.

The number of claimants for unemployment compensation in the district continued to decline through the first week in August (the latest data available). In the city of St. Louis, only half as many persons filed claims in the first week of August as in the comparable periods in January and February. The decline in Evansville was even more marked; there were only one-fifth as many claimants in August as in March.

### INDUSTRY

Industrial operations in the district remained at a high level in July. Manufacturing activity increased slightly, when allowances are made for vacations and other seasonal factors that usually result in curtailed output in July. Coal production declined more than seasonally, but the crude petroleum industry operated at a higher rate than in June. On-site construction activity probably expanded some in July, and there was a sharp increase both in construction authorized by building permits and in work put under contract during the month. Total electric power consumed by manufacturing industries in the five major cities was off 2 per cent, but daily average consumption was up about 8 per cent from June and 20 per cent from last July.

#### War Goods Production Not Yet a Major Factor

The continued heavy demand for civilian goods is largely responsible for the currently high level

of industrial operations in the district. Some contracts for war materiel have been placed with manufacturers in this area, but so far the volume is relatively small. As military requirements expand, however, a larger portion of the district's industrial facilities are likely to be diverted to war goods production.

Among the Government's industrial installations that have been maintained on a reserve status, only one has been ordered to resume operations as of mid-August. This is the Navy's ordnance plant at Camden, Arkansas, where rockets are manufactured. Three nonindustrial Government installations—Camp Chaffee, at Fort Smith, Arkansas; Fort Leonard Wood in Missouri; and Camp Breckenridge, at Morganfield, Kentucky—are being reactivated.

#### Manufacturing Activity Continued Up In July

Despite some cutbacks for employees' annual vacation periods, most manufacturing industries operated at a higher level in July than in June when allowances are made for seasonal factors. The largest increases apparently were in the non-durables industries such as rubber products, chemicals, printing and publishing, food processing and paper products.

The basic steel industry in the St. Louis area scheduled operations at an average weekly rate of 74 per cent of capacity in July. Maintenance shutdowns and the reduction for the Fourth of July holiday accounted for the dip from 82 per cent in June. Operations increased in August, however, and were scheduled at the highest level—83 per cent—since last December.

Excessive rainfall in some of the southern pine producing sections of the district curtailed logging operations and, in some cases, reduced lumber mill operations. Demand showed no signs of diminishing and further price increases were posted on some grades of soft as well as hard woods. Southern pine production averaged about 3 per cent less than in June, reflecting adverse weather conditions and a shorter work month. Southern hardwood mills operated at a higher rate than in June, however—98 per cent of capacity as against 93 per cent in June.

In the nondurable field, activity in Kentucky's distilling industry picked up in July. At the month's end 31 distilleries were operating in the state as compared with 29 a month earlier and 15 in July last year. Trade reports indicate that demand has increased since the outbreak of hostilities in Korea. Some whisky producers are voluntarily allocating shipments to dealers on the basis

### INDUSTRY

CONSUMPTION OF ELECTRICITY					
(K.W.H. in thous.)	July, 1950	June, 1950	July, 1949	July, 1950 compared with	
	K.W.H.	K.W.H.	K.W.H.	June, '50	July, '49
Evansville.....	14,865	15,462	13,048	- 3.9%	+13.9%
Little Rock.....	4,509	4,624	5,596	- 2.5	-19.4
Louisville.....	74,096	74,171	68,441	- 0.1	+ 8.3
Memphis.....	26,651	27,763	20,740	- 4.0	+28.5
Pine Bluff.....	7,152	7,149	4,672	-0-	+53.1
St. Louis.....	92,314	93,965	72,141	- 1.8	+28.0
Totals.....	219,587	223,134	184,638	- 1.6%	+18.9%

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
First Nine Days						
July, '50	June, '50	July, '49	Aug., '50	Aug., '49	7 mos. '50	7 mos. '49
115,863	110,339	102,544	36,230	29,801	757,063	732,699

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	July, 1950	June, 1950	July, 1949	July, 1950 compared with	
				June, 1950	July, 1949
Arkansas.....	80.3	79.1	72.6	+ 2%	+11%
Illinois.....	174.0	172.0	178.6	+ 1	- 3
Indiana.....	30.7	30.2	26.9	+ 2	+14
Kentucky.....	28.8	26.1	23.3	+10	+24
Totals.....	313.8	307.4	301.4	+ 2%	+ 4%

## PRODUCTION INDEXES

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
July, '50	June, '50	July, '49	July, '50	June, '50	July, '49
108*	136	88	122*	145	100
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
June, '50	May, '50	June, '49	June, '50	May, '50	June, '49
139	131	127	135	135	124

\*Preliminary.

of previous requirements in order to prevent the accumulation of excessive stocks by dealers. Production in June amounted to 6.9 million tax gallons as against 7.6 million in May and 4.3 million a year ago. The drop from May in this area was not as large as the decline nationally, however.

### Coal Output Off More Than Seasonally— Crude Oil Up

A drop of 24 per cent in mine production of coal in July resulted in the smallest output since February. Preliminary reports put production at 6.7 million tons in July as compared with 8.8 million tons in June. The decline was larger than usual for the month and dropped the seasonally adjusted index of daily production to 122 per cent of the 1935-39 average. Output was smaller than in June in each of the mining areas in the district.

In contrast to the slackening in coal mining operations, the daily rate of crude petroleum production was up 2 per cent. Averaging out at 313,800 barrels per day in the whole district, production was larger than that in June in each of the district's producing areas. Except for a 3 per cent decline in Illinois, output in each state was larger than in July last year.

### Construction: Another Month of Large Volume

The aggregate value of building permits issued in the five largest district cities increased spectacularly between June and July. Totalling nearly \$26 million, as against \$13 million in June, the value of work authorized was at a new monthly peak. Increases were large in each of the cities, particularly in St. Louis and Evansville. Two-thirds of the \$13 million increase, however, was concentrated in one city—St. Louis—where more than one-half of the gain over June reflected authorizations for multi-family residential construction.

This concentration of the increase in the value of construction authorized would seem to indicate that the possibility of war-created materials shortages did not produce, in July, a widespread rush to get construction under way. There is additional support for this interpretation. For example, the num-

## CONSTRUCTION

BUILDING PERMITS Month of July								
(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1950	1949	1950	1949	1950	1949	1950	
Evansville.....	170	60	\$ 1,222	\$ 255	93	108	\$ 43	\$ 86
Little Rock.....	99	57	2,171	287	253	229	227	152
Louisville.....	198	142	1,953	2,107	120	57	47	115
Memphis.....	2,723	1,373	7,170	3,464	220	294	258	149
St. Louis.....	388	231	11,795	1,048	299	270	839	275
July Totals.....	3,578	1,863	\$24,311	\$7,161	985	958	\$1,414	\$ 777
June Totals.....	3,234	1,955	\$11,265	\$7,225	1,012	911	\$1,660	\$1,212

ber of permits for new construction was smaller in July than in June in three of the cities—St. Louis, Louisville and Little Rock. In Evansville and Memphis the number of permits increased but not as much, percentage-wise, as the increase in the value of building authorized. Because of the large number of permits issued, construction expenditures in the district are expected to remain high, if labor and materials continue to be available.

The value of work contracted for also increased—from \$80 million in June to \$98 million in July. Both residential and nonresidential awards moved higher. In the St. Louis territory covered by the F. W. Dodge Corporation, an increase in contracts for hospitals and institutional building accounted for most of the gain in nonresidential awards. Slightly fewer new single-family dwellings for owner occupancy were contracted for and speculative builders put nearly 25 per cent fewer single-family units under contract in July than in June. The number of duplex units also declined but these reductions were more than offset by a fivefold increase in apartment units contracted for.

## TRADE

It may take time for the impact of the Korean conflict to register on the district's industry and labor force, but no such lag exists in the retail trade field. Reacting emotionally to a fear of shortages and the possibility of credit restrictions, consumers began storming the stores early in July. Apparently unconvinced by assurances of adequate supplies, customers bought heavily at the sheet and nylons counters. They rushed to put their names on auto dealers' lists, and then stopped by the grocery store for another bag of sugar. Not all consumers followed this pattern, of course, but the number who did was sufficient to turn a normally dull month into one of the biggest months retailers have ever had.

On a national basis, retail stores did a whopping \$12.2 billion business in July—20 per cent more than in July last year. Only three times before—the last three Decembers—were sales larger than

**TRADE**

**DEPARTMENT STORES**

	Net Sales		7 mos. 1950 to same period 1949	Stocks	Stock
	July, 1950 compared with			on Hand	Turnover
	June, '50	July, '49	July 31, '50 comp. with July 31, '49	Jan. 1, to July 31, 1950	July 31, 1949
8th F. R. District...	+ 8%	+29%	+ 3%	+ 2%	2.23 2.21
Ft. Smith, Ark.....	+11	+31	+ 1	+ 2	2.17 2.27
Little Rock, Ark.....	+18	+33	+ 4	+21	2.19 2.31
Quincy, Ill.....	+ 7	+18	+ 1	— 4	1.96 1.90
Evansville, Ind.....	+13	+43	+ 8	— 3	2.15 1.98
Louisville, Ky.....	+ 7	+37	+ 6	+ 5	2.49 2.40
St. Louis Area <sup>1</sup> .....	+ 6	+27	+ 2	+ 1	2.21 2.19
St. Louis, Mo.....	+ 6	+27	+ 1	+ 1	2.23 2.20
Springfield, Mo.....	+18	+31	+ 6	— 7	2.06 1.89
Memphis, Tenn.....	+10	+26	+ 3	— 4	2.30 2.31
*All other cities.....	+ 9	+30	+ 5	+ 6	1.86 1.75

<sup>1</sup>El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>2</sup>Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill.

Outstanding orders of reporting stores at the end of July, 1950 were 64 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding July 1, 1950 collected during July, by cities:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	.....%	47%	Quincy.....	19%	59%
Little Rock.....	17	44	St. Louis.....	18	54
Louisville.....	19	50	Other Cities.....	14	55
Memphis.....	17	40	8th F.R. Dist.	18	50

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	July, 1950	June, 1950	May, 1950	July, 1949
Sales (daily average), unadjusted <sup>1</sup> .....	326	293	323	254
Sales (daily average), seasonally adjusted <sup>2</sup> .....	418	326	330	325
Stocks, unadjusted <sup>3</sup> .....	295	299	313	278
Stocks, seasonally adjusted <sup>3</sup> .....	283	299	313	267

<sup>1</sup>Daily average 1935-39=100.

<sup>2</sup>End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales		7 mos. 1950 to same period 1949	Stocks	Stock
	July, 1950 compared with			on Hand	Turnover
	June, '50	July, '49	July 31, '50 comp. with July 31, '49	Jan. 1, to July 31, 1950	July 31, 1949
Men's Furnishings.....	-24%	- 2%	- 5%	+ 8%	1.42 1.47
Boots and Shoes.....	-18	+10	- 2	+ 2	2.57 2.56

Percentage of accounts and notes receivable outstanding July 1, 1950 collected during July:

Men's Furnishings..... 43% Boots and Shoes..... 44%  
Trading days: July, 1950—25; June, 1950—26; July, 1949—25.

**RETAIL FURNITURE STORES\*\***

	Net Sales		Inventories		Ratio	
	July, 1950 compared with		July, 1950 compared with		of Collections	
	June, '50	July, '49	June, '50	July, '49	July, '50	July, '49
8th Dist. Total <sup>1</sup> ..	+ 6%	+31%	-0%	+ 9%	26%	27%
St. Louis Area <sup>2</sup> ..	+ 8	+47	-0-	+11	51	51
St. Louis.....	+ 8	+45	-0-	+11	53	53
Louisville Area <sup>3</sup> ..	+ 6	+33	+ 2	+19	16	17
Louisville.....	+10	+28	+ 3	+20	15	16
Memphis.....	- 4	+ 8	- 8	-24	16	15
Little Rock.....	+ 3	+12	+ 2	+ 7	18	19
Springfield.....	+13	+22	+ 2	+22	25	22
Fort Smith.....	+20	+ 3	*	*	*	*

<sup>1</sup>Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>2</sup>In addition to following cities, includes stores in Blytheville, and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>3</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>4</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

\*\*40 stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	July, 1950	June, 1950	July, 1949
Cash Sales.....	14%	14%	13%
Credit Sales.....	86	86	87
Total Sales.....	100%	100%	100%

in the first month after the start of the Korean conflict. The increase from June amounted to 2 per cent, although normally volume drops off in July. When allowance is made for seasonal factors, July sales were up 7 per cent from June.

Spending by consumers in this district helped push the nation's sales figures up in July. Department and furniture stores here not only did more business than in June but, along with women's apparel stores, also came up with a larger dollar volume than in July last year.

The wave of scare buying, which apparently peaked in July, showed signs of tapering off in the last half of August. It came at a time when demand already was strong. Beginning in mid-May, weekly sales at district department stores began to run ahead of those last year—not enough, however, to offset earlier year-to-year declines. Sales of automobiles, appliances and other durable goods, however, were larger than they were a year ago, and these gains kept total retail sales above last year's volume through the first half year. In the St. Louis area, for example, all retail sales through June were up 7 per cent.

In this district as elsewhere, the heavy buying in July and August was concentrated in relatively few lines. Demand was heaviest for goods consumers thought would be unavailable later—or would be subject to credit controls. In department stores, such buying was reflected in a sharp increase in instalment sales which in July were roughly half again as large as in July, 1949.

**Department Stores**—Ignoring the statistical fact that they usually curtail their spending between June and July, department store customers in July spent 8 per cent more dollars than they did in June—and 29 per cent more than in July, 1949. This unusual increase sent the seasonally adjusted index of daily sales soaring to a peak that was 418 per cent of the 1935-39 average. In June it stood at 326 per cent and a year earlier at 325 per cent.

Many a retailer in July, watching his stocks of sought-after merchandise disappear into the hands of anxious customers, probably thought back to events in February, 1943. Rationing was about to go into effect then, and large numbers of consumers, fearful of future shortages, attempted to stock up on goods they expected to become scarce later on. As a result, department store sales in February, 1943, jumped 25 per cent above the average for the preceding twelve months. The emotional buying in the first month after fighting began in Korea resulted in a comparable increase in sales.

By coincidence, sales in July, 1950, were about 25 per cent larger than the average sales in the previous twelve months.

In St. Louis, expanded buying in department stores produced sales gains that were somewhat smaller, percentagewise, than those in other major district cities. Sales were up 6 per cent from June and were 27 per cent larger than in July last year. But "scare-buying" pushed volume of some goods as much as five times above last year's level. In nine selected departments (where such buying was heavy) sales in July accounted for slightly less than one-fourth of total sales as compared with about one-eighth of the total in July, 1949. The piece goods and household textiles division gained 69 per cent over last year—with domestics (muslins, sheetings, etc.) up 302 per cent from last year. Women's and children's hosiery divisions gained 174 per cent, while sales of women's hosiery were 188 per cent larger than a year ago. The housefurnishings divisions, where buying was heaviest in terms of dollars, jumped 55 per cent over last year's volume. The largest percentage gain—472 per cent—occurred in sales of television receivers. Major appliance sales increased 119 per cent; mattresses, springs and studio bed volume was 141 per cent larger; and domestic floor covering sales totaled 91 per cent more than in July, 1949.

In the main store divisions, which continued to show either larger gains or smaller declines than basement divisions, sales were up 30 per cent from last year as compared with an increase of 12 per cent in the basement divisions. One exception was in men's and boys' wear where sales in the upstairs division were up 7 per cent as against a 15 per cent increase in the basement.

The value of inventories at district department stores on July 31 was slightly smaller than on June 30 but was 2 per cent larger than a year ago. Heavy sales seriously depleted inventories in some lines but only in a few instances is replacement expected to be difficult. Some major durables—electric refrigerators, television sets, etc.—are reported to be in relatively short supply. In the non-durables field, shortages exist only in a few lines, mostly the result of extended delivery dates.

The value of outstanding orders at the end of July was the largest for that month since July, 1946 and was nearly two-thirds again as large as it was a month earlier or a year ago. The total outstanding did not entirely represent new orders placed during July, however. Extended delivery

dates and forward buying (as much as six months in advance for some cotton lines) helped swell the total amount on the books.

**Specialty Stores**—Women's apparel stores shared in the wave of buying in July, but little, if any, "scare-buying" occurred at men's wear shops. At women's apparel stores July sales dropped 10 per cent below those in June but were 7 per cent larger than in July, 1949. Men's wear store sales were off 24 per cent from June and 2 per cent under those a year ago.

The value of inventories held by women's stores was 23 per cent larger than on June 30 but was 10 per cent smaller than on July 31 last year. Men's wear store inventories were up 4 per cent during the month and were 8 per cent larger than a year ago.

**Furniture Stores**—The threat of consumer credit controls, "security-buying" plus the need for housefurnishings to equip newly completed homes brought consumers into furniture stores at a record rate in July, 1950. Sales at reporting district stores were 6 per cent larger than in June and 31 per cent larger than in July, 1949. Retailers indicated a considerable amount of purchases were "upgraded" and that a more-than-normal amount of merchandise was purchased for future delivery. The buying wave was not general early in July but there were reports late in the month that buying interest was spreading. Some manufacturers and distributors once again have reverted to allocations as material shortages developed. The retail value of inventories on July 31, about the same as on June 30, was 9 per cent above that on July 31, 1949.

## AGRICULTURE

With generally favorable weather in the United States, crop prospects at the end of July were as optimistic as a month earlier. The estimate of the wheat crop was increased 40 million bushels between July 1 and August 1, the estimate on the later date being but 4 million bushels short of a billion bushel crop.

The corn crop estimated at 3,168 million bushels represented a decline of only 8 million bushels from the June 1 estimate. Warm weather is needed to hasten maturity as the crop is one to two weeks late. Continued cool weather would make the crop vulnerable to an early freeze. Heavy rains caused local damage to the crop in Missouri, Illinois, Indiana and Kentucky.

The outturn of the 1950 oat crop continues to be above expectations. Estimated production on

## AGRICULTURE

CASH FARM INCOME						
(In thousands of dollars)	June, 1950	June, 1950 compared with		6 month total Jan. to June 1950		
		May, 1950	June, 1949	1950	1950 compared with 1948	
Arkansas.....	\$ 20,291	-11%	-2%	\$ 124,976	-31%	-15%
Illinois.....	113,702	-14	-13	752,344	-1	-8
Indiana.....	59,631	-20	-11	390,874	-4	-16
Kentucky.....	29,401	+7	-6	233,392	-0-	+6
Mississippi.....	14,598	+10	-11	84,315	-57	-43
Missouri.....	70,831	-1	-1	385,478	-6	-13
Tennessee.....	26,199	+3	-7	160,811	-8	-18
Totals.....	\$334,653	-9%	-9%	\$2,132,190	-10%	-13%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	Receipts			Shipments		
	July, 1950	July, 1950 compared with		July, 1950	July, 1950 compared with	
		June, '50	July, '49		June, '50	July, '49
Cattle and calves.....	106,473	+3%	-7%	31,963	-8%	-17%
Hogs.....	208,832	-13	+4	83,358	-14	-6
Sheep.....	74,840	-5	+5	34,570	-23	+13
Totals.....	390,145	-8%	+1%	149,891	-15%	-5%

August 1 was 1,456 million bushels, 60 million bushels above the July estimate and 76 million bushels above the June estimate.

Cotton production in 1950 is expected to be only 10.3 million bales compared with a crop of 16.1 million bales in 1949. In district states, however, the decline is expected to be less than the national average. The Mississippi crop, even though acreage is 27 per cent below 1949, is expected to be but 5 per cent below the 1949 crop (which was hurt badly by weather). The crops in Arkansas and Missouri are expected to be a third lower than in 1949. The crop in Tennessee is estimated 18 per cent off 1949.

PRODUCTION AND YIELD OF COTTON				
	Production		Yield Per Acre	
	Indicated Aug. 1, 1950 (1,000 bales)	Per cent change from 1949	Indicated Aug. 1, 1950 (Pounds)	Per cent change from 1949
Arkansas.....	1,100	-33%	313	+1%
Mississippi.....	1,420	-5	334	+28
Missouri.....	310	-33	344	-9
Tennessee.....	520	-18	387	+6
United States...10,308		-36	265	-7

Source: Cotton Production, August 8, 1950, USDA.

The soybean crop was estimated at 271 million bushels or 48 million bushels more than the previous record. The increase is due to increased plantings as the yield per acre is estimated to be 1.5 bushels less than the 1949 record. Production in all district states is expected to exceed the 1949 output by 27 million bushels—an increase of 19 per cent.

Prices received by farmers jumped sharply in the month ending July 15, reflecting the outbreak of the Korean war. Climbing 16 points during this

period to 263 per cent of the 1910-14 average, the index is 7 per cent above a year earlier and is the highest in 18 months. Prices for cotton, eggs and hogs increased most, but other livestock as well as wheat, rice and corn also were higher. There were declines in oats, hay and butterfat. Prices paid by farmers increased 1 point in the month to mid-July, but the parity ratio (ratio of prices received to prices paid) widened from 97 to 103.

Recent announcements by the USDA assured farmers of a high price for their 1951 wheat crop. The national average price will be supported at \$1.99 per bushel (the same as in 1950) at the farm, or at 90 per cent of July 1, 1951 parity, whichever is higher. This is the first commitment in dollars and cents for supporting the price of a commodity in advance of the planting date.

## BANKING

Member bank reports in this district for July indicated that expansionary trends continued. Earning assets increased and so did deposits.

Total loans were up \$40 million in July, an increase that was two and a half times as large as in the corresponding month of 1949. Four-fifths of the \$40 million increase was in the large city banks, where the expansion resulted primarily from increases in real estate and "other" (largely consumer credit) loans. Business and agricultural loans at the large banks increased less than \$12 million, or only about 70 per cent as much as the average increase—\$17 million—during the corresponding period in the preceding four years. Total loans at the smaller banks increased by \$8 million in July as compared with a \$2 million

## DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	July, 1950	June, 1950	July, 1949	July, 1950 compared with June, '50 July, '49	
El Dorado, Ark.....	\$ 22,548	\$ 25,728	\$ 23,355	-12%	+4%
Fort Smith, Ark.....	38,782	39,383	35,781	-2	+10
Helena, Ark.....	6,099	6,122	5,544	-0-	+8
Little Rock, Ark.....	123,269	130,005	108,795	-5	+13
Pine Bluff, Ark.....	25,819	24,430	24,093	+6	+7
Texarkana, Ark.*.....	11,217	10,447	9,786	+7	+15
Alton, Ill.....	25,008	26,750	21,647	-7	+16
E. St. L.-Nat. S. Y., Ill.	115,495	112,995	105,403	+2	+10
Quincy, Ill.....	29,890	31,547	27,398	-5	+9
Evansville, Ind.....	143,688	136,187	118,525	+6	+21
Louisville, Ky.....	535,054	563,995	441,402	-5	+21
Owensboro, Ky.....	36,700	31,856	26,299	+15	+40
Paducah, Ky.....	15,324	16,566	12,483	-8	+23
Greenville, Miss.....	17,063	18,474	15,771	-8	+8
Cape Girardeau, Mo.	12,985	12,201	11,184	+6	+16
Hannibal, Mo.....	9,061	8,758	7,420	+3	+22
Jefferson City, Mo....	47,428	39,368	52,087	+20	-9
St. Louis, Mo.....	1,654,271	1,704,070	1,393,771	-3	+19
Sedalia, Mo.....	10,860	10,148	9,004	+7	+21
Springfield, Mo.....	63,180	61,641	51,207	+2	+23
Jackson, Tenn.....	18,505	18,305	15,439	+1	+20
Memphis, Tenn.....	526,422	524,088	399,077	-0-	+32
Totals.....	\$3,488,668	\$3,553,064	\$2,915,471	-2%	+20%

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$22,894.

decline in July, 1949. Much of this increase probably was due to expansion in real estate and "other" loans.

For all banks there was no net change in total investments, although there was some selling of United States Government bills and certificates and some buying of other (non-Government) securities. In the period, the larger banks lost \$3 million in investments while the smaller banks gained \$3 million.

Demand deposits (other than interbank) increased \$44 million in July but time deposits for the district declined \$3 million.

From mid-July to mid-August, the 34 weekly reporting banks in the Eighth District reported an increase of \$67 million in total loans. More than one-half of this increase was in business and agricultural loans, with the gain largely in business loans in the St. Louis banks. The increase in business loan volume at Memphis, Little Rock, and Louisville banks may have been offset to some extent by repayment of Commodity Credit Corporation loans. "Other" loans (largely consumer credit) increased nearly \$13 million (5 per cent) for the four-week period, and stood 23 per cent above the level of a year ago. Real estate loans continued to climb, increasing by \$7 million to a level that was 27 per cent above the amount outstanding a year ago.

Total investments held by the 34 weekly reporting banks declined \$53 million from July 19 to August 16. In the aggregate, banks sold short-term obligations (or allowed them to run off at maturity) in order to meet the increased loan demand and the loss of reserve funds due to net Treasury receipts.

**BANKING**

**PRINCIPAL ASSETS AND LIABILITIES  
FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)	August 16, 1950	Change from	
		July 19, 1950	August 17, 1949
Industrial advances under Sec. 13b.....	\$ 7,322	\$ + 590	\$ + 2,354
Other advances and rediscounts.....	1,007,301	+21,602	+22,332
U. S. securities.....	\$1,014,623	\$+22,192	\$+24,686
<b>Total earning assets.....</b>	<b>\$ 677,176</b>	<b>\$-42,191</b>	<b>\$-65,121</b>
Total reserves .....	651,737	- 7,575	- 7,184
F. R. notes in circulation.....	1,043,753	- 626	-25,258
Industrial commitments under Sec. 13b..	\$ .....	\$ .....	\$ .....

**PRINCIPAL ASSETS AND LIABILITIES  
WEEKLY REPORTING MEMBER BANKS  
EIGHTH FEDERAL RESERVE DISTRICT**

34 banks reporting	ASSETS		
	8/16/50	Change from	
		7/19/50	8/17/49
Gross commercial, industrial, and agricultural loans and open market paper.....	\$ 512,061	\$+35,013	\$+ 62,476
Gross loans to brokers and dealers in securities .....	7,319	+ 490	+ 1,145
Gross loans to others to purchase and carry securities .....	24,478	+ 363	+ 3,869
Gross real estate loans.....	219,893	+ 6,777	+ 47,460
Gross loans to banks.....	16,697	+12,215	+ 5,453
Gross other loans (largely consumer credit loans) .....	253,345	+12,520	+ 48,093
<b>Total .....</b>	<b>\$1,033,793</b>	<b>\$+67,378</b>	<b>\$+168,496</b>
Less reserve for losses.....	12,110	- 11	+ 2,977
<b>Net total loans.....</b>	<b>\$1,021,683</b>	<b>\$+67,389</b>	<b>\$+165,519</b>
Treasury bills .....	45,784	-34,962	- 36,374
Certificates of indebtedness.....	59,716	-18,137	-170,882
Treasury notes .....	249,211	- 4,689	+208,338
U. S. bonds and guaranteed obligations....	682,146	+ 2,049	- 94,159
Other securities .....	191,659	+ 2,603	+ 33,785
<b>Total investments .....</b>	<b>\$1,228,516</b>	<b>\$-53,136</b>	<b>\$- 59,292</b>
Cash assets .....	760,376	+11,881	+ 29,414
Other assets .....	28,479	+ 2,315	+ 2,740
<b>Total assets .....</b>	<b>\$3,039,054</b>	<b>\$+28,499</b>	<b>\$+138,381</b>
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations.....	\$1,595,170	\$+31,758	\$+129,127
Interbank deposits .....	550,467	- 6,643	- 24,229
U. S. Government deposits.....	65,030	- 47	+ 25,987
Other deposits .....	117,268	+ 1,072	-18,230
<b>Total demand deposits.....</b>	<b>\$2,327,935</b>	<b>\$+26,140</b>	<b>\$+112,655</b>
Time deposits .....	490,629	- 2,695	+ 3,762
Borrowings .....	10,150	+ 2,030	+ 8,650
Other liabilities .....	22,537	+ 1,949	+ 4,831
Total capital accounts.....	187,803	+ 1,025	+ 8,483
<b>Total liabilities and capital accounts.....</b>	<b>\$3,039,054</b>	<b>\$+28,449</b>	<b>\$+138,381</b>
Demand deposits, adjusted* .....	\$1,459,086	\$+10,755	\$+ 59,801

\*Other than interbank and government demand deposits less cash items on hand or in process of collection.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	July, 1950	June, 1950 to July, 1950	July, 1949 to July, 1950	July, 1950	June, 1950 to July, 1950	July, 1949 to July, 1950	July, 1950	June, 1950 to July, 1950	July, 1949 to July, 1950
<b>Assets</b>									
1. Loans and Investments.....	\$3,906	\$+40	\$+213	\$2,261	\$+29	\$+118	\$1,645	\$+11	\$+ 95
a. Loans .....	1,538	+40	+145	986	+32	+101	552	+ 8	+ 44
b. U. S. Government Obligations.....	1,992	- 6	+ 39	1,085	- 4	- 2	907	- 2	+ 41
c. Other Securities .....	376	+ 6	+ 29	190	+ 1	+ 19	186	+ 5	+ 10
2. Reserves and Other Cash Balances.....	1,161	+10	- 16	717	+ 5	+ 18	444	+ 5	- 34
a. Reserves with the F.R. bank.....	566	+ 3	- 56	368	+ 2	- 18	198	+ 1	- 38
b. Other Cash Balances <sup>3</sup> .....	595	+ 7	+ 40	349	+ 3	+ 36	246	+ 4	+ 4
3. Other Assets .....	42	-0-	+ 3	26	-0-	+ 1	16	-0-	+ 2
<b>4. Total Assets .....</b>	<b>\$5,109</b>	<b>\$+50</b>	<b>\$+200</b>	<b>\$3,004</b>	<b>\$+34</b>	<b>\$+137</b>	<b>\$2,105</b>	<b>\$+16</b>	<b>\$+ 63</b>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,757	\$+44	\$+157	\$2,289	\$+28	\$+121	\$1,468	\$+16	\$+ 36
a. Deposits of Banks.....	563	-0-	- 7	531	+ 1	- 9	32	- 1	+ 2
b. Other Demand Deposits .....	3,194	+44	+164	1,758	+27	+130	1,436	+17	+ 34
6. Time Deposits .....	987	+ 3	+ 16	498	- 2	+ 7	489	- 1	+ 9
7. Borrowings and Other Liabilities.....	34	+ 6	+ 3	28	+ 2	+ 2	6	- 1	+ 1
8. Total Capital Accounts.....	331	+ 3	+ 24	189	+ 1	+ 7	142	+ 2	+ 17
<b>9. Total Liabilities and Capital Accounts.....</b>	<b>\$5,109</b>	<b>\$+50</b>	<b>\$+200</b>	<b>\$3,004</b>	<b>\$+34</b>	<b>\$+137</b>	<b>\$2,105</b>	<b>\$+16</b>	<b>\$+ 63</b>

<sup>1</sup>Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup>Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup>Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.



# Survey of Current Conditions

Eighth District business activity continues to boom, but the tone of the boom has changed somewhat. Production and employment are rising—primarily in response to civilian demand but also reflecting an increase in Government orders. Business demand for goods still is heavy, pointing to increased needs for capital equipment and to attempts to build up inventory. But the consumer buying fever that characterized the first six weeks of the Korean conflict has subsided a little.

The district's industries are operating at or above the advanced levels reached in midyear. Factory operations have been stepped up in response to the increased demand which in many cases coincides with a usual seasonal upswing. These increases in manufacturing activity are largely responsible for the expansion in employment which, in the district's principal industrial centers, is near the postwar peak reached late in 1948. Construction activity still is at record levels where it seems likely to remain for the balance of 1950.

In agriculture, the latest reports indicate total output of farm products in the district will be smaller than in 1949, and there is danger from early frost damage since crops are late. In terms of farm income, however, higher prices will offset a substantial part of any decline in marketings. The fact that prices are moving up in the last half of the year is especially significant to producers in this area since they market a larger-than-average proportion of their output during the last six months.

The expansion that is taking place in the district closely parallels similar developments in the national economy. Industrial output in the nation in August climbed to 205 per cent of 1935-39, as

measured by the Board's index, and probably continued at or above that level in September. Total employment has grown to more than 62 million, according to estimates by the Bureau of the Census, and nonfarm workers now total 54 million.

The increase in employment helps focus the spotlight on one of the major economic problems of the day—the problem of curbing inflationary pressures. Most of the workers added to payrolls during recent weeks are producing goods for civilian consumption. But many are helping to turn out war material. This means that, while consumer income has increased, the amount of goods available to consumers is not expanding proportionately. And as production for defense increases, this disparity between consumer income and available consumer goods will tend to widen and to build up the inflation potential.

The fact that the rise in current income is tending to outstrip the increase in supply of civilian goods is but one part of the story, however. The total amount of civilian purchasing power focusing upon the supply of goods is made up of current income, past accumulations of liquid assets and anticipations of future income—credit. Rapid credit expansion is taking place and there is appreciably greater use of past savings to finance present purchases. All of these developments point up the need for a vigorous fiscal policy designed to sop up as much "hot money" as possible and for accompanying moves in the monetary field to dampen credit expansion. In August the Federal Reserve System moved toward tightening credit through raising Reserve Bank discount rates and through actions designed to bring about some rise in short-term money market rates. At mid-September consumer

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)		Aug., '50 compared with			
	Aug., '50	July, '50	Aug., '49	July, '50	Aug., '49
All Commodities.....	166.3	162.9	153.0	+ 2.1%	+ 8.7%
Farm Products.....	177.5	176.0	162.3	+ 0.9	+ 9.4
Foods.....	174.6	171.4	160.6	+ 1.9	+ 8.7
Other.....	155.3	151.5	145.1	+ 2.5	+ 7.0

RETAIL FOOD					
Bureau of Labor Statistics (1935-39=100)		Aug. 15, '50 compared with			
	Aug. 15, 1950	July 15, 1950	Aug. 15, 1949	July 15, '50	Aug. 15, '49
U. S. (51 cities)...	200.0	210.0	202.6	- 4.8%	- 1.3%
St. Louis.....	221.9	223.8	210.6	- 0.9	+ 5.4
Little Rock.....	211.9	205.5	201.6	+ 3.1	+ 5.1
Louisville.....	199.2	199.8	192.4	- 0.3	+ 3.5
Memphis.....	220.2	212.0	214.3	+ 3.9	+ 2.8

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	August, 1950 compared with		Aug. 31, 1950 compared with
	July, 1950	Aug., 1949	Aug. 31, 1949
Automotive Supplies.....	-12%	+ 3%	+ 3%
Drugs and Chemicals.....	+48	+13	.....
Dry Goods.....	+66	+45	+30
Groceries.....	- 3	+14	+23
Hardware.....	+12	+75	-16
Tobacco and its Products.....	-0-	+ 4	+ 8
Miscellaneous.....	+30	+36	-0-
**Total All Lines.....	+25%	+40%	+16%

\*Preliminary.  
\*\*Includes certain items not listed above.

credit control was reimposed. While such moves are a necessary part of an anti-inflationary campaign, the basic need is for a tax program sufficiently strong to neutralize the inflationary impact of our increased defense program.

**EMPLOYMENT**

The nation's factories broke all hiring records in August, due in part to the Korean situation and in part to the general upturn in business evident since early this year. Never before had factory employment gained so much in a single month as it did in August when more than 600,000 additional workers were hired. This, plus smaller gains in nonmanufacturing industries, pushed total employment to the highest level ever recorded.

More than 62 million people had jobs in civilian industries in August and an additional 1.3 million persons were in the armed services. The total labor force (including the employed, unemployed and military personnel) of over 66 million in August was a peacetime high, but was about 2 million lower than the wartime peak.

Agricultural employment presented a direct contrast to the other segments of the employment picture. Fewer persons were working on farms this August than in any other August on record. During the first eight months of this year, agricultural employment averaged about 9 per cent lower than last year, while nonagricultural employment was about 3 per cent higher.

The exceptionally large employment increase between July and August was due primarily to a jump in manufacturing employment, but mining, construction, public utilities, trade, finance and Government also hired additional workers. In manufacturing, the July-August gain was fairly evenly divided between durable and nondurable goods. The nondurable goods rise was primarily seasonal and was about the same amount as last year. The growth in employment in durable goods lines, however, was substantially larger than last year and was spread out over most industries.

Unemployment dropped sharply between July and August to reach the lowest level since early 1949. Since the labor market is gradually shifting from an employers' to an employees' market, a pool of unemployed persons is now considered more of an asset than a liability to a city seeking defense work.

The volume of insured unemployment in the seven district states in August was lower than at any time during the past year and a half. About 150,000 fewer persons in the district states were

collecting unemployment compensation for the week ending August 19 than for the same week of last year. All the district states have shared in the substantial reduction in the claims load during the year, with Indiana showing the largest proportionate decline. In the city of St. Louis, the number of claims in mid-August was less than half of the January peak and a third less than in July.

Employment in the St. Louis area followed the same general pattern as in the nation between July and August. Employment gains were widespread and occurred in both manufacturing and nonmanufacturing industries. Increased hirings in manufacturing industries accounted for the major portion of the rise, with practically all of the various industry groups sharing in the gains. Largest increases were in the fabricated metals, transportation equipment and apparel groups. Approximately 20,000 more people were working in St. Louis this August than a year ago, with almost three-fourths of the increase in manufacturing.

**INDUSTRY**

Industrial activity in the district moved up in August. Increases in manufacturing industries were coupled with production gains in coal and crude petroleum and a continued high level of activity in construction. Total consumption of electric power by industrial users in the reporting cities was up 8 per cent during the month, but daily average consumption was slightly less than in July.

**Manufacturing Output Up in August**

Most of the district's principal manufacturing industries increased their operations in August. Lumber production was up and gains were indicated in primary metals, chemicals, electrical machinery, transportation equipment and most other industries.

**INDUSTRY**

CONSUMPTION OF ELECTRICITY					
(K.W.H. in thous.)	Aug., 1950	July, 1950	Aug., 1949	Aug., 1950 compared with	
	K.W.H.	K.W.H.	K.W.H.	July, '50	Aug., '49
Evansville.....	16,733	14,865	13,798	+12.6%	+21.3%
Little Rock.....	4,661	4,509	5,159	+ 3.4	- 9.7
Louisville.....	76,863	74,096	70,471	+ 3.7	+ 9.1
Memphis.....	28,205	26,651	25,045 R	+ 5.8	+12.6
Pine Bluff.....	7,463	7,152	4,160	+ 4.3	+79.4
St. Louis.....	102,797	92,314	80,941 R	+11.4	+27.0
Totals.....	236,722	219,587	199,574 R	+ 7.8%	+18.6%
R—Revised.					
LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS					
	Aug., '50	July, '50	Aug., '49	First Nine Days	
				Sept., '50	Sept., '49
	126,713	115,863	105,285	33,290	29,801
				8 mos., '50	8 mos., '49
				883,776	837,984
Source: Terminal Railroad Association of St. Louis.					
CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	Aug., 1950	July, 1950	Aug., 1949	Aug., 1950 compared with	
				July, '50	Aug., '49
Arkansas.....	82.0	80.3	73.1	+ 2%	+12%
Illinois.....	174.8	174.0	181.9	-0-	- 4
Indiana.....	31.4	30.7	27.4	+ 2	+15
Kentucky.....	27.9	28.8	23.0	- 3	+21
Total.....	316.1	313.8	305.4	+ 1%	+ 4%

The St. Louis basic steel industry scheduled operations at an average weekly rate of 76 per cent of capacity in September. This was 7 per cent below the August rate.

Production of southern pine increased 7 per cent in August over July and was at the highest level since April. This probably represents efforts of the mills to catch up on orders after their production was hampered in July by heavy rains. Southern hardwood mills operated at 106 per cent of rated capacity. This is well above the 93 per cent and 98 per cent recorded for June and July, respectively, and apparently is the highest level on record.

The district's shoe industry reported higher production in July, according to preliminary reports. Production is estimated at 7.6 million pairs, about the same as in the previous month but 13 per cent larger than a year ago.

Forty-seven of Kentucky's 61 distilleries were in operation at the end of August. This compared with 35 a month earlier and only 18 in August, 1949. The distilling firms find that demand is firm even though price increases have been made. The current shortage of glass, due to strikes in the chemical industries, has put bottling operations on a tight schedule. The industry anticipates that the Government's synthetic rubber program will soon result in large alcohol orders, although it is believed that whiskey production will remain adequate for present requirements.

**Coal and Oil Output Up**

Soft coal production in the district and the nation in August was the largest since March. National production increased 14.8 million tons during the month and Eighth District mines accounted for about 2 million tons of this increase. Larger production in Illinois was responsible for most of the district's increase. Total district output was 9.7 million tons—up 11 per cent from June and 46 per cent from July. The increase from July was larger than usually occurs in that period. As a result, the

seasonally adjusted index in August climbed to 149 per cent of 1935-39 as compared with 122 per cent in July and 145 per cent in June.

Daily average crude oil production in the district states increased about 1 per cent in August. This increase placed daily average output at the highest level since March, 1947. Total district output, which averaged 316,000 barrels per day, was up 2 per cent in Arkansas and Indiana, and down 3 per cent in Kentucky. Illinois showed no change in average output.

**Construction: Housing Contracts Up in August**

The construction industry in the district was working at full speed in August and there was no sign of a let up in actual on-site activity. Contracts let for residential construction were up during the month and there was a slight increase in nonresidential work put under contract. But heavy engineering awards dropped to the lowest level since May.

Building permits issued in the major district cities in August showed a decline. The total value of construction authorized dropped to \$13 million from the peak of nearly \$26 million in July, which largely reflected permits for multi-family dwelling units authorized in that month in St. Louis. But in each of the five cities except Louisville residential awards were off from July—in terms of value and in the number of permits awarded. In some cases the drop followed a seasonal pattern which makes it difficult to appraise the significance of the decline.

The total value of construction contracts awarded in the district in August amounted to \$104 million. This compared with \$94 million in July. Residential construction placed under contract was valued at \$41 million or 24 per cent more than in the previous month, while nonresidential awards totaled \$64 million—5 per cent more than in July.

The value of contracts awarded in the St. Louis territory of the F. W. Dodge Corporation, which includes a substantial portion of the Eighth District, dropped from \$79 million in July to \$72 million in

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
Aug., '50	July, '50	Aug., '49	Aug., '50	July, '50	Aug., '49
147*	106	113	149*	121	114

SHOE PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
July, '50	June, '50	July, '49	July, '50	June, '50	July, '49
154*	139	136	160*	135	141

\*Preliminary.

**CONSTRUCTION**

BUILDING PERMITS								
Month of August								
(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1950	1949	1950	1949	1950	1949	1950	1949
Evansville.....	126	75	\$ 320	\$ 640	78	96	\$ 87	\$ 142
Little Rock....	105	90	1,790	584	234	274	168	128
Louisville.....	260	164	1,336	1,685	108	90	110	69
Memphis.....	2,589	2,480	5,346	4,692	226	186	234	223
St. Louis.....	390	271	2,745	1,773	285	325	659	532
Aug. Totals...	3,470	3,080	\$11,537	\$9,374	931	971	\$1,258	\$1,094
July Totals....	3,578	1,863	\$24,311	\$7,161	985	958	\$1,414	\$ 777

August. The decline was largely in heavy engineering construction. Commercial construction awards climbed to a new postwar peak and contracts for manufacturing plants were larger than in any month in two years.

The number of new single-family dwelling units put under contract for owner-occupancy in the St. Louis territory increased for the second consecutive month and was the largest on record. Speculative builders put more new one- and two-family units under contract in August than in July—but not as many as in the peak month of May. The expansion in August raised the total number of new owner-built single-family units put under contract in this portion of the district to 4,600 in the first eight months. This is one-third more than in the same period last year. The number of single-family units built for sale or rent totaled 11,300 through August for a gain of 70 per cent over last year.

**TRADE**

In both the nation and the district retailers' cash registers continued to ring often during August. The wave of emotional buying lessened but purchasing still was in volume. Anticipating consumer credit regulation, many buyers came into the market for major durables. Interest in nondurables stayed high and seasonal clearances and traditional promotions provided additional impetus to buying.

August sales volume in reporting retail lines in the Eighth District was larger than in July or in August last year. Instalment sales gains accounted for much of the increase, but a substantial gain also occurred in other sales.

**Department Stores**—Sales volume in the district in August was up 4 per cent from July and was 14 per cent larger than in August, 1949. The increase from July was less than normal, primarily because of the very heavy buying wave in July. Seasonally adjusted sales were 370 per cent of the 1935-39 average as compared with the record 418 per cent in July. A year ago sales were 326 per cent of the five-year average.

For the year-to-date, sales (dollar volume) through August were up 5 per cent from last year but were slightly smaller than in the peak year 1948. The trend of sales through mid-September, however, suggested that not only would the year's gain over 1949 be maintained but also that sales may come up to the 1948 level by the end of the month.

In St. Louis, buying continued heavy in several lines. Demand for housefurnishings reflected fears that durable goods items would become scarce—as

**TRADE**

**DEPARTMENT STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	August, 1950 compared with July, '50	Aug., '49	8 mos. '50 to same period '49	Aug. 31, '50 comp. with Aug. 31, '49	Jan. 1, to August 31, 1950	August 31, 1949
8th F. R. District...	+ 4%	+14%	+ 5%	+10%	2.58	2.54
Ft. Smith, Ark.....	+ 5	+20	+ 3	+10	2.53	2.61
Little Rock, Ark....	+ 2	+ 9	+ 5	+24	2.50	2.66
Quincy, Ill.....	+11	+20	+ 3	- 3	2.32	2.18
Evansville, Ind.....	-10	+16	+10	+ 4	2.52	2.32
Louisville, Ky.....	+ 3	+21	+ 8	+15	2.88	2.76
St. Louis Area <sup>1</sup> .....	+ 6	+12	+ 3	+10	2.56	2.53
St. Louis, Mo.....	+ 8	+13	+ 3	+10	2.58	2.53
Springfield, Mo.....	+ 8	+18	+ 7	+ 3	2.40	2.17
Memphis, Tenn.....	+ 6	+14	+ 5	+ 5	2.62	2.61
*All other cities.....	- 8	+14	+ 6	+ 7	2.16	2.04

\*El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>1</sup> Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill. Outstanding orders of reporting stores at the end of August, 1950 were 69 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding August 1, 1950 collected during August, by cities:

	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	....%	49%	Quincy.....	16%
Little Rock.....	15	42	St. Louis.....	21
Louisville.....	15	51	Other Cities..	13
Memphis.....	17	43	8th F.R. Dist.	19

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

**8th Federal Reserve District**

	Aug., 1950	July, 1950	June, 1950	Aug., 1949
Sales (daily average), unadjusted <sup>2</sup> .....	318	326	293	280
Sales (daily average), seasonally adjusted <sup>2</sup> ....	370	418	326	326
Stocks, unadjusted <sup>3</sup> .....	322	295	299	288
Stocks, seasonally adjusted <sup>3</sup> .....	295	283	299	264

<sup>2</sup> Daily average 1935-39=100

<sup>3</sup> End of Month Average 1935-39=100

**SPECIALTY STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	August, 1950 compared with July, '50	Aug., '49	8 mos. '50 to same period '49	Aug. 31, '50 comp. with Aug. 31, '49	Jan. 1, to August 31, 1950	August 31, 1949
Men's Furnishings.	+ 9%	+16%	- 3%	+ 9%	1.57	1.61
Boots and Shoes.....	+ 8	+11	-0-	- 2	2.89	2.84

Percentage of accounts and notes receivable outstanding August 1, 1950 collected during August:

Men's Furnishings ..... 43% Boots and Shoes..... 43%  
Trading days: August, 1950—27; July, 1950—25; August, 1949—27.

**RETAIL FURNITURE STORES\*\***

	Net Sales		Inventories		Ratio of Collections	
	Aug., 1950 compared with July, '50	Aug., '49	Aug., 1950 compared with July, '50	Aug., '49	Aug., '50	Aug., '49
8th Dist. Total <sup>1</sup> .....	+16%	+26%	+10%	+19%	26%	26%
St. Louis Area <sup>2</sup> .....	+31	+44	+ 6	+16	60	53
St. Louis.....	+34	+45	+ 6	+16	62	55
Louisville Area <sup>3</sup> .....	+ 4	+24	+10	+24	15	16
Louisville.....	+ 6	+22	+10	+25	14	16
Memphis.....	+ 1	+10	+19	- 5	13	14
Little Rock.....	+ 3	- 7	+10	+23	16	19
Springfield.....	+ 2	+50	+12	+35	16	15
Fort Smith.....	- 2	- 4	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

\*\*41 stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	August, 1950	July, 1950	August, 1949
Cash Sales.....	13%	14%	13%
Credit Sales.....	87	86	87
Total Sales.....	100%	100%	100%

well as more difficult to pay for in view of impending credit controls. Women's and misses' coats and suits, and men's-boys' wear sales also contributed heavily to the month's gain.

Inventories (retail value) held by district department stores at the end of August were 17 per cent larger than on July 31 and 10 per cent larger than on August 31, 1949. Outstanding orders at district department stores increased somewhat less than normally from the end of July to the end of August. But the slight gain from the end of the previous month placed the value of outstanding orders at the highest point for any August since 1946. In comparison with a year ago, orders outstanding were up 69 per cent.

**Specialty Stores**—In August, both women's specialty and men's wear store sales gained over those in July and were larger than in August, 1949. Women's specialty shops in St. Louis sold two-thirds more merchandise in August than in July and their sales were slightly larger than in August last year. Sales in men's wear stores increased 9 per cent from the previous month and were 16 per cent larger than in 1949.

The value of women's specialty shop inventories was up 11 per cent during the month but at the end of August was 12 per cent less than a year ago. Men's wear store inventories were 22 per cent larger than a month earlier and were up 9 per cent from last August.

**Furniture Stores**—The month's sales were 16 per cent larger than in July and were 26 per cent over those in August, 1949. Publicized shortages (apparently confined mostly to specific items of name brand merchandise) also gave rise to some buying.

There were some reports of merchandise being allocated to retailers. But judging by the increase in inventories, supplies were still generally available. Inventories at the end of August were 10 per cent larger (in value) than on July 31 and 19 per cent higher than at the close of August last year.

AGRICULTURE

Despite unfavorable weather in August, crop prospects in the Eighth District remained generally good up to September 1. Estimates of district corn and soybean production on this date were higher than a month earlier, and the estimates of district tobacco and cotton production were down only slightly from a month earlier. Continued cool, wet weather, however, during the early part of September caused increasing concern among farmers and processors. An early frost could cause appreciable damage to cotton, corn and other crops.

For the country as a whole, the cotton crop deteriorated during August as a result of wet weather, below average temperatures, and insect damage. The crop on September 1 was estimated at 9,882,000 bales, 4 per cent less than the August 1 forecast and 39 per cent less than was produced in 1949. In the two important cotton producing states in this district, Mississippi and Arkansas, the September 1 forecast was the same as that of August 1. Relative to 1949 production, however, declines of 5 and 33 per cent were expected, respectively, in these two states. The crops in Tennessee and Missouri were estimated to be 24 and 35 per cent smaller than in 1949.

The prospective 1950 corn crop on September 1 was 3,162 million bushels, only 5 million bushels less than the August 1 estimate. The decrease in prospects occurred mostly in the northern corn belt. Prospects in district states were above the August 1 estimate. Expected production on September 1 in Illinois, Missouri, Tennessee and Arkansas was 19 million bushels higher than the August 1 estimate.

The corn crop is later than usual. A frost even by the average frost date would result in a much greater amount of soft corn than normal. Weather during early September has delayed maturity.

Some crop prospects were better in September than in August. The total wheat crop apparently will exceed the billion bushel mark slightly. The oat crop of 1,481 million bushels is 25 million bushels more than the August forecast. Soybean production will be highest in history. The September estimate was 275 million bushels, 3 per cent

AGRICULTURE

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	Receipts			Shipments		
	Aug., 1950	Aug., 1950 compared with July, '50 Aug., '49		Aug., 1950	Aug., 1950 compared with July, '50 Aug., '49	
Cattle and calves.....	123,897	+16%	-20%	37,829	+18%	-35%
Hogs.....	218,205	+ 4	-0-	72,795	-13	-11
Sheep.....	80,974	+ 8	- 7	42,423	+23	+19
Totals.....	423,076	+ 8%	- 8%	153,047	+ 2%	-13%

CASH FARM INCOME						
(In thousands of dollars)	July, 1950	July, 1950 compared with June, 1950 July, 1949		7 month total Jan. to July 1950 compared with 1949 1948		
		1950	1949	1950	1949	1948
Arkansas.....	\$ 22,351	+10%	- 2%	\$ 147,327	-28%	-15%
Illinois.....	156,828	+38	+ 7	909,172	-0-	-10
Indiana.....	84,322	+41	+ 5	475,196	- 2	-17
Kentucky.....	36,812	+25	- 3	270,204	-0-	+ 4
Mississippi.....	14,065	- 4	-21	98,380	-54	-41
Missouri.....	101,570	+43	+15	487,048	- 2	-15
Tennessee.....	27,335	+ 4	-11	188,146	- 8	-18
Totals.....	\$443,283	+32%	+ 5%	\$2,575,473	- 7%	-14%

higher than a month earlier and 24 per cent above a year earlier. Estimates in all district states exceed the August 1 figure.

Tobacco production on September 1 was expected to be slightly higher than on August 1. Most of the increase, however, would be in flue-cured types not grown in district states. The estimate for burley production was the same as in August, and 11 per cent less than in 1949. The estimate for dark tobacco production on September 1 was smaller than a month earlier. Weather in August and September was not favorable for this crop either.

Agricultural prices continued to climb during the month ending August 15. At 267 the index of prices received by farmers was 4 points higher than in July and 23 points higher than a year earlier. Prices of cotton were sharply higher, and prices of eggs, dairy products, most meat (except beef), rice, and wool also were higher. Grain and soybean prices were somewhat lower. Prices that farmers paid also moved upward, causing the parity ratio to remain unchanged.

**BANKING**

Bank credit (total loans and investments) continued to expand in August and early September. Loans increased at an above-normal rate and this gain more than offset some net decline in the volume of investments held.

The rise in the total money supply (currency plus deposits) coupled with the high degree of liquidity on the part of business and individuals has added appreciably to the inflation potential. In July and again in August the money supply increased sharply—reflecting in part rising bank loan volume.

In the last half of August the Federal Reserve System took action aimed at slowing down bank credit expansion. All of the Federal Reserve Banks increased their discount rates and System open market operations were conducted so as to bring about higher short-term interest rates. The sensitive money market rates reacted almost immediately following August 18. In the Government security market the average rate on new Treasury bills was 1.17 per cent in the first part of August and by mid-September was 1.31 per cent.

One result of the Federal Reserve action was to make the rate on the Treasury refunding issue (a 1¼ per cent, 13-month note) offered in exchange for the September 15 and October 1 maturing certificates and called bonds unattractive to investors. Thus the great bulk of these maturing or called securities were sold in the market before the refunding date, and Federal Reserve support operations

**BANKING**

**PRINCIPAL ASSETS AND LIABILITIES  
FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)	Change from		
	Sept. 13, 1950	Aug. 16, 1950	Sept. 14, 1949
Industrial advances under Sec. 13b.....	\$ .....	\$ .....	\$ .....
Other advances and rediscounts.....	17,159	+ 9,837	+ 13,313
U. S. securities.....	1,051,610	+44,309	+119,390
<b>Total earning assets.....</b>	<b>\$1,068,769</b>	<b>+\$54,146</b>	<b>+\$132,703</b>
Total reserves .....	\$ 634,667	\$-42,509	\$-130,304
Total deposits .....	662,109	+10,372	- 27,766
F. R. notes in circulation.....	1,041,419	+ 2,334	-28,800
Industrial commitments under Sec. 13b..	\$ .....	\$ .....	\$ .....

**PRINCIPAL ASSETS AND LIABILITIES  
WEEKLY REPORTING MEMBER BANKS  
EIGHTH FEDERAL RESERVE DISTRICT  
(In thousands of dollars)**

ASSETS	Change from		
	Sept. 13, 1950	Aug. 16, 1950	Sept. 14, 1949
Gross commercial, industrial and agricultural loans and open market paper..	\$ 546,144	+\$34,083	+\$ 83,574
Gross loans to brokers and dealers in securities .....	5,664	- 1,655	- 618
Gross loans to others to purchase and carry securities .....	24,369	- 109	+ 3,813
Gross real estate loans.....	224,759	+ 4,866	+ 46,958
Gross loans to banks.....	4,977	-11,720	+ 3,105
Gross other loans (largely consumer credit loans) .....	265,725	+12,380	+ 50,198
<b>Total .....</b>	<b>\$1,071,638</b>	<b>+\$37,845</b>	<b>+\$187,030</b>
Less reserve for losses.....	12,143	+ 33	+ 2,979
<b>Net total loans.....</b>	<b>\$1,059,495</b>	<b>+\$37,812</b>	<b>+\$184,051</b>
Treasury bills .....	56,297	+10,513	- 29,823
Certificates of indebtedness.....	35,974	-23,742	-213,808
Treasury notes .....	308,615	+39,404	+263,994
U. S. bonds and guaranteed obligations..	610,485	-71,661	-170,049
Other securities .....	194,656	+ 2,997	+ 35,198
<b>Total investments .....</b>	<b>\$1,206,027</b>	<b>-\$22,489</b>	<b>-\$114,488</b>
Cash assets .....	802,351	+41,975	+ 53,577
Other assets.....	29,911	+ 1,432	+ 2,510
<b>Total assets .....</b>	<b>\$3,097,784</b>	<b>+\$58,730</b>	<b>+\$125,650</b>
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations.....	\$1,637,092	+\$41,922	+\$118,234
Interbank deposits .....	541,342	- 9,125	- 45,762
U. S. Government deposits.....	71,919	+ 6,889	+ 25,920
Other deposits .....	116,951	- 317	- 16,099
<b>Total demand deposits.....</b>	<b>\$2,367,304</b>	<b>+\$39,369</b>	<b>+\$82,293</b>
Time deposits .....	490,426	- 203	+ 4,347
Borrowings .....	22,845	+12,695	+21,625
Other liabilities .....	28,209	+ 5,672	+ 8,358
Total capital accounts.....	189,000	+ 1,197	+ 9,027
<b>Total liabilities and capital accounts</b>	<b>\$3,097,784</b>	<b>+\$58,730</b>	<b>+\$125,650</b>
Demand deposits, adjusted*.....	\$1,473,152	+\$14,066	+\$ 52,745

\*Other than interbank and government demand deposits, less cash items on hand or in process of collection.

**DEBITS TO DEPOSIT ACCOUNTS**

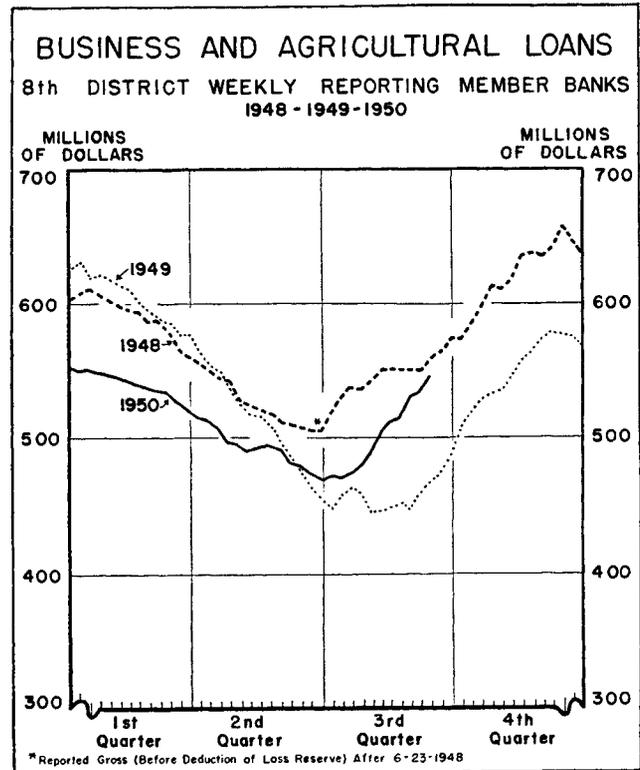
(In thousands of dollars)	August, 1950	July, 1950	August, 1949	August, 1950 compared with July, '50	Aug., '49
El Dorado, Ark.....	\$ 24,117	\$ 22,547	\$ 20,806	+ 7%	+16%
Fort Smith, Ark.....	41,905	38,782	36,749	+ 8	+14
Helena, Ark.....	6,131	6,099	5,777	+ 1	+ 6
Little Rock, Ark.....	130,844	123,269	108,766	+ 6	+20
Pine Bluff, Ark.....	25,167	25,819	22,248	- 3	+13
Texarkana, Ark.*.....	10,796	11,217	9,505	- 4	+14
Alton, Ill.....	25,871	25,008	22,420	+ 3	+15
E. St. L., Nat. S. Y., Ill....	126,890	115,495	113,014	+10	+12
Quincy, Ill.....	31,767	29,890	26,540	+ 6	+20
Evansville, Ind.....	144,305	143,688	117,919	-0-	+22
Louisville, Ky.....	637,109	535,054	479,288	+19	+33
Owensboro, Ky.....	40,935	36,700	30,147	+12	+36
Paducah, Ky.....	16,555	15,324	12,605	+ 8	+31
Greenville, Miss.....	18,362	17,063	15,372	+ 8	+19
Cape Girardeau, Mo.....	12,514	12,985	11,701	- 4	+ 7
Hannibal, Mo.....	9,099	9,061	7,808	-0-	+17
Jefferson City, Mo.....	47,354	47,428	47,014	-0-	+ 1
St. Louis, Mo.....	1,718,468	1,654,271	1,453,767	+ 4	+18
Sedalia, Mo.....	10,979	10,860	9,546	+ 1	+15
Springfield, Mo.....	68,889	63,180	54,769	+ 9	+26
Jackson, Tenn.....	19,106	18,505	16,534	+ 3	+16
Memphis, Tenn.....	646,815	526,422	426,315	+23	+52
<b>Totals.....</b>	<b>\$3,813,978</b>	<b>\$3,488,668</b>	<b>\$3,048,610</b>	<b>+ 9%</b>	<b>+25%</b>

\*These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$27,479.

led to very heavy System purchases of these securities. In large part, however, the funds received by investors from these sales were employed to purchase other Government securities supplied mainly by the System so that the net addition to System holdings (and consequently the net addition to bank reserves from this action) was relatively small. As far as the commercial banks are concerned, the net result has been a shift out of Treasury certificates and bonds into Treasury bills and long notes, with some decline in the total volume of Government securities held. As of September 13, Government security portfolios of the weekly reporting banks in this district showed an increase relative to August 16 of \$11 million in bills and \$59 million in notes, more than offset by a decline of \$24 million in certificates and of \$72 million in bonds.

Loans at all district member banks rose \$79 million in August, considerably more than the typical advance in that period in former years. Most of the increase was in business loans. The gain in this category since the middle of 1950 has been even sharper than occurred in the comparable period in 1948 (and much sharper than in 1949) and has been much more pronounced than in most other years for which records are available. Both

real estate and consumer credit loans also increased appreciably in August and early September.



**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Aug. 1950	Change from:		Aug. 1950	Change from:		Aug. 1950	Change from:	
		July 1950 to Aug. 1950	Aug. 1949 to Aug. 1950		July 1950 to Aug. 1950	Aug. 1949 to Aug. 1950		July 1950 to Aug. 1950	Aug. 1949 to Aug. 1950
<b>Assets</b>									
1. Loans and Investments.....	\$3,926	\$+ 20	\$+168	\$2,279	\$+ 18	\$+ 83	\$1,647	\$+ 2	\$+ 85
a. Loans .....	1,617	+ 79	+248	1,053	+ 67	+185	564	+ 12	+ 63
b. U.S. Government Obligations.....	1,930	- 62	-123	1,031	- 54	-137	899	- 8	+ 14
c. Other Securities .....	379	+ 3	+ 43	195	+ 5	+ 35	184	- 2	+ 8
2. Reserves and Other Cash Balances.....	1,157	- 4	+ 8	722	+ 5	+ 36	435	- 9	- 28
a. Reserves With the F.R. Bank.....	571	+ 5	-16	370	+ 2	- 9	201	+ 3	- 7
b. Other Cash Balances <sup>3</sup> .....	586	- 9	+ 24	352	+ 3	+ 45	234	- 12	- 21
3. Other Assets .....	48	+ 6	+ 7	28	+ 2	+ 1	20	+ 4	+ 6
4. Total Assets .....	\$5,131	\$+ 22	\$+183	\$3,029	\$+ 25	\$+120	\$2,102	\$- 3	\$+ 63
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,751	\$- 6	\$+120	\$2,284	\$- 5	\$+ 83	\$1,467	\$- 1	\$+ 37
a. Deposits of Banks.....	536	- 27	- 36	505	- 26	- 35	31	- 1	- 1
b. Other Demand Deposits.....	3,215	+ 21	+156	1,779	+ 21	+118	1,436	- 0	+ 38
6. Time Deposits .....	985	- 2	+ 14	497	- 1	+ 6	488	- 1	+ 8
7. Borrowings and Other Liabilities.....	64	+ 30	+ 24	57	+ 29	+ 22	7	+ 1	+ 2
8. Total Capital Accounts.....	331	- 0	+ 25	191	+ 2	+ 9	140	- 2	+ 16
9. Total Liabilities and Capital Accounts....	\$5,131	\$+ 22	\$+183	\$3,029	\$+ 25	\$+120	\$2,102	\$- 3	\$+ 63

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

# Survey of Current Conditions

Industrial and business activity in the Eighth District continues to move upward in response to the large volume of expenditures by consumers and business and the inflow of an increasing amount of Government orders. As the demand for goods expands, employment and income climb higher. And accompanying the general expansion in production, employment and income—and, to a significant extent, stimulating it—is a continuation of the upward trend in credit.

It was noted in last month's Review that the increase in the supply of goods available to consumers is not proportionate to the increase in consumers' income—and that the gap will widen as defense requirements drain off a growing part of our output. It will widen, too, as past savings, and borrowings against future income, are used to finance purchases.

Last month additional steps were taken to curb inflationary pressures resulting from the extension of credit. Tighter restrictions on consumer installment credit were established by the Board of Governors. And for the first time, limitations were placed on the terms under which private capital can be borrowed to finance new residential construction. At the same time, comparable restrictions were applied by public agencies engaged in insuring or guaranteeing private mortgage loans.

These measures, of course, are intended to dampen down inflationary forces—in part by curtailing the effective demand for consumers' durable goods covered by Regulation W and for new construction. Holding down demand tends to restrain the pressure on prices of materials that go into these items. But more important is that such action cur-

tails the expansion of the total money supply—and thereby strikes at the heart of the inflation potential. In other words, the objective of these controls is to reduce pressure that makes for higher prices. In that respect they differ completely from direct price controls which arbitrarily restrict prices but do not restrain the underlying forces that cause prices to rise.

Personal income in the nation climbed to an annual rate of \$223 billion in August. This represented an increase of \$6 billion since June and \$19 billion during the preceding twelve months. Larger employment plus a broadening wave of wage increases and more overtime pay lifted wage and salary receipts \$4 billion in the first two months of the Korean war. During the same period, consumers' expenditures in retail stores alone were up \$1 billion on a seasonally adjusted basis.

Business expenditures also have been large in recent months. Inventories that were reduced sharply during the early weeks of the war in Korea have been pretty well replaced. At the end of August the value of stocks of soft goods held by retailers and wholesalers was larger than at the end of June. After allowing for price advances during the period, it is likely that physical stocks at the beginning of September were at least as large as they were two months earlier. Inventories of durable goods—at the wholesale and retail levels—were still down early in September. Manufacturers' stocks also were below the June 30 levels—in both durable and nondurable lines—despite the fact that manufacturing output increased about 4 per cent between June and August as measured by the Board's seasonally adjusted index.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Sept., '50	Aug., '50	Sept., '49	Sept., '50 compared with Aug., '50 Sept., '49	
All Commodities.....	169.5	166.3	153.7	+ 1.9%	+10.3%
Farm Products.....	180.4	177.5	163.1	+ 1.6	+10.6
Foods.....	177.2	174.6	162.0	+ 1.5	+ 9.4
Other.....	159.2	155.3	145.5	+ 2.5	+ 9.4

RETAIL FOOD					
Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1950	Aug. 15, 1950	Sept. 15, 1949	Sept. 15, '50 compared with Aug. 15, '50 Sept. 15, '49	
U. S. (51 cities).....	208.5	209.0 <sup>r</sup>	204.2	— 0.2%	+ 2.1%
St. Louis.....	220.5	221.9	211.6	— 0.6	+ 4.2
Little Rock.....	211.7	211.9	201.4	— 0.1	+ 5.1
Louisville.....	199.9	199.2	194.3	+ 0.4	+ 2.9
Memphis.....	220.6	220.2	213.0	+ 0.2	+ 3.6

<sup>r</sup> — Revised.

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	September, 1950 compared with		Sept. 30, 1950 compared with
Data furnished by Bureau of Census U. S. Dept. of Commerce*	Aug., 1950	Sept., 1949	Sept. 30, 1949
Automotive Supplies.....	+ 3%	+13%	+ 6%
Drugs and Chemicals.....	— 1	+ 4	....
Dry Goods.....	—24	+ 8	+30
Groceries.....	— 4	+ 1	+35
Hardware.....	—22	+26	+ 1
Tobacco and its Products.....	— 1	+ 3	+15
Miscellaneous.....	— 6	+11	— 5
**Total All Lines.....	—16%	+14%	+13%

\* Preliminary.  
\*\* Includes certain items not listed above.

## EMPLOYMENT

The general economic expansion is shifting the labor market again toward an employees' market. Viewed in the aggregate the labor supply still is considered adequate but some occupational shortages are developing and some areas are feeling more general tightness. The whole market is tighter now than it was a few months ago. Hours of work are stretching out. Quit rates are climbing higher; workers tend to do more shifting in a tight market.

Unemployment declined between August and September, and so did employment as the labor force shrank seasonally. The Bureau of the Census reported that practically all of the decrease was in the school-age workers. Nonagricultural employment in September, however, was the second highest on record, and was up 1.8 million from last September.

In the St. Louis area employment climbed between mid-August and mid-September, extending the month-to-month rise for the ninth consecutive month. Nonagricultural employment was at an all-time high, while manufacturing employment set a new peacetime record. The major gains occurred in manufacturing, where hirings were largest in the nonelectrical machinery and transportation equipment industries, and in trade. Smaller gains were reported in almost all other industries. The food and leather groups were the only ones to show declines—and these were primarily seasonal.

Employment in the Louisville area exceeded the 1948 peak for the first time in September. Gains occurred in all major industries between July and September, with the largest increases in manufacturing and Government. More than 20,000 additional people have been hired in Louisville during the past year, with more than two-thirds of the total hired by manufacturing plants.

Employment in the Evansville area showed only a slight upturn between July and September. Manufacturing employment remained about the same, while public utilities, trade and service employment edged upward.

Unemployment nationally is no longer considered a problem except in a few small and scattered areas—including Crab Orchard and Mt. Vernon, Illinois. The number of unemployed was lower in September than at any time since December, 1948. In the third quarter of this year the number of persons looking for work averaged about a million less than a year earlier.

In the seven district states, the volume of insured unemployment in mid-September was only three-fourths as large as in August and less than half of

the year ago volume. Since last September, insured unemployment in the district states has declined between 33 per cent (in Arkansas) and 75 per cent (in Indiana). In St. Louis, the number of compensable claims in mid-September was one-fifth smaller than in August and was only half as large as in September, 1949.

## INDUSTRY

The rate of industrial operations in the district continued to advance during September. In some cases total output for the month was off slightly because there were fewer working days than in August. Manufacturing plants in most of the industrial centers stepped up their schedules. Gains in coal and crude oil production were recorded. New construction put under contract declined but actual building activity remained at about the previous high level. The amount of electric power consumed by manufacturing plants in the major cities was off 7 per cent, due to the shorter work month, but daily average consumption was up 7 per cent.

### Manufacturing Activity Greater in September

The large demand for civilian goods continued to furnish the principal impetus to the upward trend in manufacturing operations. Business buying reportedly has slowed down slightly since the July and August rush to place orders with suppliers. But new orders together with backlogs continued to push manufacturers' schedules upward.

Supplementing the heavy civilian demand is the growing volume of Government contracts received by producers in this area. So far, expansion in Government spending has had little effect on the economy of the district as a whole. In local areas—particularly where Army camps or installations have been reactivated or expanded—and in some

## INDUSTRY

(K.W.H. in thous.)	CONSUMPTION OF ELECTRICITY		Sept., 1950 compared with					
	Sept., 1950	Aug., 1950	Sept., 1949	Sept., '49				
Evansville.....	13,534	16,733	12,443	-19.1% + 8.8%				
Little Rock.....	4,780	4,661	5,439	+ 2.6 -12.1				
Louisville.....	73,993	76,863	70,317	+ 3.7 + 5.2				
Memphis.....	25,321	28,205	26,018 <sub>R</sub>	-10.2 - 2.7				
Pine Bluff.....	7,348	7,463	4,647	+ 1.6 +58.1				
St. Louis.....	95,568	102,797	77,597 <sub>R</sub>	- 7.0 +23.2				
Totals.....	220,544	236,722	196,461 <sub>R</sub>	- 6.8% +12.3%				
R—Revised.								
LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS								
		First Nine Days						
Sept., '50	Aug., '50	Sept., '49	Oct., '50	Oct., '49	9 mos. '50	9 mos. '49		
118,541	126,713	101,093	35,407	31,459	1,002,317	939,077		
Source: Terminal Railroad Association of St. Louis.								
CRUDE OIL PRODUCTION—DAILY AVERAGE								
(In thousands of bbls.)	Sept., 1950		Sept., 1949		Sept., 1950 compared with			
	Sept., 1950	Aug., 1950	Sept., 1949	Aug., 1950	Sept., 1949			
Arkansas.....	81.7	82.0	71.6	-0-%	+14%			
Illinois.....	177.3	174.8	179.2	+ 1	- 1			
Indiana.....	31.1	31.4	28.1	- 1	+11			
Kentucky.....	27.9	27.9	23.3	-0-	+20			
Total.....	318.0	316.1	302.2	+ 1%	+ 5%			

specific industries the effects of the program are observable. But in terms of districtwide developments, the main impact of the program is yet to come.

Nonclassified contracts (those for items classed as "nonsecret") awarded to district manufacturers so far add up to a relatively small total dollar value. Since mid-July, when the figures first became available, nonclassified prime contracts valued at only \$7.5 million have been awarded to companies in the district. This total is small relative to the value of all production in this region. The volume is growing, however; in late September and early October such contracts were running about \$1 million a week.

Orders placed so far largely represent "house-keeping" expenditures of the Defense Department, although some commitments for ordnance, electronics, engineering, and aircraft supplies also have been made. Most of the contracts are with firms located in St. Louis, Louisville and Memphis.

Activity in most of the district's durable goods industries was at a higher level in September. The basic steel industry in St. Louis scheduled operations at 85 per cent of capacity during October. This was the highest rate in any month since August, 1944. In September production was scheduled at 76 per cent of capacity. The demand for steel is heavy and the market generally is getting tighter.

Lumber production—southern pine and hardwood—was up during the month. Output of nonelectrical machinery dropped in September as a result of strikes in some of the major plants in the district. In the transportation equipment and fabricated metals industries, operations moved up during the month.

Meat packing operations increased slightly in the St. Louis area. Marketings in September were rather light, receipts at the National Stockyards in East St. Louis dropping 5 per cent from August and 10 per cent below receipts last September. The total number of animals slaughtered under Federal inspection was up 8 per cent relative to that in August.

In the shoe industry price increases recently were announced by the largest producers—the second advances since the beginning of the Korean conflict. Wage increases in the industry also were agreed on at some of the companies during the past month. Shoe production in the district in July totaled 7.7 million pairs. In the previous month output amounted to 7.6 million pairs and in July last year was 6.8 million.

Kentucky's whiskey industry continued to operate at a high level in September. At the end of the month 50 distilleries were producing—three more than at the close of August and 24 more than in September last year. Production has been increased sharply in recent months, reportedly in anticipation of the diversion of part of the capacity to production for defense needs. It is estimated, however, that as much as 50 per cent of output could be diverted to such uses without seriously affecting whiskey inventories.

### Coal and Oil Output Up

More coal was mined in the district in September than in August. Production totaled 9.6 million tons or 2 per cent more than in the previous month. Nationally, output was down 2 per cent. The district's production usually increases in September, and the increase in output brought the seasonally adjusted index to 142 per cent of 1935-39 as against 121 per cent in August. A reduction occurred in the Kentucky fields while production rose slightly in Arkansas, Illinois, Indiana and Missouri.

Crude petroleum output was up 1 per cent on a daily average basis in September over August. Production per day was at a rate of 318,000 barrels as against 316,000 in August—and 302,000 a year ago. This was the third consecutive month of larger output and the September increase lifted production to the highest level since the first quarter of 1946.

### CONSTRUCTION

Expenditures for new construction in the nation climbed to a new peak of \$2.8 billion in September. Most of the increase was in nonresidential building although estimated outlays for both private and public housing moved up slightly. But these increases were less significant, in terms of the outlook for construction in the coming months, than the action taken early in October to curb inflationary pressures that result from the expansion of credit in the construction field.

### Construction Credit Controls

Inflationary pressures were building up in the nation's economy before the start of the Korean conflict and the enlarged program for defense expenditures. A major source of this pressure was the rapid expansion in credit extended for new real

### PRODUCTION INDEX

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Sept., '50	Aug., '50	Sept., '49	Sept., '50	Aug., '50	Sept., '49
154*	140	71	147*	142	67
*Preliminary.					

estate construction—particularly in the residential field. Easy credit added to the inflationary pressures in two ways: (1) it stimulated building activity, which increased the demand for construction materials and helped push prices higher; and (2) a large part of the borrowed funds originated in the banking system and thus helped form the basis for further expansion in the total money supply.

Recognizing that contemplated defense expenditures would provide further fuel for the inflationary fires, Congress, in the Defense Production Act of 1950, provided several checks. Among these is provision for control of real estate construction credit. The Board of Governors of the Federal Reserve System is charged with the responsibility of regulating the extension of private credit in this field. Requirements established by the Board, including among others those with respect to down payments and maximum maturities, became effective October 12 and are contained in the Board's Regulation X. The Home and Housing Finance Administration has applied similar restrictions to the terms of private mortgage loans insured or guaranteed by the principal public agencies involved. These steps followed, by about three months, a tightening of some requirements by public agencies shortly after the Korean war began.

#### Effect of Credit Controls

It is too early, of course, to tell just how much these anti-inflationary actions will affect residential construction volume in the future. Already there is some indication that the tighter requirements put into effect in July were beginning to take hold in September. Nationally, the number of new residential units started dropped last month, according to tentative Bureau of Labor Statistics estimates. This dip did not result in smaller expenditures, however, because of the large backlog of work that was started earlier.

#### Construction Contracts in the District

The total value of work contracted for in the district in September amounted to \$87 million. In August it totaled \$103 million. Residential volume

—including new as well as additions to existing structures—was up 10 per cent. Nonresidential and heavy engineering awards declined.

The increase in residential volume principally reflected contracts for new apartment building construction. The number of new single-family dwelling units put under contract for owner occupancy in the St. Louis territory dropped more than one-fourth to the lowest level since April. Speculative builders also put fewer units under contract in September—cutting back by about the same percentage.

In the nonresidential field there were declines in commercial, manufacturing and most other classifications.

#### TRADE

Consumer spending during September was heavy but the rush to buy that characterized July and early August was not so evident. There were mild to sharp flurries of spending in some major durable goods lines near the middle of the month and just prior to the reimposition of consumer credit controls after a 15-month lapse. But in general, buying remained on a more orderly basis than prevailed in July and early August.

**Department Stores**—At the district's department stores, sales in September were 8 per cent larger than in August. Consumers usually increase their buying in September, but the gain this year was not as large as might be expected. As a result, daily average sales were smaller than in August, after allowing for seasonal factors, and the adjusted index dropped to 360 per cent of 1935-39 as against 370 per cent in the previous month.

For the fifth consecutive month department store sales were larger than in the corresponding month a year ago. In September, dollar volume was up 10 per cent from September, 1949. The margin over last year was not as large as in the previous month, however, when a districtwide gain of 14 per cent was reported, or in July when sales soared 29 per cent ahead of last year's volume.

All major district cities shared in the gain from last year. In several smaller centers, and in Springfield, Fort Smith and St. Louis, the percentage increase did not measure up to that for the entire district, however.

The relatively large volume in September helped hold sales for the year at a level 5 per cent above that in the same period in 1949. Judging by preliminary reports, this rate of gain probably was maintained through October.

**Furniture Stores**—District furniture store sales during September reflected purchases in antici-

### CONSTRUCTION

(Cost in thousands)	BUILDING PERMITS							
	Month of September							
	New Construction				Repairs, etc.			
	Number	Cost		Number	Cost			
	1950	1949	1950	1949	1950	1949	1950	1949
Evansville.....	83	85	\$ 158	\$ 130	96	112	\$ 135	\$ 64
Little Rock...	79	61	1,380	471	224	345	773	118
Louisville.....	227	199	1,585	1,015	70	93	51	108
Memphis.....	2,436	2,321	4,643	3,112	197	196	221	128
St. Louis.....	347	342	3,126	2,800	280	256	1,002	676
Sept. Totals...	3,172	3,008	\$10,892	\$7,528	867	1,002	\$2,182	\$1,094
Aug. Totals...	3,470	3,080	\$11,537	\$9,374	931	971	\$1,258	\$1,094

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks	Stock
	Sept., 1950 compared with Aug., '50		9 mos. '50 to same period '49	on Hand Sept. 30, '50 comp. with Sept. 30, '49	Turnover Jan. 1, to Sept. 30 1950 1949
	Aug., '50	Sept., '49			
8th F. R. District...	+ 7%	+10%	+ 5%	+14%	2.92 2.89
Ft. Smith, Ark.....	+ 5	+ 9	+ 4	+14	2.89 2.98
Little Rock, Ark....	+12	+12	+ 6	+28	2.83 3.04
Quincy, Ill.....	+ 8	+ 7	+ 4	+ 6	2.64 2.49
Evansville, Ind.....	+ 6	+14	+10	+ 6	2.86 2.65
Louisville, Ky.....	+ 4	+14	+ 9	+23	3.22 3.14
St. Louis Area <sup>1</sup> .....	+ 8	+ 9	+ 4	+12	2.90 2.87
St. Louis, Mo.....	+ 7	+10	+ 4	+13	2.92 2.88
Springfield, Mo.....	- 2	+ 6	+ 7	+11	2.69 2.47
Memphis, Tenn.....	+ 9	+ 9	+ 5	+ 8	2.97 2.95
*All other cities.....	-0-	+ 7	+ 6	+13	2.43 2.33

\*El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>1</sup> Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill. Outstanding orders of reporting stores at the end of September, 1950, were 21 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding Sept. 1, 1950, collected during September, by cities:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	47%	42%	Quincy.....	17%	63%
Little Rock.....	16	42	St. Louis.....	19	52
Louisville.....	18	50	Other Cities....	13	60
Memphis.....	17	45	8th F.R. Dist.	18	49

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

**8th Federal Reserve District**

	Sept., 1950	Aug., 1950	July, 1950	Sept., 1949
Sales (daily average), unadjusted <sup>2</sup> .....	363	318	326	335
Sales (daily average), seasonally adjusted <sup>2</sup> .....	360	370	418	332
Stocks, unadjusted <sup>3</sup> .....	361	322	295	311
Stocks, seasonally adjusted <sup>3</sup> .....	325	295	283	280

<sup>2</sup> Daily average 1935-39=100.

<sup>3</sup> End of month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales			Stocks	Stock
	Sept., 1950 compared with Aug., '50		9 mos. '50 to same period '49	on Hand Sept. 30, '50 comp. with Sept. 30, '49	Turnover Jan. 1, to Sept. 30 1950 1949
	Aug., '50	Sept., '49			
Men's Furnishings....	+24%	+10%	- 1%	+16%	1.75 1.79
Boots and Shoes.....	+29	+10	+ 1	- 1	3.31 3.21

Percentage of accounts and notes receivable outstanding Sept. 1, 1950, collected during September:

Men's Furnishings.....	45%	Boots and Shoes.....	42%
Trading days: September, 1950—25; August, 1950—27; September, 1949—25.			

**RETAIL FURNITURE STORES\*\***

	Net Sales		Inventories		Ratio of Collections	
	Sept., 1950 compared with Aug., '50		Sept., 1950 compared with Aug., '50		Sept., '50	Sept., '49
	Aug., '50	Sept., '49	Aug., '50	Sept., '49	Sept., '50	Sept., '49
8th Dist. Total!...	- 7%	+23%	+ 8%	+29%	21%	23%
St. Louis Area <sup>1</sup> ...	-11	+22	+ 6	+35	28	32
St. Louis.....	-12	+22	+ 6	+35	27	32
Louisville Area <sup>2</sup> ...	+ 3	+40	+14	+36	15	15
Louisville.....	+ 1	+36	+ 4	+39	14	14
Memphis.....	- 9	+13	+ 4	- 3	15	14
Little Rock.....	+ 8	+25	+ 3	+14	17	16
Springfield.....	- 3	+28	+ 4	+32	17	19
Fort Smith.....	- 9	+29	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

\*\*41 stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	September, 1950	August, 1950	September, 1949
Cash Sales.....	13%	13%	12%
Credit Sales.....	87	87	88
Total Sales.....	100%	100%	100%

tion of credit controls and in fear of future shortages. Through mid-September consumer buying was concentrated on items that were under credit regulations when controls were in effect last year. But even though consumers stepped up their buying somewhat just before credit restrictions were announced, the month's sales were below the August level.

Reporting stores in the district did 9 per cent less business in September than in the previous month—but 19 per cent more than in September last year. Cash sales were up 19 per cent from those a year ago—the third month in a row that cash transactions were larger than last year. Credit volume also was up, as it has been every month this year except in April. The increase in September amounted to 21 per cent.

**The Effect of Regulation W**—As a part of its program aimed at dampening down the inflationary pressures in the economy, the Board of Governors reimposed controls over down payment and maturity requirements of instalment sales and loans, effective September 18. The initial standards that were established were not particularly restrictive judged by the trend of sales of covered items and the continued rise in instalment credit during late September and early October. Effective October 16, more stringent terms were imposed.

In this district, the initial restrictions seemed to have their largest effect on the used automobile market, somewhat less impact on demand for appliances and similar household equipment, and least effect on the new car market. In the used car field, it should be noted, the market in several parts of the district had begun to weaken late in August (prior to Regulation W). Demand for new cars remained strong in most of the major district cities after the initial credit requirements were announced. The principal exception was in Memphis, where sales dropped sharply.

Sales of major appliances and other major durable items in department stores were up somewhat in the week prior to September 18. During the remainder of the month and in the first two weeks in October sales dropped back—in some cases to a level not much different from that which prevailed in June. Volume remained larger than a year ago except for major appliances.

Instalment credit sales in department stores in August represented 12 per cent of total sales. In September they accounted for 10 per cent of the total. The ratio also declined during the same period in the two previous years—but not quite as sharply as this year. In 1949 the decline was from

10 per cent to 9 per cent, and in 1948, from 9 per cent to 8 per cent. In 1947 there was no change between August and September.

Open credit sales represented a larger proportion of total sales in September than in August, but a rising ratio is customary for the period. This year the ratio moved from 42 per cent in August to 46 per cent in September. Last year and in 1948 the increase was from 41 per cent to 45 per cent—and in 1947, from 41 per cent to 43 per cent.

**Inventories—Outstanding Orders**—Inventories at department and furniture stores were a little larger at the end of September than they were a month earlier, in terms of retail value. At department stores the value of stocks was up 10 per cent and was 14 per cent higher than at the end of September last year. Furniture stores reported an 8 per cent increase during September—to a level that was 21 per cent above that of a year ago.

Department store buyers currently report that advance orders are being placed with somewhat more caution now than in July and August when consumer scare-buying was at its peak. Outstanding orders on September 30 were 10 per cent less than on August 31 and totaled 21 per cent more than at the end of September last year.

## AGRICULTURE

Emphasis in 1951 from the U. S. Department of Agriculture will be on promotion of abundant production. This has become evident in recent days with the announcement that no curbs will be imposed on cotton production. A crop of 16 million bales is requested, about the size of the 1949 crop, but more than 6 million bales larger than the 1950 crop. The wheat crop has been set for 73 million acres which on the average should produce 1.2 billion bushels of wheat. A high price for wheat has been assured farmers—equivalent to the 1950 support price, or 90 per cent of the July, 1951 parity, whichever is higher. Oats, rye and barley will be supported in the same relation to corn as in 1950.

Good weather in most district states during the first half of October speeded crop maturity and harvesting. Weather conditions during September were not favorable, but the October 1 crop prospects for the nation on the whole were not much different than the September forecast. Corn production estimates were lowered 45 million to 3,117 million bushels, a drop of 1.5 per cent. This decrease was largely in the northern areas of the Corn Belt where there was frost damage. The bulk of the crop apparently has escaped serious damage that would have resulted from an early frost. Small increases

were forecast for oats, barley, peanuts and soybeans production. Although the total tobacco production estimate is virtually unchanged from a month earlier, the burley and dark estimates were lower. The declines in district types of tobacco were offset by expected increases in flue-cured types.

Indicated cotton production in district states was off further in September. The declines were 20,000 bales in Mississippi, Missouri and Tennessee, and 10,000 bales in Arkansas. The crop of 3,230,000 bales indicated for these four states is 960,000 bales less than in 1949.

Prices received by farmers increased 5 points to an index of 272 on September 15 (1910-14=100). Record high cotton prices were important contributors to this price rise. Prices of citrus fruits and many other farm products also were higher. At the same time prices paid by farmers increased 1 point to 269 as a result of higher prices for lumber, feeder livestock, and other items. The parity ratio widened to 105, the highest since October, 1948.

Cash farm income for the first three quarters of 1950 is estimated at \$18.7 billion, 4 per cent less than in 1949. The drop is due to a slightly smaller volume of marketings since prices thus far in 1950 average about the same as in 1949. In district states cash farm receipts for the first seven months were 7 per cent less than a year earlier. However, receipts nationally in August were 7 per cent above August, 1949, and in September were slightly above September, 1949. Crop prices in September were 15 per cent higher than a year earlier, but marketings were much lower.

## AGRICULTURE

### CASH FARM INCOME

(In thousands of dollars)	Aug., 1950	Aug., 1950 compared with		8 month total 1950	8 month total Jan. to Aug. 1950 compared with	
		July, 1950	Aug., 1949		1949	1948
Arkansas.....	\$ 17,919	-20%	-14%	\$ 165,246	-27%	-24%
Illinois.....	137,361	-13	-15	1,046,533	2	-13
Indiana.....	84,728	0	5	559,924	3	-15
Kentucky.....	30,243	-18	-13	300,447	2	8
Mississippi.....	13,777	2	+ 4	112,157	-50	-50
Missouri.....	87,288	-14	-12	574,336	4	-10
Tennessee.....	27,134	1	+ 5	215,280	7	-22
Totals.....	\$398,450	-10%	-10%	\$2,973,923	8%	-16%

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Sept., 1950	Sept., 1950 compared with Aug., '50	Sept., '49	Sept., 1950	Sept., 1950 compared with Aug., '50	Sept., '49
Cattle and calves....	131,684	+ 6%	-20%	51,303	+36%	-33%
Hogs.....	209,040	- 4	- 1	56,393	-23	-15
Sheep.....	61,641	-24	-16	24,264	-43	- 9
Horses.....						
Totals.....	402,365	- 5%	-10%	131,960	-14%	-22%

**BANKING**

**PRINCIPAL ASSETS AND LIABILITIES  
FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)	Change from		
	Oct. 11, 1950	Sept. 13, 1950	Oct. 12, 1949
Industrial advances under Sec. 13b.....	\$ .....	\$ .....	\$ .....
Other advances and rediscounts.....	6,320	-10,639	+ 1,483
U. S. securities.....	1,076,012	+24,402	+113,219
<b>Total earning assets.....</b>	<b>\$1,082,532</b>	<b>\$+13,763</b>	<b>\$+116,702</b>
Total reserves.....	658,283	\$+23,616	\$-125,631
Total deposits.....	686,489	+24,380	- 33,610
F. R. notes in circulation.....	1,050,253	+ 8,834	- 27,082
Industrial commitments under Sec. 13b..	\$ .....	\$ .....	\$ .....

**PRINCIPAL ASSETS AND LIABILITIES  
WEEKLY REPORTING MEMBER BANKS  
EIGHTH FEDERAL RESERVE DISTRICT  
(In thousands of dollars)**

34 banks reporting

ASSETS	Change from		
	Oct. 11, 1950	Sept. 13, 1950	Oct. 12, 1949
Gross commercial, industrial and agricultural loans and open market paper..	\$ 613,771	\$+67,627	\$+ 96,125
Gross loans to brokers and dealers in securities .....	5,651	- 13	- 428
Gross loans to others to purchase and carry securities .....	25,692	+ 1,323	+ 4,837
Gross real estate loans.....	230,448	+ 5,689	+ 47,751
Gross loans to banks.....	20,121	+15,144	+ 18,785
Gross other loans (largely consumer credit loans) .....	265,761	+ 36	+ 54,143
<b>Total .....</b>	<b>\$1,161,444</b>	<b>\$+89,806</b>	<b>\$+221,213</b>
Less reserve for losses.....	12,233	+ 90	+ 2,670
<b>Net total loans.....</b>	<b>\$1,149,211</b>	<b>\$+89,716</b>	<b>\$+218,543</b>
Treasury bills .....	49,105	- 7,192	- 6,050
Certificates of indebtedness.....	25,188	-10,786	-226,731
Treasury notes .....	269,692	-38,923	+229,116
U. S. bonds and guaranteed obligations..	619,412	+ 8,927	-160,867
Other securities .....	186,107	- 8,549	+ 18,355
<b>Total investments .....</b>	<b>\$1,149,504</b>	<b>\$-56,523</b>	<b>\$-146,177</b>
Cash assets .....	806,422	+ 4,071	+ 11,017
Other assets.....	27,077	- 2,834	+ 2,584
<b>Total assets .....</b>	<b>\$3,132,214</b>	<b>\$+34,430</b>	<b>\$+ 85,967</b>
<b>LIABILITIES</b>			
Demand deposits of individuals, partnerships, and corporations.....	\$1,630,473	\$- 6,619	\$+109,619
Interbank deposits .....	608,803	+67,461	- 54,410
U. S. Government deposits.....	64,979	- 6,940	+ 11,026
Other deposits .....	107,690	- 9,261	- 13,681
<b>Total demand deposits.....</b>	<b>\$2,411,945</b>	<b>\$+44,641</b>	<b>\$+ 52,554</b>
Time deposits .....	490,524	+ 98	+ 4,988
Borrowings .....	8,300	-14,545	+ 6,800
Other liabilities .....	30,492	+ 2,283	+ 11,340
<b>Total capital accounts.....</b>	<b>190,953</b>	<b>+ 1,953</b>	<b>+ 10,285</b>
<b>Total liabilities and capital accounts</b>	<b>\$3,132,214</b>	<b>\$+34,430</b>	<b>\$+ 85,967</b>
Demand deposits, adjusted*.....	\$1,467,650	\$- 5,502	\$+ 70,954

\*Other than interbank and government demand deposits, less cash items on hand or in process of collection.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	September, 1950	August, 1950	September, 1949	September, 1950 compared with Aug., '50	Sept., '49
El Dorado, Ark.....	\$ 24,645	\$ 24,117	\$ 20,766	+ 2%	+19%
Fort Smith, Ark.....	45,809	41,905	39,206	+ 9	+17
Helena, Ark.....	7,518	6,131	8,191	+23	- 8
Little Rock, Ark.....	144,415	130,844	114,708	+10	+26
Pine Bluff, Ark.....	29,869	25,167	31,966	+19	- 7
Texarkana, Ark.*.....	11,790	10,796	10,572	+ 9	+12
Alton, Ill.....	26,035	25,871	22,351	+ 1	+16
E. St. L.-Nat. S. V., Ill.....	125,791	126,890	115,301	- 1	+ 9
Quincy, Ill.....	31,449	31,767	28,768	- 1	+ 9
Evansville, Ind.....	133,782	144,305	124,797	- 7	+ 7
Louisville, Ky.....	568,454	637,109	468,238	-11	+21
Owensboro, Ky.....	42,659	40,935	31,196	+ 4	+37
Paducah, Ky.....	15,756	16,555	13,139	- 5	+ 20
Greenville, Miss.....	22,679	18,362	21,560	+24	+ 5
Cape Girardeau, Mo.....	12,856	12,514	11,242	+ 3	+14
Hannibal, Mo.....	9,195	9,099	8,069	+ 1	+14
Jefferson City, Mo.....	61,659	47,354	53,209	+30	+16
St. Louis, Mo.....	1,659,331	1,718,468	1,422,609	- 3	+17
Sedalia, Mo.....	11,946	10,979	9,491	+ 9	+26
Springfield, Mo.....	69,362	68,889	55,500	+ 1	+25
Jackson, Tenn.....	19,345	19,106	19,475	+ 1	- 1
Memphis, Tenn.....	764,709	646,815	538,294	+18	+42
<b>Totals.....</b>	<b>\$3,839,054</b>	<b>\$3,813,978</b>	<b>\$3,168,648</b>	<b>+ 1%</b>	<b>+21%</b>

\*These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$31,177.

**BANKING**

The Federal Reserve System in September and early October continued to attempt to slow general bank credit expansion and instituted two selective credit controls limiting the amount of consumer and real estate construction credit borrowers could obtain.

In the Eighth District, as in the nation, however, bank loans continued to rise. Total district bank credit expanded with loans increasing at more than double the normal rate. Deposits increased more than bank credit expanded as funds flowed into the district—partly as a result of interest payments and cash redemptions by the Treasury. And debits to deposit accounts at the 22 reporting centers increased 21 per cent over the September, 1949 level—an indication, in view of the much more modest percentage growth (5 per cent) in the volume of these deposits, of an increased rate of turnover of these deposits, compared with a year ago.

Loans at all member banks in the Eighth District rose \$91 million in September. Part of this expansion was offset by a reduction in investments. Large city banks, accounting for \$78 million of the loan growth, expanded all types of loans. Business loans accounted for nearly three-fourths of the dollar growth in the month and showed the sharpest percentage growth. Though loans at smaller banks increased only \$13 million in September, this gain was larger than the typical increase for this period.

For the entire third quarter, the loan expansion at all district member banks amounted to \$210 million. This was slightly more than four times the third quarter increase in 1949—also a period of expanding business and banking activity.

The following table gives selected items of assets and liabilities for the weekly reporting banks as of October 11 and dollar changes from mid-September and a year ago. The chart shows the sharp expansion in business and agricultural loans at these banks since midyear.

**SELECTED ITEMS OF ASSETS AND LIABILITIES  
EIGHTH DISTRICT WEEKLY REPORTING MEMBER BANKS  
(Millions of dollars)**

	Oct. 11, 1950	Dollar Change in	
		4 Weeks	Year
Business and agricultural loans.....	\$ 613.8	+ 67.6	+ 96.1
Real Estate Loans.....	230.4	+ 5.7	+ 47.8
Loans on securities.....	31.3	+ 1.3	+ 4.4
Loans to banks.....	20.1	+ 15.2	+ 18.8
Other Loans (largely consumer)....	265.8	-0-	+ 54.1
<b>TOTAL LOANS (Gross).....</b>	<b>\$1,161.4</b>	<b>+ 89.8</b>	<b>+221.2</b>
Total Investments .....	1,149.5	- 56.5	-146.2
Time Deposits .....	490.5	+ 0.1	+ 5.0
Demand Deposits Adjusted.....	1,467.7	- 5.5	+ 71.0

Real estate loans outstanding at the weekly reporting member banks at mid-October were \$6 million over the level four weeks previously. They

increased 10 per cent during the third quarter after climbing 25 per cent during the twelve months to June 30. Last April real estate loans represented 20 per cent of the 34 banks' total loans and 8.8 per cent of their earning assets. In October the ratio to total loans was the same as in April, but the ratio to earning assets was up to 10 per cent.

**Trends in Savings**—Accompanying the district-wide growth in bank credit and its more rapid use, there is some evidence of a declining volume of individuals' liquid savings in the third quarter of the year. Sales of E bonds in all district counties from January through July were 12 per cent less

than in the corresponding period in 1949. In August, these sales dropped 24 per cent below the volume of a year ago. Monthly average sales dropped from \$17 million in the first seven months to \$12 million in August. Sales of F and G bonds also declined more—relative to their year ago volumes—in August than during the previous months of the year.

Time deposits in all district member banks continued to decline in September. These deposits have decreased since the end of June, 1950, reversing the upward trend that prevailed in the previous twelve months.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Sept., 1950	Aug., 1950 to Sept., 1950	Sept., 1949 to Sept., 1950	Sept., 1950	Aug., 1950 to Sept., 1950	Sept., 1949 to Sept., 1950	Sept., 1950	Aug., 1950 to Sept., 1950	Sept., 1949 to Sept., 1950
<b>Assets</b>									
1. Loans and Investments.....	\$3,929	\$+ 3	\$+146	\$2,288	\$+ 9	\$+ 79	\$1,641	\$- 6	\$+ 67
a. Loans .....	1,708	+ 91	+282	1,131	+ 78	+211	577	+ 13	+ 71
b. U.S. Government Obligations.....	1,846	- 84	-170	968	- 63	-158	878	- 21	- 12
c. Other Securities .....	375	- 4	+ 34	189	- 6	+ 26	186	+ 2	+ 8
2. Reserves and Other Cash Balances.....	1,194	+ 37	+ 27	751	+ 29	+ 55	443	+ 8	- 28
a. Reserves with the F.R. Bank.....	574	+ 3	+ 10	372	+ 2	+ 17	202	+ 1	- 7
b. Other Cash Balances <sup>3</sup> .....	620	+ 34	+ 17	379	+ 27	+ 38	241	+ 7	- 21
3. Other Assets .....	43	- 5	+ 2	27	- 1	-0-	16	- 4	+ 2
4. Total Assets .....	<u>\$5,166</u>	<u>\$+ 35</u>	<u>\$+175</u>	<u>\$3,066</u>	<u>\$+ 37</u>	<u>\$+134</u>	<u>\$2,100</u>	<u>\$- 2</u>	<u>\$+ 41</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,797	\$+ 46	\$+123	\$2,330	\$+ 46	\$+101	\$1,467	\$ -0-	\$+ 22
a. Deposits of Banks.....	555	+ 19	- 41	523	+ 18	- 38	32	+ 1	- 3
b. Other Demand Deposits.....	3,242	+ 27	+164	1,807	+ 28	+139	1,435	- 1	+ 25
6. Time Deposits .....	980	- 5	+ 10	494	- 3	+ 4	486	- 2	+ 6
7. Borrowings and Other Liabilities.....	55	- 9	+ 20	49	- 8	+ 19	6	- 1	+ 1
8. Total Capital Accounts.....	334	+ 3	+ 22	193	+ 2	+ 10	141	+ 1	+ 12
9. Total Liabilities and Capital Accounts....	<u>\$5,166</u>	<u>\$+ 35</u>	<u>\$+175</u>	<u>\$3,066</u>	<u>\$+ 37</u>	<u>\$+134</u>	<u>\$2,100</u>	<u>\$- 2</u>	<u>\$+ 41</u>

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.



# Survey of Current Conditions

Economic trends in the district and the nation continue to be influenced by expansionary forces. District production rose in October as it did nationally. But the rate of increase is slowing down. With industry operating at practical capacity further increases in output are difficult to obtain.

Most of the goods coming from factories and mines still are for civilian consumption. The amount going to the military is relatively small—but the bite is getting larger. It will be bigger in December than in October—and even larger in subsequent months. Unless total output can be increased proportionately, civilians thus are faced with prospects of dividing up a declining share of total output.

The pressure of demand for the military already is showing up in specific lines. The allocation order with respect to aluminum is one example. The directive channeling steel into the construction of freight cars is another. These restrictions and those announced previously mean less materials available for civilian goods.

But civilian income continues to rise—reflecting increasing employment, longer hours and rising wage rates for workers. Farm income prospects are good. Business profits are large. The disparity between civilian purchasing power arising from current income and the amount of goods and services available to civilians is widening. This disparity is accentuated by increasing use of credit and by dips into past savings. And thus inflationary pressures mount up.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Oct., '50	Sept., '50	Oct., '49	Oct., 1950 compared with	
				Sept., '50	Oct., '49
All Commodities.....	169.1	169.5	152.2	- 0.2%	+11.1%
Farm Products..	177.8	180.4	159.6	- 1.5	+11.4
Foods.....	172.5	177.2	159.6	- 2.7	+ 8.1
Other.....	161.5	159.2	145.0	+ 1.4	+11.4

CONSUMER PRICE INDEX					
Bureau of Labor Statistics (1935-39=100)	Oct. 15, 1950	Sept. 15, 1950	Oct. 15, 1949	Oct. 15, 1950 compared with	
				Sept. 15, '50	Oct. 15, '49
United States.....	174.8	173.8	168.5	+ 0.6%	+ 3.7%

RETAIL FOOD					
Bureau of Labor Statistics (1935-39=100)	Oct. 15, 1950	Sept. 15, 1950	Oct. 15, 1949	Oct. 15, 1950 compared with	
				Sept. 15, '50	Oct. 15, '49
U. S. (51 cities)....	209.0	208.5	200.6	+ 0.2%	+ 4.2%
St. Louis.....	220.0	220.5	207.5	- 0.2	+ 6.0
Little Rock.....	209.5	211.7	198.2	- 1.0	+ 5.7
Louisville.....	198.0	199.9	189.7	- 1.0	+ 4.4
Memphis.....	218.9	220.6	209.7	- 0.8	+ 4.4

Consumer demand continues to be heavy—not as pronounced as in the immediate post-Korea period, but heavy by almost any other comparative standard. And prospects are better for increase in such demand than for decrease.

Business expenditures also are large—and again prospects are for increases rather than cutbacks. Inventory build-up is still a problem, particularly at the manufacturers level, and efforts to add to existing stocks are likely to be a strong force tending to offset whatever slack might develop as a result of a leveling off period in consumers' buying. Total business inventories at the beginning of October were less than 1 per cent larger than at the end of June, on a book value basis, despite a 7 per cent rise in wholesale prices. Manufacturers' stocks were valued only slightly above the level of a year earlier, although production is up some 20 to 25 per cent.

Business expenditures for inventories are only part of the picture. Outlays for new plant and equipment also are being enlarged, according to a recent McGraw-Hill survey. This study indicates that manufacturers will spend some \$7.3 billion in 1950 instead of the \$6.8 billion they expected to spend as of last April. Total outlays are estimated at \$14.1 billion for the year instead of \$13.2 billion as executives previously planned to spend. These expenditures are likely to be important next year too. This survey indicates business now is planning to invest 10 per cent more in plant and equipment in 1951 than in 1950—20 per cent more in manufacturing industries.

## EMPLOYMENT

Nonagricultural employment in the St. Louis area edged upward between September and October

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	October, 1950 compared with		
Data furnished by Bureau of Census, U.S. Dept. of Commerce*	Sept., '50	Oct., '49	Oct. 31, 1949
Automotive Supplies.....	- 9%	+ 7%	+ 9%
Drugs and Chemicals.....	+ 1	+16	+ 4
Dry Goods.....	- 9	+13	+18
Groceries.....	- 6	+ 5	+33
Hardware.....	+ 4	+34	+ 9
Tobacco and its Products...	-0-	+12	+11
Miscellaneous.....	+ 1	+18	+ 2
**Total All Lines.....	- 3%	+20%	+15%

\*Preliminary.  
\*\*Includes certain items not listed above.

to set a new all-time high. In October, the tenth consecutive month to show an employment increase, approximately 4 per cent more persons were working than a year ago. The tremendous employment gains made by the St. Louis area in the past decade are shown by the fact that there were almost 200,000 or one-third more workers this October than in October, 1940.

Manufacturing was primarily responsible for the September-October gain. Employment in wholesale and retail trade advanced slightly, but the rest of the nonmanufacturing industries reported relatively stable employment levels.

Total employment in the nation in October was at the second highest level in history—having been surpassed only last August when many summer workers were in the labor force. Employment moved upward between September and October due to gains in farm employment, while nonagricultural employment remained about the same.

The jump in farm employment between September and October was the largest for this time of year in the last ten years. Unusually favorable weather in October was partly responsible for the high employment.

Nonagricultural employment in October was about a million lower than the August peak, but was considerably higher than in any previous October. Although nonfarm employment remained relatively stable between September and October, changes occurred in its composition. A large number of youths left their jobs to return to school or to enter the Armed Forces. Replacements for these men were drawn from the unemployed and from women entering the labor force. October was the first month in which the speeded-up inductions of

the armed services had a noticeable effect on the labor market.

Unemployment dropped substantially between September and October to reach a new low for the year. The number of persons seeking jobs in October was only slightly higher than the postwar low of late 1947, and was about half as large as in October, 1949.

In the seven district states, insured unemployment in mid-October was about 12 per cent less than in mid-September and about 56 per cent less than a year ago. In St. Louis, the number of compensable claims for unemployment insurance in October was about the same as in September, but was about half the October, 1949 volume.

**INDUSTRY**

Industrial operations in the district continued at a high level in October. Manufacturing activity was up slightly during the month and production of coal and crude oil also increased. Industrial power consumption in the major cities was up 7 per cent in the month. The value of new construction put under contract declined, but this drop was largely seasonal.

**Manufacturing Operations Continue to Rise**

Producers of heavy goods showed the largest increases in October. Operating schedules climbed higher in the machinery, transportation equipment, and primary metals industries. Gains also were indicated in the chemicals group.

In St. Louis, the basic steel industry operated at an average weekly rate of 85 per cent of capacity in October. In November, operations moved higher, averaging 88 per cent of capacity—the highest level since 1944.

Lumber production in the southern pine region averaged slightly larger in October than in the previous month and was at the highest level since mid-1948. There was a slight decline in activity in the hardwoods industry.

Fifty of Kentucky's 61 distilleries were in operation at the end of October. This is the same number as were in production at the close of September and represents the highest level of operations since early in 1948.

Distillers currently are making every effort to produce a maximum amount of whiskey for storage in anticipation of increasing alcohol requirements of the reactivated synthetic rubber industry. The beverage spirits industry has been ordered to channel approximately 15 to 20 per cent of its total August production of whiskey and alcohol to the butadiene program for November. An increasing amount of alcohol will be needed in December, and

**INDUSTRY**

CONSUMPTION OF ELECTRICITY					
(K.W.H. in thous.)	Oct., 1950	Sept., 1950	Oct., 1949	Oct., 1950 compared with	
	K.W.H.	K.W.H.	K.W.H.	Sept., '50	Oct., '49
Evansville.....	13,681	13,534	11,359	+ 1.1%	+20.4%
Little Rock.....	4,583	4,780	4,913	- 4.1	- 6.7
Louisville.....	75,378	73,993	73,049	+ 1.9	+ 3.2
Memphis.....	29,119	25,321	26,090	+15.0	+11.6
Pine Bluff.....	7,870	7,348	5,079	+ 7.1	+55.0
St. Louis.....	104,823	95,568	83,957 <sub>R</sub>	+ 9.7	+24.9
Totals.....	235,454	220,544	204,447 <sub>R</sub>	+ 6.8%	+15.2%
	<i>r</i> -Revised.				

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS					
	First Nine Days				
	Oct., '50	Sept., '50	Oct., '49	Nov., '50	Nov., '49
	126,548	118,541	105,284	36,138	31,323
				1,128,865	1,044,361
	Source: Terminal Railroad Association of St. Louis.				

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	Oct., 1950	Sept., 1950	Oct., 1949	Oct., 1950 compared with	
				Sept., '50	Oct., '49
Arkansas.....	82.1	81.7	72.1	-0-%	+14%
Illinois.....	178.1	177.3	180.3	-0-	- 1
Indiana.....	31.1	31.1	28.5	-0-	+ 9
Kentucky.....	28.9	27.9	23.5	+ 4	+23
Total.....	320.2	318.0	304.4	+ 1%	+ 5%

by early 1951 it is expected that from 50 to 70 per cent of the distilling industry's capacity will be used for the Government's rubber program.

**Production of Coal and Oil is Up**

Coal production increased for the third consecutive month, according to preliminary reports. Output was up about 4 per cent for the entire district. Except in Arkansas, production was larger than during September in each of the district's mining areas. Total tonnage mined was 10 million tons as against 9.6 millions in September.

Production of crude oil continued the upward trend that began in July. Output in October averaged 320,000 barrels per day—the largest since January, 1947. In September production averaged 318,000 barrels per day and in October, 1949 it was only 304,400 barrels. Increases over September occurred in each of the producing areas except Illinois.

Well drilling activity apparently picked up in October. Preliminary weekly reports for the four weeks to October 28 show a total of 553 completions in the district states as against 538 in the previous four-week period. The number of oil producing wells was slightly higher but a larger proportion of completions were nonproducers. Trade reports indicate that drilling activity is handicapped currently by some shortages of specialized steel products.

**Construction Contracts, Building Permits Off in October**

There was a slight decline in the value of construction put under contract in the district during October. A drop in residential awards and heavy engineering construction accounted for the dip. The value of work authorized by building permits issued in the major cities also declined due primarily to a decrease in residential building authorized.

Total construction contracts amounted to \$77 million in October as compared with \$87 million in September. Residential awards dropped to \$28 million for a decline of 35 per cent from September. Non-residential work put under contract totaled \$48 million or 10 per cent larger than in the previous month.

The value of construction authorized by building permits issued in the major cities was off 12 per cent in October. There were increases in Louisville and Evansville but these were more than offset by declines in the other cities. Most of the drop was due to a substantial decrease in permits for alterations; new construction was off only 6 per cent. New residential awards declined 20 per cent, however, and totaled less than in September in each city except St. Louis.

The value of residential construction put under contract in the St. Louis territory (F. W. Dodge Corporation) in October was off 45 per cent from September when awards were at an all-time peak. The October volume was 15 per cent larger than in October 1949, however. Most of the decline from September was in multi-family units. Contracts for single-family dwellings—speculative housing as well as owner-built units—also declined but percentage-wise the reduction in each case was smaller this year than last.

In the nonresidential field, heavy engineering awards were off 35 per cent from the September volume. There was a drop in manufacturing construction, too, but contracts for commercial and other nonresidential construction climbed sharply to a new peak for the year.

**TRADE**

October sales levels made few retailers happy. Sales were high but not as high as hoped for. After an unusually cool summer they had looked to the fall season to bolster lagging apparel sales volume. But 1950 saw the warmest October in several years and winter apparel stayed on the racks. In the hard goods lines tightening of instalment credit controls on October 16 had limiting effects on sales. The sellers' market which had developed after Korea in the automobile, appliance and furniture lines had shown some signs of weakening prior to credit regulations. The first Regulation W was not strict and had little effect save to cause some further weakening in auto sales. The amended Regulation hit harder.

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Oct., '50	Sept., '50	Oct., '49	Oct., '50	Sept., '50	Oct., '49
156*	154*	53	145*	147*	49
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Aug., '50	July, '50	Aug., '49	Aug., '50	July, '50	Aug., '49
165	154	147	170	160	152

\*Preliminary.

**CONSTRUCTION**

BUILDING PERMITS Month of October								
(Cost in thousands)	New Construction		Cost		Repairs, etc.			
	Number	Cost	Number	Cost	Number	Cost	Cost	
	1950	1949	1950	1949	1950	1949	1949	
Evansville.....	78	71	\$ 170	\$ 610	69	81	\$ 175	\$ 79
Little Rock....	92	102	1,058	687	218	244	142	175
Louisville.....	223	180	1,828	741	86	83	118	74
Memphis.....	2,432	1,180	4,023	4,035	290	186	273	103
St. Louis.....	346	344	3,147	1,906	265	242	638	1,458
Oct. Totals....	3,171	2,877	\$10,226	\$7,979	928	836	\$1,346	\$1,889
Sept. Totals...	3,172	3,008	\$10,892	\$7,528	867	1,002	\$2,182	\$1,094

TRADE

DEPARTMENT STORES

	Net Sales			Stocks on Hand Oct. 31, '50 comp. with Oct. 31, '49	Stock Turnover Jan. 1, to Oct. 31, 1950 1949
	Oct., 1950	10 mos. 1950	10 mos. 1950		
	compared with Sept., '50	to same period 1949	to same period 1949		
8th F. R. District..	- 8%	- 2%	+ 4%	+20%	3.18 3.24
Ft. Smith, Ark.....	- 7	- 3	+ 3	+18	3.15 3.33
Little Rock, Ark....	-16	- 4	+ 5	+27	3.05 3.36
Quincy, Ill.....	- 5	-0-	+ 3	+ 8	2.96 2.83
Evansville, Ind.....	-12	+ 6	+10	+13	3.09 2.93
Louisville, Ky.....	- 3	+ 6	+ 9	+24	3.51 3.49
St. Louis Area <sup>1</sup> .....	- 8	- 5	+ 3	+22	3.16 3.23
St. Louis, Mo.....	- 7	- 5	+ 3	+22	3.18 3.24
Springfield, Mo.....	-13	- 3	+ 6	+10	2.92 2.76
Memphis, Tenn.....	- 8	- 2	+ 4	+10	3.24 3.27
*All other cities.....	- 5	- 5	+ 5	+22	2.66 2.64

\*El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>1</sup> Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill.

Outstanding orders of reporting stores at the end of Oct., 1950, were 10 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding Oct. 1, 1950, collected during October, by cities:

	Instalment Accounts		Excl. Instal. Accounts		Instalment Accounts		Excl. Instal. Accounts
	.....%	49%			.....%	58%	
Fort Smith .....	16	42	17	56			
Little Rock.....	19	50	13	56			
Louisville.....	17	45	18	51			

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Oct., 1950	Sept., 1950	Aug., 1950	Oct., 1949
Sales (daily average), unadjusted <sup>1</sup> .....	326	363	318	331
Sales (daily average), seasonally adjusted <sup>2</sup> ..	305	360	370	309
Stocks, unadjusted <sup>3</sup> .....	409	361	322	333
Stocks, seasonally adjusted <sup>3</sup> .....	365	325	295	298

<sup>1</sup> Daily average 1935-39=100.

<sup>2</sup> End of Month Average 1935-39=100.

SPECIALTY STORES

	Net Sales			Stocks on Hand Oct. 31, '50 comp. with Oct. 31, '49	Stock Turnover Jan. 1, to Oct. 31, 1950 1949
	Oct., 1950	10 mos. '50	10 mos. '50		
	compared with Sept., '50	to same period '49	to same period '49		
Men's Furnishings..	+15%	- 2%	+21%	1.93	2.04
Boots and Shoes.....	-14	+ 2	+ 6	3.63	3.55

Percentage of accounts and notes receivable outstanding Oct. 1, 1950, collected during October:

Men's Furnishings .....	44%	Boots and Shoes.....	44%
Trading days: October, 1950—26; September, 1950—25; October, 1949—26.			

RETAIL FURNITURE STORES\*\*

	Net Sales		Inventories		Ratio of Collections	
	Oct., 1950	Oct., '49	Oct., 1950	Oct., '49	Oct., '50	Oct., '49
	compared with Sept., '50	compared with Sept., '49	compared with Sept., '50	compared with Sept., '49	Oct., '50	Oct., '49
8th Dist. Total <sup>1</sup> ..	-10%	+ 7%	+ 4%	+29%	21%	23%
St. Louis Area <sup>2</sup> ..	- 7	+14	+ 4	+36	27	30
St. Louis.....	- 7	+13	+ 4	+36	27	30
Louisville Area <sup>3</sup> ..	-18	+ 3	+ 2	+28	15	18
Louisville.....	-17	+ 1	+ 1	+30	14	18
Memphis.....	-14	-10	+ 3	- 4	13	15
Little Rock.....	-22	- 3	+10	+13	19	18
Springfield.....	- 9	+22	+ 5	+28	17	18
Fort Smith.....	+ 3	+ 5			*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

\*\*42 stores reporting.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	October, 1950	September, 1950	October, 1949
Cash Sales .....	15%	13%	13%
Credit Sales .....	85	87	87
Total Sales .....	100%	100%	100%

**Department Stores**—Sales volume in October was 8 per cent less than in September and 2 per cent less than in October, 1949. The contra-seasonal decline from the previous month placed adjusted daily average sales in October at 305 per cent of the 1935-39 average. In September, 1950 adjusted sales were 360 per cent and in October, 1949 they were 309 per cent of the five-year base. For the year to date, sales were 4 per cent larger than in 1949. Total sales for 1950 at the end of the first ten months were slightly behind those of the comparable period in 1948, but a successful holiday shopping season may result in a new record for total district department store sales.

Since June, 1950 the consumer scramble to purchase appliance, television and furniture lines has provided the impetus to boost total store sales volume over that in 1949. Sales in the homefurnishings divisions of St. Louis department stores peaked in August, 1950—have declined since—but still are in larger volume than in the first six months. Homefurnishings sales in October were off 8 per cent from September and were 4 per cent less than in October, 1949. Women's-misses apparel and accessories volume (the largest factor in total store sales) during October was 14 per cent less than in the previous month and was down 8 per cent from a year ago. Men's and boys' wear sales also totaled less than in either September or October, 1949. The only major division to gain from the previous month was the miscellaneous merchandise division (toys, sporting goods, luggage, etc.) where sales were 7 per cent above those in September but were 15 per cent below a year ago.

Inventories held by department stores on October 31 were 14 per cent larger than on September 30 and 20 per cent above those on October 31, 1949. The huge sales volume that built up immediately after Korea brought on a rush to place orders to keep inventory apace with sales. Orders were placed in such volume that manufacturers extended delivery dates in many lines. With some drop from the immediate post-Korea buying wave orders were a little out of line with current sales. Cancellations plus reduction of new orders resulted in a volume of orders outstanding on October 31 which was 20 per cent less than at the end of September. In comparison to year-ago figures, orders were 10 per cent larger—a somewhat smaller increase than was true of the preceding months.

**Specialty Stores**—In St. Louis, women's specialty store sales during October were about one-tenth less than in both September and October, 1949. Men's wear store sales for the district were down from the previous month but larger than

in 1949. Sales volume at both types of stores suffered from warm weather and the volume of hard goods purchases.

The retail value of inventories at St. Louis women's apparel stores on October 31 was 9 per cent larger than on September 30 but was 4 per cent less than on October 31, 1949. District men's wear stores inventories on October 31 were slightly larger than a month earlier and about one-fifth larger than a year ago.

**Furniture Stores**—District furniture store sales volume, while one-tenth under that in the previous month, was 7 per cent larger than in October, 1949. The initial terms of instalment credit regulations had little apparent effect on sales but the mid-October amendment reportedly slowed sales. Shortages limited sales volume to some extent—but shortages were on specific items and not general. The retail value of inventories on October 31 was slightly above that on September 30 and 29 per cent larger than on October 31, 1949.

AGRICULTURE

Good weather in October and early November permitted late district crops to mature. The November 1 production estimates for most crops, however, were not much changed from those made a month earlier—much of the harvest, of course, was already over. Cotton prospects were off in all district states but Arkansas (nationally, the cotton output estimate was raised 3 per cent). Corn production was judged 25 million bushels smaller in Illinois and Indiana, but from a district standpoint this was offset some by estimate increases in Kentucky, Arkansas and Mississippi. Soybean prospects were unchanged in Indiana, Illinois, and Tennessee but were somewhat better elsewhere. Burley tobacco production is now figured some 3 per cent larger than at the time of the previous forecast.

Fall wheat plantings were in generally good condition throughout the district, but the good harvest weather had resulted in less-than-adequate surface moisture—especially in Missouri. General rains in early November, however, have helped this situation.

**Farm Outlook in 1951**—Farmers in the United States can expect to receive 10 per cent more for their farm products in 1951, if the estimate of the economists of the United States Department of Agriculture proves to be correct. This was the view expressed at the recent Agricultural Outlook Conference held in Washington in the first week of November. It was pointed out, however, that current farm prices are considerably above the yearly average for 1950. Thus, a 10 per cent increase for

1951 does not mean a 10 per cent increase from November levels.

At the same time prices that farmers pay are expected to increase by at least 5 per cent. This would increase the parity and thus the support level of agricultural products by that amount. If ceilings are placed on farm prices, it also could have the effect of raising the minimum ceilings that can be set. According to the Defense Production Act of 1950, the minimum ceiling price that can be set is parity or the May 24-June 24, 1950 price, whichever is higher.

Given average weather in 1951, farm marketings may be larger than in 1950 by about 5 per cent. These large marketings, coupled with a higher average ratio between prices received and paid, are expected to result in a net farm income about 15 per cent larger than in 1950. This would mean a cash farm income of \$30.5 billion in 1951 compared with \$27.6 billion in 1950. Net income would be \$15.3 billion, compared with \$13.3 billion in 1950.

The USDA will call for abundant production in 1951 in order to meet the increased demands of the civilian population, as well as to provide reserves for contingencies that might develop. Production goals will be set. Price supports will be used to encourage production of those crops and products most needed. Presumably this would mean supports for milk, eggs, meat, in addition to cotton, wheat and tobacco.

BANKING

At all district member banks, total loans rose \$79 million in October. Here, as in the nation as a whole, the increase was concentrated in commercial loans. Also, as in the entire nation, the greatest increases were reported by banks in southern cities where cotton is moving to market at high prices.

Data from weekly reporting banks show that

AGRICULTURE

(In thousands of dollars)	CASH FARM INCOME					
	Sept., 1950			9 month total Jan. to Sept. 1950		
	Sept., 1950	August, 1950	September, 1949	1950	1950 compared with 1949	
Arkansas.....	\$ 37,185	+108%	-45%	\$ 202,431	-27%	-19%
Illinois.....	135,427	- 2	- 5	1,181,960	- 4	-12
Indiana.....	89,114	+ 5	- 5	649,038	- 6	-14
Kentucky.....	36,409	+20	+ 2	336,856	- 3	- 8
Mississippi.....	55,695	+304	+ 9	167,852	-37	-33
Missouri.....	87,870	+ 1	- 7	662,206	- 3	- 9
Tennessee.....	29,777	+10	-37	245,057	-10	-20
Totals.....	\$471,477	+18%	-12%	\$3,445,400	- 9%	-14%

	RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS					
	Receipts			Shipments		
	Oct., 1950	Oct., 1950 compared with Sept., '50	Oct., '49	Oct., 1950	Oct., 1950 compared with Sept., '50	Oct., '49
Cattle and calves....	139,599	+ 6%	-16%	56,314	+10%	-27%
Hogs.....	257,983	+23	- 2	51,147	- 9	-10
Sheep.....	56,146	- 9	+ 1	17,921	-26	+36
Totals.....	453,728	+13%	- 6%	125,382	- 5%	-15%

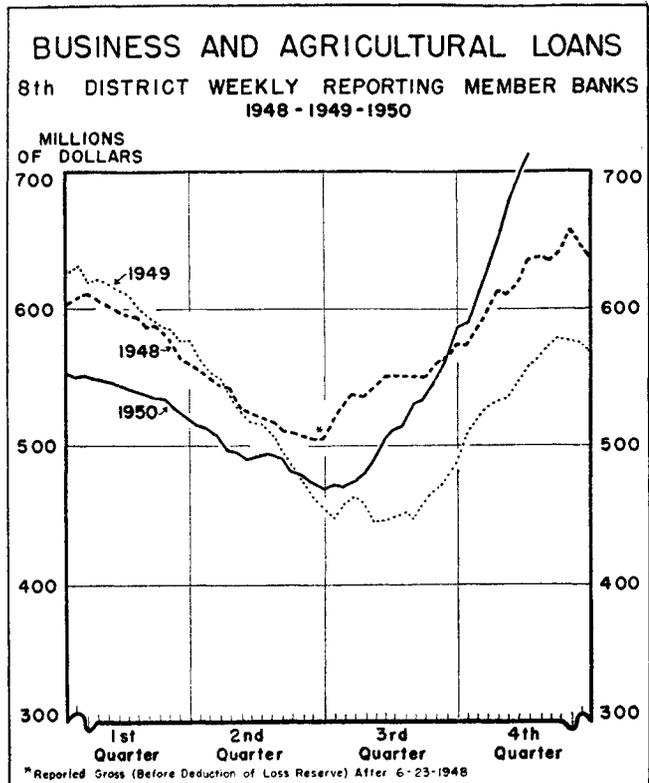
commercial loans continued to climb in the first half of November (as shown in the chart). In the four weeks ending November 15, these loans increased \$79 million—over two times the average post-war increase for this period. Banks at all centers reported gains but the greatest increases were at the St. Louis area and Memphis banks. A large share of the increase in these centers was occasioned by crop movements into the hands of processors. Loans secured by real estate gained \$2.5 million in the four weeks compared to an average \$4 million per month gain during the previous year.

“Other” (largely consumer) loans seem to have leveled off but still are 22 per cent above the year-ago level.

**SELECTED ITEMS OF ASSETS AND LIABILITIES**  
 Eighth District Weekly Reporting Member Banks  
 (Millions of dollars)

	Nov. 15, 1950	Dollar Change in	
		4 Weeks	Year
Business and Agricultural Loans.....	\$ 712.7	\$+ 79.3	\$+157.1
Real Estate Loans.....	233.8	+ 2.5	+ 47.4
Loans on Securities.....	31.3	— 0.2	+ 5.1
Loans to Banks.....	2.8	— 0.7	+ 0.3
Other Loans (largely consumer)....	264.5	— 3.6	+ 45.9
<b>TOTAL LOANS (Gross).....</b>	<b>\$1245.1</b>	<b>\$+ 77.3</b>	<b>\$+255.8</b>
Total Investments .....	1136.5	— 17.1	—132.6
Total Demand Deposits.....	2590.3	+155.0	+197.5
Time Deposits .....	491.2	—0-	+ 5.7
Adjusted Demand Deposits*.....	1451.5	— 10.9	+ 63.1

\*Other than interbank and government demand deposits, less cash items on hand or in process of collection.



## DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	October, 1950	September, 1950	October, 1949	October, 1950 compared with	
				Sept., '50	Oct., '49
El Dorado, Ark.....	\$ 25,309	\$ 24,645	\$ 22,246	+ 3%	+14%
Fort Smith, Ark.....	46,016	45,809	42,781	-0-	+ 8
Helena, Ark.....	13,755	7,518	11,216	+83	+23
Little Rock, Ark.....	158,542	144,415	136,564	+10	+16
Pine Bluff, Ark.....	48,217	29,869	38,564	+61	+25
Texarkana, Ark.*.....	12,992	11,790	11,343	+10	+15
Alton, Ill.....	27,125	26,035	23,173	+ 4	+17
E. St. L.-Nat. S. Y., Ill....	138,844	125,791	117,832	+10	+18
Quincy, Ill.....	34,389	31,449	31,133	+ 9	+10
Evansville, Ind.....	146,150	133,782	114,795	+ 9	+27
Louisville, Ky.....	621,820	568,454	498,913	+ 9	+25
Owensboro, Ky.....	41,095	42,659	35,480	- 4	+16
Paducah, Ky.....	16,054	15,756	14,078	+ 2	+14
Greenville, Miss.....	32,843	22,679	24,221	+45	+36
Cape Girardeau, Mo.....	12,627	12,856	11,635	- 2	+ 9
Hannibal, Mo.....	9,632	9,195	8,444	+ 5	+14
Jefferson City, Mo.....	54,991	61,659	52,293	-11	+ 5
St. Louis, Mo.....	1,756,112	1,659,331	1,496,054	+ 6	+17
Sedalia, Mo.....	11,710	11,946	9,627	- 2	+22
Springfield, Mo.....	69,712	69,362	58,200	+ 1	+20
Jackson, Tenn.....	31,708	19,345	25,794	+64	+23
Memphis, Tenn.....	920,340	764,709	696,137	+20	+32
Totals.....	\$4,229,983	\$3,839,054	\$3,480,523	+10%	+22%

\*These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$32,361.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)

Assets	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Sept., 1950	Oct., 1950	Oct., 1949	Sept., 1950	Oct., 1950	Oct., 1949	Sept., 1950	Oct., 1950	Oct., 1949
1. Loans and Investments.....	\$4,001	\$+ 72	\$+158	\$2,351	\$+ 63	\$+ 92	\$1,650	\$+ 9	\$+ 66
a. Loans .....	1,787	+ 79	+313	1,202	+ 71	+235	585	+ 8	+ 78
b. U.S. Government Obligations.....	1,845	- 1	-178	967	- 1	-157	878	-0-	- 21
c. Other Securities .....	369	- 6	+ 23	182	- 7	+ 14	187	+ 1	+ 9
2. Reserves and Other Cash Balances.....	1,277	+ 83	+ 50	802	+ 51	+ 61	475	+ 32	- 11
a. Reserves with the F.R. bank.....	597	+ 23	+ 17	389	+ 17	+ 18	208	+ 6	- 1
b. Other Cash Balances <sup>3</sup> .....	680	+ 60	+ 33	413	+ 34	+ 43	267	+ 26	- 10
3. Other Assets .....	44	+ 1	+ 4	28	+ 1	+ 2	16	-0-	+ 2
4. Total Assets .....	<u>\$5,322</u>	<u>\$+156</u>	<u>\$+212</u>	<u>\$3,181</u>	<u>\$+115</u>	<u>\$+155</u>	<u>\$2,141</u>	<u>\$+ 41</u>	<u>\$+ 57</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,965	\$+168	\$+177	\$2,454	\$+124	\$+130	\$1,511	\$+ 44	\$+ 47
a. Deposits of Banks.....	663	+108	- 6	622	+ 99	- 8	41	+ 9	+ 2
b. Other Demand Deposits.....	3,302	+ 60	+183	1,832	+ 25	+138	1,470	+ 35	+ 45
6. Time Deposits .....	981	+ 1	+ 8	496	+ 2	+ 5	485	- 1	+ 3
7. Borrowings and Other Liabilities.....	43	- 12	+ 9	38	- 11	+ 10	5	- 1	- 1
8. Total Capital Accounts.....	333	- 1	+ 18	193	-0-	+ 10	140	- 1	+ 8
9. Total Liabilities and Capital Accounts.....	<u>\$5,322</u>	<u>\$+156</u>	<u>\$+212</u>	<u>\$3,181</u>	<u>\$+115</u>	<u>\$+155</u>	<u>\$2,141</u>	<u>\$+ 41</u>	<u>\$+ 57</u>

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.



system of priorities, allocations and limitation orders may be essential to insure that such defense requirements can be met quickly. Broad scale direct price and wage controls also may be needed to prevent the economy from getting into distortions that would themselves imperil efficient production. We must keep our major objective before us—a free and peaceful world—and not permit that objective to be jeopardized at the expense of less important considerations. The question with respect to direct controls should be settled on the basis of reason, however, and not of sentiment.

**... but they are no substitute for fiscal-monetary measures.**

It is important to understand that fiscal-monetary medicine is just as necessary if we are to have a system of direct price and wage controls as if we do not have such a system. The direct controls by themselves do little to bring the money supply and the goods supply into balance. With controlled prices, accompanied perhaps by rationing, there is naturally a tendency for direct controls to slow down spending at the time, to reduce the rate of turnover of money, and to force some savings. But basically such direct controls suppress inflation rather than cure it—they push the effects of inflation off into the future. They are no substitute for the fundamental attack on inflation.

**The future will be hard.**

As I said in beginning this article, the occasion is not one for optimism. We face a hard and demanding future. We have to make a series of hard choices that probably will change the shape of America for a long time to come. The questions that confront us are many and complicated. No one can prescribe in full the course we should follow. We must rest our faith on the conviction that freedom and the dignity of individual man will survive, and we must be willing to sacrifice and fight to make that come true.

# Survey

Inflationary pressures are still building up in the district and the nation. Production increases during recent months have been sizable—but not so large as to offset the expansion occurring in purchasing power and in total demand.

Employment and payrolls are moving higher in the district's industrial centers. Consumers are spending as much as or more than they did a year tions on instalment credit. Construction expenditures are still large but have been reduced somewhat by cold weather and, in some parts of the district, by materials shortages. Private credit expansion also is adding to the inflationary pressures—here and elsewhere in the nation.

The problem of curbing further inflationary developments will become increasingly difficult during the coming months. The President's message of December 15 pointed to considerable expansion in defense requirements. Even the comparatively modest military outlays of the last six months, together with the large civilian demand for goods and services, pushed wholesale prices up 10 per cent and consumers' prices up 3 per cent or more since June. These are average increases, of course. In some lines advances have been considerably larger.

Price advances, of course, reflect the sharp competition that exists for the available supplies of goods and services. Such competition will be more intense during the next six months than it was during the past half year—unless further steps are taken to curtail demand. The nature of the problems that can be expected to arise is illustrated by recent estimates of anticipated business expendi-

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Nov., '50	Oct., '50	Nov., '49	Nov., 1950 compared with	
				Oct., '50	Nov., '49
All Commodities....	171.6	169.1	151.6	+ 1.5%	+13.2%
Farm Products...	183.7	177.8	156.8	+ 3.3	+17.2
Foods.....	175.2	172.5	158.9	+ 1.6	+10.3
Other.....	163.5	161.5	145.0	+ 1.2	+12.8

CONSUMER PRICE INDEX					
Bureau of Labor Statistics (1935-39=100)	Nov. 15, 1950	Oct. 15, 1950	Nov. 15, 1949	Nov., 1950 compared with	
				Oct., '50	Nov., '49
United States.....	175.6	174.8	168.6	+ 0.5%	+ 4.2%

RETAIL FOOD					
Bureau of Labor Statistics (1935-39=100)	Nov. 15, 1950	Oct. 15, 1950	Nov. 15, 1949	Nov. 15, 1950 compared with	
				Oct. 15, '50	Nov. 15, '49
U. S. (51 cities).....	209.5	209.0	200.8	+ 0.2%	+ 4.3%
St. Louis.....	221.1	220.0	208.6	+ 0.5	+ 6.0
Little Rock.....	210.1	209.5	198.8	+ 0.3	+ 5.7
Louisville.....	198.8	198.0	188.3	+ 0.4	+ 5.6
Memphis.....	216.9	218.9	210.2	- 0.9	+ 3.2

# of Current Conditions

tures for plant and equipment. Such outlays in the nation during the first quarter of 1951 are expected to be up 30 per cent from the comparable period in 1950 and larger than in any previous first quarter. Ultimately these expenditures will result in an increased flow of goods. But until the new capacity is brought into production, industry's demand for steel and other materials required to complete the planned expansion will mean less materials available for consumption goods—and will intensify the inflationary pressures. Limitation orders on civilian use of certain strategic materials will lead to cuts in consumer durables output and will add to the pressure.

Consumers' expenditures also are large—and since employment and income are expected to climb higher, the prospects are for a continuation of large-scale spending. Personal income in the nation is now at an annual rate of upwards of \$230 billion. This is more than \$13 billion larger than the annual rate in June. Increased wage and salary receipts, which reflect higher wage rates, more overtime and larger employment, were largely responsible for the expansion in total income.

When the near-term prospects for civilian demand are coupled with those for military expenditures, there can be little doubt that increasingly serious economic problems will require solutions during 1951. To some extent, voluntary actions may help, but there is only remote possibility that they will prove effective enough. Much stronger fiscal-monetary policies will be needed to prevent a rising money supply from competing for a smaller volume of civilian goods, and, if pressures intensify, the economic areas subject to Governmental control can be expected to broaden considerably.

## EMPLOYMENT

Seasonal patterns prevailed in the district and national labor market during November. As could be expected at this time of year, agricultural employment dropped as harvesting was nearly completed; nonagricultural employment edged upward, due mainly to gains in trade and other industries affected by the Christmas rush; and unemployment went up slightly as women and youths entered the labor market to seek temporary Christmas jobs.

Although the actual change in the number of persons employed between October and November was not too significant, other developments in the

labor market were. Some factory workers in the nation were apparently laid off in November due to dislocations in industries affected by the war program. This might be the first sign of the unemployment problem which could develop during the next few months as more industries face the problem of conversion. Other significant labor market trends in the nation and in the district in November included a number of wage increases granted workers, more migration of workers from rural areas into the larger cities, and entry into the labor force of more women seeking industrial jobs.

In the St. Louis area, employment moved upward in November for the eleventh consecutive month and reached a new all-time high. November employment was about 5 per cent higher than at the same time last year, and was about 37 per cent higher than in November, 1940. The gain in employment between October and November was due principally to a seasonal rise in trade employment which more than offset a drop in construction activity. Manufacturing employment reached a new peacetime high in November, although its gain between October and November was relatively minor. No manufacturing industry experienced a significant change in employment during this period, but small increases occurred in the food, printing and publishing, basic and fabricated metals, non-electrical machinery and transportation equipment industries. Small declines took place in the apparel, tobacco, leather, and stone-clay-glass industries.

Employment in the Louisville area in November followed the same pattern as in St. Louis. The largest increases occurred in nonmanufacturing industries; gains in Government and trade employment more than compensated for a loss in construction jobs. Manufacturing employment was at a

## WHOLESALE

Line of Commodities Data furnished by Bureau of Census U. S. Dept. of Commerce*	Net Sales Nov., '50 compared with		Stocks Nov. 30, '50 compared with
	Oct., '50	Nov., '49	Nov. 30, '49
Automotive Supplies.....	+ 3%	+29%	+19%
Drugs and Chemicals.....	- 2	+ 9	+14
Dry Goods.....	-15	+12	+41
Groceries.....	+ 6	+ 6	+29
Hardware.....	- 9	+17	+18
Tobacco and its Products.....	- 4	+ 1	+28
Miscellaneous.....	- 6	- 8	+31
**Total All Lines.....	- 6%	+ 9%	+24%

\*Preliminary.  
\*\*Includes certain items not listed above.

peacetime high in November due to additional workers hired by the furniture, chemicals and primary metals industries.

Nationally, more people were seeking work in November than in October. Unemployment was considerably lower than last November, but was higher than in November, 1948. Practically all of the decline over the past year was accounted for by men. Although employment of women during the year increased nearly as much as that of men, more women than men entered the labor force.

In the seven district states, the volume of insured unemployment in mid-November was about the same as in mid-October. Insured unemployment edged upward in Arkansas, Kentucky, Missouri and Tennessee, but these increases were offset by a large drop in Indiana. Less than half as many persons in the district states collected unemployment compensation this November as a year ago. The largest percentage declines were in Illinois and Indiana. In mid-November in St. Louis, there were about 7 per cent fewer compensable claims than in mid-October and 50 per cent fewer than a year ago.

**INDUSTRY**

Eighth District industrial operations continued on a high level in November, although there were some slight declines in a few lines. Industrial power consumption at the leading district cities was the same as in October. Slaughter of Federally inspected meat animals at the St. Louis yards rose to the highest level since last December, reflecting heavier hog marketings. Crude oil production declined slightly but coal tonnage was practically unchanged.

**Manufacturing Operations**

The St. Louis basic steel industry operated at 88 per cent of capacity in November, a 3 per cent increase over the previous month. Operations were scheduled at a lower level (84 per cent) for the first three weeks of December, however. Announcement of the re-opening of a plant (closed since World War II) for the production of armor plate for tanks indicates higher future activity.

Production of southern pine and hardwood declined in November—a usual seasonal movement.

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Nov.'50	Oct.'50	Nov.'49	Nov.'50	Oct.'50	Nov.'49
156*	156*	149	142*	145*	135
*Preliminary.					
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Sept.'50	Aug.'50	Sept.'49	Sept.'50	Aug.'50	Sept.'49
183	180	136	181	186	135

Pine production decreased in each week of the month, and the production index stood at 208 at the end of the month as compared to 218 a month earlier. Hardwood operations, stated as a per cent of capacity, declined from 106 to 101 in November. Both month-end figures were above year-ago figures, however.

Kentucky had 44 of its 61 distilleries in operation at the end of November. Bulk whiskey prices and stocks are high and warehousing is extremely tight. Some distillers have been working to build up inventories before a larger share of capacity goes to the synthetic rubber program. Some others, however, have large stocks and inadequate storage.

**Oil Production Declines—Coal Output Steady**

Crude oil production declined somewhat in November, breaking a climb that began in July. Daily average production for four states was 315,000 barrels per day compared to 320,000 in October. This slight drop left average output higher than a year ago, and higher than in all but three of 1950's months, however. In the first week of December, Kentucky daily oil production passed Indiana's for the first time this year. This was due in large part to the new 1,200 acre Zion pool in Henderson County, Kentucky.

Nationally the petroleum industry is greatly concerned about steel shortages and drilling operations. Oil equipment fabricators recently received a 25 per cent cut in steel allocation, but industry officials hope for an upward revision of this cut. With sufficient steel, 40,000 wells may be drilled in 1950 without difficulty. Drilling for the first 10 months promised a possible record of 43,000 wells for the year.

**INDUSTRY**

(K.W.H. in thous.)	CONSUMPTION OF ELECTRICITY				
	Nov., 1950	Oct., 1950	Nov., 1949	Nov., 1950 compared with	
	K.W.H.	K.W.H.	K.W.H.	Oct., '50	Nov., '49
Evansville..	14,057	13,681	11,938	+ 2.7%	+17.8%
Little Rock	6,365	5,868R	5,014	+ 8.5	+26.9
Louisville...	77,757	75,378	69,954	+ 3.2	+11.2
Memphis....	30,159	29,119	27,491	+ 3.6	+ 9.7
Pine Bluff..	8,815	7,870	6,071	+12.0	+45.2
St. Louis....	99,447	104,823	76,050	- 5.1	+30.8
Totals.....	236,600	236,739	196,518	- 0.1%	+20.4%
R—Revised.					
LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS					
	First Nine Days				
Nov., '50	Oct., '50	Nov., '49	Dec., '50	11 mos.'50	11 mos.'49
115,346	126,548	101,995	35,300	30,348	1,244,211
Source: Terminal Railroad Association of St. Louis.					
CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	Nov., 1950 compared with				
	Nov., 1950	Oct., 1950	Nov., 1949	Oct., '50	Nov., '49
Arkansas .....	81.5	82.1	73.4	- 1%	+11%
Illinois .....	173.9	178.1	181.0	- 2	- 4
Indiana .....	30.1	31.1	28.7	- 3	+ 5
Kentucky .....	29.9	28.9	24.9	+ 3	+20
Total .....	315.4	320.2	308.0	- 2%	+ 2%

So far in 1950, drilling activities for the nation have gained 11 per cent in terms of completions and 13.4 per cent in footage. Ohio, Kentucky, Illinois, Indiana, and Michigan were up 8.1 per cent in wells, 3.3 per cent in completions and 11 per cent in footage over 1949. A 5 per cent increase in footage was reported for Louisiana, Arkansas, Mississippi, Alabama, Georgia, Florida and Tennessee.

Coal production in the district in November remained about the same as in October—10 million tons. The index of daily average production, seasonally adjusted, rose from 145 to 153, however (1935-39 = 100). Slight tonnage decreases appeared for all district states except Missouri, where production increased about 50,000 tons.

#### Building Permits and Construction Contracts Smaller than in October but Larger than Year Ago

The value of construction authorized by building permits declined in November in the reporting cities. Totalling \$8.3 million, the month's volume was off 28 per cent from that in October but was 11 per cent larger than in November, 1949. Construction contracts awarded also were off during the month. In the St. Louis territory there was a drop of 37 per cent, according to F. W. Dodge Corporation reports.

The decline in building permits issued in the major cities was consistent with the usual trend between October and November. Since 1939 there have been only two years—1942 and 1945—when the value of permits increased during November. The decline this year was larger than average, however, and was exceeded only in 1939, 1941, and 1948.

Residential permits also were off during the month but by a substantially smaller percentage—9 per cent—than that for all construction. Reductions occurred in each city except Little Rock where permits were up 5 per cent. Although the five city total volume was less than in October, it was 22 per cent larger than in November, 1949—and the decline from October was smaller than that in the same period in either of the preceding three years.

### CONSTRUCTION

(Cost in thousands)	BUILDING PERMITS Month of November							
	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
1950	1949	1950	1949	1950	1949	1950	1949	
Evansville.....	54	42	\$ 188	\$ 270	36	47	\$ 61	\$ 20
Little Rock....	1,898	2,347	3,560	3,539	180	141	129	99
Louisville.....	133	136	663	548	57	51	66	63
Memphis.....	91	101	1,042	562	131	227	104	106
St. Louis.....	301	336	1,953	1,841	184	214	539	419
Nov. Totals...	2,477	2,962	\$ 7,406	\$ 6,760	588	680	\$ 899	\$ 707
Oct. Totals....	3,171	2,877	\$10,226	\$7,979	928	838	\$1,346	\$1,889

### TRADE

The average retailer's frame of mind at the end of November reflected the line of trade he was in. Soft goods dealers were happy. Their sales were good—but not sensational. But hard goods dealers were unhappy—their sales volume was down from the high levels of the few months previous—mainly the result of instalment credit controls and anticipatory buying earlier in the year.

**Department Stores**—In the district November sales gained more than seasonally from October and were 6 per cent larger than in November, 1949. During the month temperatures in much of the district were unseasonably low; and the bad weather that coincided with "post-Thanksgiving sales" did much to limit volume at the start of the holiday buying season. But even so adjusted daily average sales in the month rose to 316 per cent of the 1935-39 average as compared with 305 per cent in October. In November, 1949 they were 300 per cent.

Without exception November sales in the reporting major district cities were larger than in October. Less-than-district average percentage gains occurred in Springfield and Little Rock. Elsewhere in the district increases equaled or exceeded that for the district as a whole.

Cumulative 1950 sales through November were 5 per cent larger than in 1949 but were about 2 per cent less than in the peak year of 1948. Preliminary reports through mid-December indicate that holiday shopping was in heavy volume but not as "frantic" as in several of the postwar years. Many department store executives expect that sales during the 1950 Christmas season will equal or slightly exceed those in 1949, even though buying started slowly.

Apparently reflecting some pressure from rising prices, consumers concentrated buying in basement divisions of St. Louis department stores. Basement store sales in November gained 11 per cent from last year as compared to a gain of 3 per cent in the upstairs store. Downstairs women's and misses' apparel and accessories were up 3 per cent while in the upstairs divisions sales were only fractionally above those in 1949. Men's and boys' wear sales in the basement were more than a third larger than in 1949—while upstairs the gain was 15 per cent. Basement store shoe sales were about one-sixth larger than a year ago—upstairs the gain was 3 per cent.

Housefurnishing sales in the main store were 2 per cent larger than last year. Television sales—long the spark plug of this division—were a fifth larger than a year ago, even after dropping sharply from the inflated post-Korean level.

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks	Stock	
	Nov., 1950		11 mos. '50	on Hand	Turnover	
	compared with	to same				
Oct., '50	Nov., '49	period 1949	Nov. 30, '50	Nov. 30, 1950	Nov. 30, 1949	
8th F. R. District.	+18%	+ 6%	+ 5%	+19%	3.51	3.61
Ft. Smith, Ark.....	+12	+15	+ 4	+15	3.50	3.68
Little Rock, Ark..	+25	+ 2	+ 4	+23	3.37	3.76
Quincy, Ill.....	+10	+ 7	+ 4	+ 6	3.14	3.16
Evansville, Ind.....	+25	+13	+10	+19	3.45	3.32
Louisville, Ky.....	+14	+ 7	+ 8	+25	3.86	3.89
St. Louis Area 1.....	+18	+ 6	+ 3	+20	3.49	3.61
St. Louis, Mo.....	+18	+ 6	+ 3	+21	3.50	3.61
Springfield, Mo.....	+ 9	+ 1	+ 6	+11	3.18	3.05
Memphis, Tenn.....	+19	+ 7	+ 5	+11	3.59	3.64
*All other cities....	+10	+10	+ 6	+23	2.91	2.92

\*El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>1</sup> Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill.

Outstanding orders of reporting stores at the end of November, 1950, were 25 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding November 1, 1950, collected during November, by cities:

	Instalment		Excl. Instal.	
	Accounts	Accounts	Accounts	Accounts
Fort Smith.....	....%	51%	Quincy.....	15%
Little Rock....	14	46	St. Louis.....	18
Louisville.....	18	48	Other Cities....	14
Memphis.....	17	44	8th F.R. Dist.	17

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	Nov., 1950	Oct., 1950	Sept., 1950	Nov., 1949
Sales (daily average), unadjusted <sup>2</sup> .....	398	326	363	378
Sales (daily average), seasonally adjusted <sup>2</sup> ....	316	305	360	300
Stocks, unadjusted <sup>3</sup> .....	400	409	361	329
Stocks, seasonally adjusted <sup>3</sup> .....	374	365	325	308

<sup>2</sup> Daily average 1935-39=100.

<sup>3</sup> End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales			Stocks	Stock	
	Nov., 1950		11 mos. 1950	on Hand	Turnover	
	compared with	to same				
Oct., '50	Nov., '49	period '49	Nov. 30, '50	Nov. 30, 1950	Nov. 30, 1949	
Men's Furnishings....	+ 9%	+ 5%	- 1%	+20%	2.14	2.28
Boots and Shoes.....	- 6	+ 6	+ 1	+12	3.93	3.87

Percentage of accounts and notes receivable outstanding November 1, 1950, collected during November:

Men's Furnishings..... 44% Boots and Shoes..... 43%

Trading days: Nov., 1950—25; Oct., 1950—26; Nov., 1949—25.

**RETAIL FURNITURE STORES\*\***

	Net Sales		Inventories		Ratio	
	Nov., 1950		Nov., 1950		of	
	compared with	compared with	compared with	compared with	Collections	
Oct., '50	Nov., '49	Oct., '50	Nov., '49	Nov., '50	Nov., '49	
8th Dist. Total <sup>1</sup> ....	- 9%	- 3%	+ 1%	+19%	24%	25%
St. Louis Area <sup>2</sup> ....	- 8	+ 6	- 2	+ 9	50	50
St. Louis.....	- 8	+ 5	- 2	+ 9	52	51
Louisville Area <sup>3</sup> ....	-25	-21	+ 6	+36	13	15
Louisville.....	-24	-22	+ 6	+38	13	14
Memphis.....	- 5	-24	- 4	- 3	13	13
Little Rock.....	- 1	-19	- 3	+ 6	16	16
Springfield.....	-15	+15	+ 6	+33	17	17
Fort Smith.....	-16	- 6	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

\*\*— stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Nov., '50	Oct., '50	Nov., '49
Cash Sales .....	15%	14%	13%
Credit Sales .....	85	86	87
Total Sales .....	100%	100%	100%

The retail value of inventories held by district stores on November 30 was slightly above that on October 31 but was about one-fifth larger than on November 30, 1949. Outstanding orders on November 30, while 20 per cent less than on October 31, were 25 per cent larger than a year ago.

**Furniture Stores**—After 13 consecutive months of beating year-ago figures, district furniture store sales in November declined 3 per cent from last year. In analyzing the lower sales volume, furniture store executives point to the large volume of sales after Korea during normally slow summer months. The imposition of credit regulations and the color TV controversy also are regarded as limiting factors. The full effect of the excise tax imposed on TV and related items on November 1 was not felt in the month. The tax is imposed at the manufacturer's level and retailers had built up tax-free inventories.

The retail value of furniture store inventories on November 30 was slightly higher than that on October 31 and was 19 per cent larger than on November 30, 1949.

**AGRICULTURE**

As a result of the National Emergency, the Department of Agriculture probably will announce more specific production goals for various crops, livestock, and livestock products than was contemplated earlier. Goals and support programs, however, had been geared toward encouraging bountiful production since shortly after the start of the Korean war. According to the Defense Act of 1950, price ceilings for agricultural products cannot be set below the parity price or the price existing just prior to the outbreak of the Korean war, whichever is higher. Prices of cottensed, veal calves, beef cattle, lambs and wool all had a parity index of 128 or higher on November 15. Hog prices were below parity on that date so any ceilings would be above then existing prices. Most other agricultural prices also were below parity at mid-November.

Agricultural activity in the district was at a minimum during December. Crop harvesting was completed for the most part during the favorable late fall weather. The wheat crop was generally in good condition. However, dry soil in parts of Missouri retarded growth. The severe cold during November and December was beneficial in the mid-South area by reducing the number of boll weevils that will live through the winter.

Farmers' financial positions improved during 1950. Although both farm mortgage and short-term debt increased, the value of farmers' assets increased

more. For farmers as a whole, proprietors' equities are higher at the beginning of 1951 than they were in 1950, or at any other previous date. The financial position of many individual farmers, however, may be vastly different than the average indicates. The data cannot be separated to show the financial position of those in and out of debt, but it is a fair guess that a large share of the liquid assets are in the hands of non-debtors.

Total assets are estimated to be 5 per cent higher in January, 1951 than a year earlier. Much of this increase represents higher values for real estate which was estimated to have increased 8 per cent in value during the year. Livestock, machinery and household goods, as a result of both higher prices and net addition, increased in value 6 per cent. Financial assets, however, declined about 1 per cent as a result of lower net farm incomes in 1950 compared with 1949, and stepped up rates of purchasing.

Farm mortgage debt continued to increase for the fifth straight year. The increase was about \$300 million, or 5 per cent. Non-real estate debt increased about 10 per cent to a total of \$5.6 billion.

Generally higher prices for most agricultural products pushed the index of prices received by farmers up 8 points to 276 (1910-14 = 100) during the month ending November 15. Highest prices on record were being received for cotton, cottonseed, calves, lambs and wool. On the other hand, prices paid by farmers also rose to an all-time high, 263 or 18 points higher than a year earlier, and 1 point above the previous peak reached in mid-1948.

**BANKING**

There was no let up in inflationary pressure during November. Bank credit expanded in the Eighth District and the entire country. Nationally, commercial bank loans jumped \$1.6 billion (3 per cent).

Districtwise, member bank loans increased \$75 million in the month.

The growth in loan volume has been principally in business loans. According to November reports from all weekly reporting member banks (accounting for \$1.5 billion of the \$1.6 billion increase in all commercial bank loans), roughly half of the gain was in business loans.

Growth in business loans is to be expected during this period, but the expansion in November exceeded normal seasonal experience and surpassed the 1946 and 1947 growth—both periods of increasing inflationary pressure. There are indications that loan expansion has been mainly in the form of commodity inventory and other inventory loans—partly reflecting higher prices and partly expanded physical volumes. A relatively small share of the loan growth has been due to plant and equipment expansion and only an insignificant share was attributable to defense contracts up to the end of November.

Among Federal Reserve districts, the greatest percentage gain in business loans during the month occurred at Eighth District weekly reporting member banks. These banks added more than twice as much percentagewise to their business loan volumes as the national gain.

In the Eighth District in the first part of November, business loans increased sharply at Memphis as these banks were called on to finance the movement of the 1950 crop plus a large volume of cotton previously stored by the CCC and released to processors at high prices. Loans on real estate were up—mainly in the St. Louis and Evansville areas. But consumer loans showed virtually no change during

**AGRICULTURE**

**CASH FARM INCOME**

(In thousands of dollars)	Oct., 1950 compared with			10 month total Jan. to Oct. 1950 compared with	
	Oct., 1950	Sept., 1950	Oct., 1949	1950	1949
Arkansas	\$128,452	+245%	+26%	\$ 330,883	-13%
Illinois	218,977	+ 62	- 2	1,400,937	- 4
Indiana	115,332	+ 29	- 0	764,370	- 5
Kentucky	33,646	- 8	- 7	370,502	- 3
Mississippi	138,631	+149	+40	306,483	-16
Missouri	131,384	+ 50	+ 4	793,590	- 2
Tennessee	62,929	+111	- 1	307,986	- 8
Totals	\$829,351	+ 76%	+ 8%	\$4,274,751	- 6%

**RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS**

	Receipts			Shipments	
	Nov., 1950	Nov., 1950 compared with Oct., '50	Nov., '49	Nov., 1950	Nov., 1950 compared with Oct., '50
Cattle and calves	107,430	-23%	+41%	38,071	-32%
Hogs	291,063	+13	+58	55,499	+ 9
Sheep	33,003	-41	+20	4,431	-75
Totals	431,496	- 5%	+50%	98,001	-22%

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	November, 1950	October, 1950	November, 1949	November, 1950 compared with Oct., '50 Nov., '49	
EI Dorado, Ark.	\$ 23,075	\$ 25,309	\$ 21,390	- 9%	+ 8%
Fort Smith, Ark.	41,869	46,016	37,797	- 9	+11
Helena, Ark.	14,245	13,755	9,586	+ 4	+49
Little Rock, Ark.	149,716	158,542	132,320	- 6	+13
Pine Bluff, Ark.	48,266	48,217	32,622	- 0	+48
Texarkana, Ark.*	11,102	12,992	10,447	-15	+ 6
Alton, Ill.	26,508	27,125	22,679	- 2	+17
E.St.L.-Nat.S.Y., Ill.	129,227	138,844	88,711	- 7	+46
Quincy, Ill.	32,130	34,389	29,370	- 7	+ 9
Evansville, Ind.	137,459	146,150	109,131	- 6	+26
Louisville, Ky.	581,706	621,820	480,552	- 7	+21
Owensboro, Ky.	40,746	41,095	36,837	- 1	+11
Greenville, Miss.	15,609	16,054	13,972	- 3	+12
Cape Girardeau, Mo.	38,676	32,843	24,736	+18	+56
Hannibal, Mo.	12,676	12,627	11,356	- 0	+12
Jefferson City, Mo.	9,435	9,632	8,166	- 2	+16
St. Louis, Mo.	48,779	54,991	49,033	-11	- 1
Sedalia, Mo.	1,786,980	1,756,112	1,495,429	+ 2	+19
Springfield, Mo.	10,937	11,710	9,629	- 7	+14
Jackson, Tenn.	63,354	69,712	54,215	- 9	+17
Memphis, Tenn.	24,773	31,708	23,570	-22	+ 5
Totals	\$4,098,021	\$4,229,983	\$3,347,457	- 3%	+22%

\* These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$30,100.

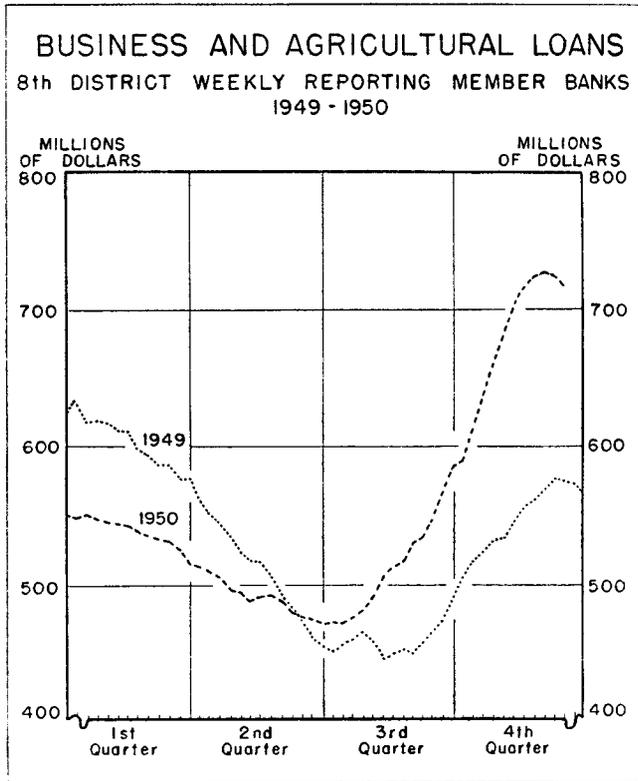
November up to Thanksgiving. There has been some expansion after that date, reflecting Christmas buying.

On the basis of the latest reports available, however, (mid-December, 1950) it appears that business

loans in this district reached and passed their seasonal peak some two weeks earlier than usual.

Loan contraction at Memphis, where normally gains are reported until mid-December, was largely responsible for such downturn as took place. Louisville, however, reported a slightly more than normal increase in business loans for the first half of December as burley tobacco began moving in volume and as whiskey stocks expanded.

In the month ending mid-December, total demand deposits showed virtually no change as a \$30 million increase in individual and business deposits was offset by withdrawals from bank and Government deposits. Time deposits declined \$7.5 million, largely due to Christmas Club withdrawals. This decline was more than normal, however, and continued the shrinkage in time deposits which commenced in July.



**SELECTED ITEMS OF ASSETS AND LIABILITIES**

**Eighth District Weekly Reporting Member Banks**  
(Millions of dollars)

	Dec. 13, 1950	Dollar Change in	
		4 Weeks	Year
Business and Agricultural Loans.....	\$ 717.8	\$+ 5.1	\$+143.4
Real Estate Loans.....	235.5	+ 1.7	+ 46.8
Loans on Securities.....	30.9	- 0.4	+ 5.5
Loans to Banks.....	3.7	+ 0.9	- 2.0
Other Loans (largely consumer).....	268.1	+ 3.6	+ 48.4
<b>TOTAL LOANS (Gross).....</b>	<b>\$1256.0</b>	<b>\$+ 10.9</b>	<b>\$+242.1</b>
Total Investments.....	1145.2	+ 8.7	-126.5
Time Deposits.....	483.7	- 7.5	+ 5.3
Total Demand Deposits.....	2588.9	- 1.4	+157.8
Demand Deposits Adjusted*.....	1525.5	+ 74.0	+ 95.3

\* Other than interbank and government demand deposits, less cash items on hand or in process of collection.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Nov., 1950	Oct., 1950 to Nov., 1950	Nov., 1949 to Nov., 1950	Nov., 1950	Oct., 1950 to Nov., 1950	Nov., 1949 to Nov., 1950	Nov., 1950	Oct., 1950 to Nov., 1950	Nov., 1949 to Nov., 1950
<b>Assets</b>									
1. Loans and Investments.....	\$4,089	\$+ 88	\$+204	\$2,422	\$+ 71	\$+136	\$1,667	\$+ 17	\$+ 68
a. Loans .....	1,862	+ 75	+330	1,280	+ 78	+261	582	- 3	+ 69
b. U.S. Government Obligations.....	1,859	+ 14	-141	962	- 5	-132	897	+ 19	- 9
c. Other Securities.....	368	- 1	+ 15	180	- 2	+ 7	188	+ 1	+ 8
2. Reserves and Other Cash Balances.....	1,265	- 12	+ 34	781	- 21	+ 44	484	+ 9	- 10
a. Reserves with the F.R. bank.....	598	+ 1	+ 9	388	- 1	+ 9	210	+ 2	- 0 -
b. Other Cash Balances <sup>3</sup> .....	667	- 13	+ 25	393	- 20	+ 35	274	+ 7	- 10
3. Other Assets.....	49	+ 5	+ 8	29	+ 1	+ 2	20	+ 4	+ 6
4. Total Assets.....	<u>\$5,403</u>	<u>\$+ 81</u>	<u>\$+246</u>	<u>\$3,232</u>	<u>\$+ 51</u>	<u>\$+182</u>	<u>\$2,171</u>	<u>\$+ 30</u>	<u>\$+ 64</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,027	\$+ 62	\$+194	\$2,485	\$+ 31	\$+140	\$1,542	\$+ 31	\$+ 54
a. Deposits of Banks.....	703	+ 40	+ 37	659	+ 37	+ 32	44	+ 3	+ 5
b. Other Demand Deposits.....	3,324	+ 22	+157	1,826	- 6	+108	1,498	+ 28	+ 49
6. Time Deposits.....	974	- 7	+ 6	491	- 5	+ 3	483	- 2	+ 3
7. Borrowings and Other Liabilities.....	67	+ 24	+ 28	61	+ 23	+ 28	6	+ 1	- 0 -
8. Total Capital Accounts.....	335	+ 2	+ 18	195	+ 2	+ 11	140	- 0 -	+ 7
9. Total Liabilities and Capital Accounts....	<u>\$5,403</u>	<u>\$+ 81</u>	<u>\$+246</u>	<u>\$3,232</u>	<u>\$+ 51</u>	<u>\$+182</u>	<u>\$2,171</u>	<u>\$+ 30</u>	<u>\$+ 64</u>

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

# Survey of Current Conditions

Month by month the cadence of economic activity in the Eighth District is being stepped up. Activity in January was generally higher than in December. Although slight declines in a few lines were recorded, most district industries showed gains at the end of January, 1951 as compared to the preceding month. Defense work, allocations, price and wage controls, and increased calls for servicemen brought reminders of 1941-42. The "war-conscious" attitude spurred both consumers and producers into greater activity. Early in February, however, upward strides in industrial production in this district were shortened by "spot" shortages of materials and by the railroad strike.

Output of manufactured goods in the nation also increased in January, with most of the increase coming in the durables. The Federal Reserve production index rose 4 points over December, 1950 to an estimated 220 per cent of the 1935-39 average for January. Steel production was high, running about 2 million tons per week. Automobile production totaled 650,000 units in January. Output of most other consumer durable goods and building materials was maintained close to the record levels reached in the second half of 1950. Output of producers equipment and munitions has shown substantial gains since last autumn. Production gains in the nondurables group have not matched those in the durable field. However, a sustained volume of output 10 to 20 per cent above year-ago levels has been maintained in textiles, paper, petroleum, and chemical products.

In retail markets, consumers continued to buy heavily in January, both in the district and the nation. Total January dollar volume was less than December's Christmas buying, but was up sharply from January of last year. Department store sales during January, 1951 in the nation and Eighth District ran about one-third over January, 1950. Although consumer demand was heavy, most items were readily available.

Construction activity in the district and the nation during January continued at a high level for this time of year. In the district contracts awarded advanced over December with residential, non-residential, and utilities construction volume up more than enough to offset the decline in public works.

Eighth District banks, as well as other businesses, increased operations in January and early February. Loans increased and a record dollar volume of checks was handled. As loans expanded and bank deposits were used more rapidly, the rate of money spending increased faster than production. Upward pressure on prices continued here and throughout the nation.

In the week ended February 20 the Bureau of Labor Statistics wholesale price index remained unchanged after 18 consecutive weeks of advancement. Fourteen of these 18 weeks had each registered a new high over previously established peaks. The advance brought the index to a level 1.9 per cent above January 23 and 16.9 per cent above that which prevailed in the May 24-June 24, 1950 period.

## EMPLOYMENT

Total employment declined somewhat in both district and nation during January. A decrease is customary during this period, but this year it was less than the usual seasonal decrease. The most substantial drop in employment occurred in wholesale and retail trade. This, plus smaller declines in construction and farm work, resulted in the reduction in total employment. Despite this loss, however, employment in January was higher than in any previous January on record.

Total manufacturing employment in the district remained comparatively stable between December and January. Although a few scattered layoffs resulted from material and parts shortages, these losses were balanced by gains in other manufacturing lines. The railroad strike, which started the last of January, was responsible for numerous short layoffs in various manufacturing industries. These layoffs ended when the strike ended early in February.

Unemployment in the district and in the nation edged upward in January, following the normal

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)			January, 1951 compared with		
	Jan., '51	Dec., '50	Jan., '50	Dec., '50	Jan., '50
All Commodities.....	180.1	175.3	151.6	+2.7%	+18.8%
Farm Products..	194.0	187.5	155.3	+3.5	+24.9
Foods.....	182.3	179.1	154.7	+1.8	+17.8
Other.....	170.2	166.1	145.8	+2.5	+16.7

pattern. However, the rise was not as large as a year ago when the number of unemployed workers jumped by almost one-third. Considerably fewer persons were seeking jobs this January than in January of 1950 or 1949, but the number was higher than in the 1943-48 period. The increase in unemployment was not as large as the decline in employment during January because seasonal workers left the labor force.

In the seven district states, unemployment (as measured by the volume of claims for unemployment compensation) was about 17 per cent higher in mid-January than in mid-December but was only half as large as in January a year ago. All the district states had more claimants in January than in December, with the largest gains in Mississippi and Arkansas. In comparison with a year ago, Illinois, Indiana and Missouri had the largest drop in the number of unemployment compensation claimants. In St. Louis City and County insured unemployment in January was a trifle higher than in December but was less than half as high as a year ago.

Employment in the St. Louis area was off slightly in January as losses in the trade, construction and service industries overshadowed gains in the manufacturing industry. In manufacturing, employment was up in the metalworking industries and down seasonally in the nondurable goods industries. January employment was about 6 per cent higher than in January, 1950 and 45 per cent higher than in January, 1940.

In the Louisville area, the Department of Economic Security reported that employment expansion there might be leveling off. The gain of about 1,400 workers between November and January was smaller than in any two-month period of last year. Employment declined somewhat between December and January as temporary salespersonnel was laid off and some construction workers were made idle by bad weather. Between November and January, losses in the food, furniture, construction, retail trade and transportation industries were more

**WHOLESALE**

Line of Commodities	Net Sales		Stocks
	January, 1951 compared with Dec., '50	January, 1951 compared with Jan., '50	January 31, 1951 compared with January 31, 1950
Drugs and Chemicals.....	+ 10%	+ 19%	+ 43%
Dry Goods.....	+ 83	+ 47	+ 47
Groceries.....	+ 8	+ 33	+ 28
Hardware.....	+ 9	+ 70	+ 26
Tobacco and its Products.....	- 0-	+ 20	+ 21
Miscellaneous.....	+ 13	+ 43	+ 48
**Total All Lines.....	+ 17%	+ 47%	+ 34%

\*Preliminary.  
\*\*Includes certain items not listed above.

than offset by increases in the tobacco, chemicals, primary metals, nonelectrical machinery and Government industries.

**INDUSTRY**

Most district industries reported higher production for January, 1951 than in the preceding month or the corresponding month a year ago. Slight declines were registered in coal and oil production, however.

Daily average power consumption at leading district cities was 5.7 per cent less than in December. It was 17.5 per cent over January, 1950, however. Largest total gains relative to December were registered for the leather, paper, and fabricated metals industries, while the textile, electrical machinery, and stone, clay, glass industries used smaller amounts of electrical power.

In January, 1951 the Terminal Railroad Association of St. Louis interchanged about 22,000 more loads for 25 railroads at St. Louis than in January, 1950, and about 5,000 more than in December, 1950. However, the strike late in January and early in February cut the number of interchanges in the first nine days of February to 9,700 loads as compared to the 30,000 or more expected from normal traffic.

The St. Louis area steel industry scheduled operations in January at 85 per cent of capacity. This rate was 2 per cent above December and 6 per cent above January, 1950. Operations were scheduled at about 86 per cent of capacity for the first two weeks of February.

Lumber production in the district increased in January over the previous month. After the year-end holidays, producers pushed weekly average production above the levels of early December.

For January the production index of southern pine was 204 compared to 188 in December, and

**INDUSTRY**

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thousands)	Jan., 1951	Dec., 1950	Jan., 1950	January, 1951 compared with		
	K.W.H.	K.W.H.	K.W.H.	Dec., '50	Jan., '50	
Evansville.....	15,874	14,133	15,776	+12.3%	+ 0.6%	
Little Rock.....	13,487*	5,913	5,210	.....	.....	
Louisville.....	81,314	81,163	69,925	+ 0.2	+16.3	
Memphis.....	28,089	28,546	25,952	- 1.6	+ 8.2	
Pine Bluff.....	9,182	9,427	6,389	- 2.6	+43.7	
St. Louis.....	101,721	101,392	80,221	+ 0.3	+26.8	
Totals.....	249,667	240,574	203,473	+ 3.8%	+22.7%	

\*—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
	First Nine Days					
Jan., '51	Dec., '50	Jan., '50	Feb., '51	Feb., '50	1 mo., '51	1 mo., '50
121,922	116,662	99,462	9,703*	31,445	121,922	99,462

Source: Terminal Railroad Association of St. Louis.  
\*—Strike.

CRUDE OIL PRODUCTION—DAILY AVERAGE.					
(In thousands of bbls.)	Jan., 1951	Dec., 1950	Jan., 1950	January, 1951 compared with	
				Dec., '50	Jan., '50
Arkansas.....	80.8	81.6	77.2	- 1%	+ 5%
Illinois.....	165.1	169.3	178.7	- 2	- 8
Indiana.....	29.4	30.4	27.7	- 3	+ 6
Kentucky.....	30.2	30.5	26.5	- 1	+14
Total.....	303.5	311.8	310.1	- 2%	- 1%

191 in January, 1950. This figure was higher than for any January since 1944 (as far back as recorded here) but was somewhat below the annual average for 1950 (206). Favorable January weather helped operations, but production dropped sharply during the first week of February because of poor weather and transportation difficulties. Southern hardwood production for January, 1951 was 89 per cent of capacity, a 4 per cent advance over December, 1950, and 11 per cent over a year ago.

National Stock Yards receipts and shipments of livestock in January were larger than in December or in January a year ago. Total receipts in January, 1951 exceeded January, 1950 by 5 per cent, shipments by 8 per cent. Compared to December, receipts and shipments were larger in all divisions with hogs and sheep showing largest gains.

Federally inspected slaughter of meat animals in the St. Louis area totaled 498 thousand head in January, 1951, 4.5 per cent less than December but 5 per cent above January, 1950.

Fifty-one of Kentucky's distilleries were in operation at the close of business in January. This was the same number as was operating at the end of December, 1950 but was considerably larger than the 35 producing a year ago. Production again is fully in terms of whiskey, even though warehouse stocks are high. Since December, distillers have not been requested to produce alcohol for the Government because adequate stocks are on hand to meet current production needs. Anticipations are for no more requests for alcohol for several months, since new arrangements for the importation of alcohol distilled from molasses (which is cheaper than grain alcohol) have been completed by the Government.

The Eighth District shoe industry produced 6.3 million pairs of shoes in November, 1950, about 17 per cent of the U.S. total. This figure was lower than the 7.8 million pairs produced in October, but it exceeded production in November, 1949 by 1 million pairs. Production was high during December and January. The large St. Louis firms, producing all leather boots and shoes, continued to receive substantial orders from the armed forces.

### Coal and Oil Output Declines Slightly

District coal production totaled 9.7 million tons in January, about 9 per cent less than in December. Total district production was well above the 6.6 million tons of January, 1950, a period of interrupted work, but about equal to production in January, 1949. All district states reported smaller production compared to December, 1950. District production was 22 per cent of total United States coal production—about the usual share.

One development of industry-wide interest was the Office of Price Stabilization regulation, effective February 1, which permitted a rise of 90 cents a ton in the ceiling price of anthracite and 25 cents a ton for bituminous coal to cover higher costs resulting from the wage increase authorized by the Wage Stabilization Board.

District crude oil production in January was 2 per cent below that of December, with all four of the district's oil producing states reporting slight declines. Daily average crude oil production for the four district states was 305.5 thousand barrels. This was smaller than December, 1950 (311.8) or January, 1950 (310.1). The January, 1951 figure was also slightly smaller than that for any month of 1950. Production was expected to gain in late January and early February, however.

In the first part of February new wells were proven in the Olney district, and the new field there shows promise of becoming a large producer.

### CONSTRUCTION

Nationally, \$2.1 billion worth of new construction was put in place in January as compared with \$2.2 billion in December and \$1.7 billion a year ago. Between December and January new construction increased in industrial, farm, public residential and nonresidential, and military and naval fields. Sharp increases over last January were reported for industrial, commercial, and military and naval construction. Smaller increases over the past year were recorded for residential, public utility and total public construction.

Construction was started on more new homes in the U. S. this January than in the same month of any previous year. The 87,000 new nonfarm dwell-

### PRODUCTION INDEXES

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Jan., '51	Dec., '50	Jan., '50	Jan., '51	Dec., '50	Jan., '50
180*	207*	107	155*	199*	92
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Nov., '50	Oct., '50	Nov., '49	Nov., '50	Oct., '50	Nov., '49
127*	158R	103	129*	163R	104
R—Revised. *—Preliminary.					

### CONSTRUCTION

(Cost in thousands)	BUILDING PERMITS Month of January New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1951	1950	1951	1950	1951	1950	1951	1950
Evansville.....	28	45	\$ 94	\$ 131	50	36	\$ 76	\$ 36
Little Rock.....	91	89	2,758	1,043	140	143	147	117
Louisville.....	192	151	2,290	1,909	49	42	79	50
Memphis.....	1,868	1,186	3,642	1,439	178	105	575	104
St. Louis.....	225	190	3,964	1,363	196	154	657	651
Jan., '51 Totals....	2,404	1,661	\$12,748	\$ 5,885	613	480	\$1,534	\$958
Dec., '50 Totals...	2,502	2,261	\$18,196	\$10,483	410	425	\$1,563	\$698

ing units started in January was about 8 per cent less than in December. This was due entirely to a drop in public housing for privately owned housing rose by 5 per cent between December and January.

The dollar volume of construction contracts awarded in the St. Louis territory (which includes most of the Eighth District) continued to climb between December and January. The \$39.6 million in contracts awarded during January was 4 per cent above December and 43 per cent more than in January, 1950, according to F. W. Dodge reports.

The 37 states covered by the Dodge reports presented a somewhat different picture. The dollar volume of contracts awarded in these states was 11 per cent lower in January than in December. The gain over January, 1950 was about the same as in the St. Louis territory.

More contracts were awarded for residential, non-residential and utilities construction in the St. Louis territory in January than in December, but the contracts for public works fell off substantially. Most of the gain over the past year occurred in nonresidential building, where more than twice as many contracts were awarded in January, 1951 as in January, 1950. Comparing January, 1951 with the same month a year ago residential and utilities construction was somewhat higher but the volume of public works was less.

**TRADE**

January's heavy consumer buying, after a highly successful Christmas season, came as a surprise to district retailers. Fear of future shortages plus active promotion of the seasonal "white" sales resulted in very substantial buying. Apparel (particularly woollens), shoe and fur sales in January were substantially larger than normal. Appliances, furniture and homefurnishing sales, as in mid-1950, increased materially. New automobile demand also was strong.

Despite the unanticipated strength of demand, merchants were fairly well prepared for the enlarged sales volume. At the end of December, 1950, with few exceptions, inventories were higher than usual. Some new autos and some brand name appliances were on an allotment basis but for the most part the merchandise consumers desired was available.

**Department Stores**—District department store sales during January were 34 per cent larger than in January, 1950. Sales declined from December to January but less than the usual, seasonal amount.

On an adjusted basis daily average district sales were 363 per cent of the 1935-39 average, a record

**TRADE**

**DEPARTMENT STORES**

	Net Sales		Stocks	Stock	
	January, 1951 compared with		on Hand	Turnover	
	Dec., '50	Jan., '50	Jan. 31, 1951 comp. with Jan. 31, 1950	Jan. 1, to Jan. 31, 1951	1950
8th F. R. District <sup>1</sup> .....	-44%	+34%	+25%	.31	.29
Ft. Smith, Ark. <sup>1</sup> .....	-53	+36	+20	.29	.27
Little Rock, Ark. <sup>1</sup> .....	-47	+34	+35	.28	.27
Quincy, Ill. <sup>1</sup> .....	-44	+48	+15	.33	.22
Evansville, Ind. <sup>1</sup> .....	-52	+52	+29	.26	.20
Louisville, Ky. <sup>1</sup> .....	-53	+36	+23	.32	.29
St. Louis Area <sup>2</sup> .....	-38	+31	+28	.32	.32
St. Louis, Mo. <sup>1</sup> .....	-37	+31	+28	.32	.31
Springfield, Mo. <sup>1</sup> .....	-50	+41	+22	.24	.20
Memphis, Tenn. <sup>1</sup> .....	-47	+34	+12	.34	.29
*All other cities.....	-50	+60	+21	.21	.17

<sup>1</sup>Fayetteville, Ark.; Harrisburg, Mt. Vernon, Ill.; Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

<sup>2</sup>In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such non-department stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>3</sup>Includes St. Louis, Clayton and Maplewood, Mo.; Alton, Belleville, Ill.

Outstanding orders of reporting stores at the end of January, 1951, were 45 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding January 1, 1951, collected during January, by cities:

	Instalment	Excl. Instal.		Instalment	Excl. Instal.
	Accounts	Accounts		Accounts	Accounts
Fort Smith.....	—%	47%	Quincy.....	20%	60%
Little Rock.....	15	40	St. Louis.....	20	54
Louisville.....	19	50	Other Cities..	10	44
Memphis.....	19	45	8th F. R. Dist.	19	50

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

	8th Federal Reserve District			
	Jan., 1951	Dec., 1950	Nov., 1950	Jan., 1950
Sales (daily average), unadjusted <sup>1</sup> .....	298	540	398	232
Sales (daily average), seasonally adjusted <sup>2</sup> ....	363	353	316	282
Stocks, unadjusted <sup>3</sup> .....	290	320	400	248
Stocks, seasonally adjusted <sup>4</sup> .....	337	381	374	288

<sup>1</sup>Daily Average 1935-39=100.  
<sup>2</sup>End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales		Stocks	Stock	
	January, 1951 compared with		on Hand	Turnover	
	Dec., '50	Jan., '50	Jan. 31, 1951 comp. with Jan. 31, 1950	Jan. 1, to Jan. 31, 1951	1950
Men's Furnishings.....	-45%	+36%	+30%	.22	.21
Boots and Shoes.....	-45	+18	+20	.30	.30

Percentage of accounts and notes receivable outstanding January 1, 1951, collected during January:

Men's Furnishings.....	46%	Boots and Shoes .....	47%
------------------------	-----	-----------------------	-----

Trading days: January, 1951—26; December, 1950—25; January, 1950—25.

**RETAIL FURNITURE STORES\*\***

	Net Sales		Inventories		Ratio of Collections	
	January, 1951 compared with		Jan. 31, 1951 compared with		Jan., '51 Jan., '50	
	Dec., '50	Jan., '50	Dec. 31, '50	Jan. 31, '50	Jan., '51	Jan., '50
8th Dist. Total <sup>1</sup> .....	-34%	+22%	+2%	+42%	20%	20%
St. Louis Area <sup>2</sup> .....	-36	+25	+4	+42	25	26
St. Louis.....	-36	+23	+4	+42	25	26
Louisville Area <sup>3</sup> .....	-32	+36	+2	+37	15	14
Louisville.....	-34	+29	+2	+39	15	13
Memphis.....	-20	+12	+5	+33	13	12
Little Rock.....	-34	-3	-0-	+37	19	16
Springfield.....	-8	+83	-1	+46	14	16
Fort Smith.....	-36	+17	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville, Fort Smith and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenville, Greenwood, Mississippi; Hannibal and Springfield, Missouri; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; East St. Louis and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

\*\*41 stores reporting.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Jan., '51	Dec., '50	Jan., '50
Cash Sales .....	17%	19%	15%
Credit Sales .....	83	81	85
Total Sales .....	100%	100%	100%

high for January. In comparison, adjusted sales during December were 353 per cent of the five-year base and in January, 1950 they were 282 per cent.

In St. Louis department stores January sales of women's and misses' accessories and apparel totaled 22 per cent larger than a year ago. Men's and boys' wear sales volume was 34 per cent larger. House-furnishings sales were 41 per cent above those in 1950.

**Specialty Stores**—St. Louis women's specialty store sales during January were 15 per cent less than in December but were 39 per cent larger than in January, 1950. Men's wear store sales in the district were 45 per cent less than in the previous month and were 36 per cent larger than last year.

The value of inventories held by St. Louis women's specialty stores on January 31 was 17 per cent larger than on December 31 and was slightly larger than on January 31, 1950. District men's stores on January 31 held slightly larger inventories than a month previous and 30 per cent more than a year ago.

**Furniture Stores**—District furniture store sales during January were 34 per cent less than in December but were 22 per cent larger than in January, 1950. Inventories at the end of January were slightly larger than on December 31 and 42 per cent larger than on January 31, 1950.

**AGRICULTURE**

Production goals for 1951 crops have been announced by the Secretary of Agriculture. These goals emphasize the need for increased output of corn, wheat, cotton and rice, all of which are produced in important quantities in the Eighth District. The production goal for cotton is 10 million acres more than 1950 planted acreage, an increase of 53 per cent. An increase of nearly 7 per cent in corn acreage is requested to boost corn production for 1951 to about 3.5 billion bushels. An increase of 17 per cent in rice acreage is asked. The spring wheat acreage goal is up 16 per cent from 1951. Planted acreage of winter wheat is 6 per cent above that in 1950 for the nation, and in district states is 7 per cent larger.

Production goals of other important crops grown in the district have been lowered from 1950 levels. The 1951 goal for oats is 3 million acres less than in 1950, a reduction of nearly 7 per cent. A 2 per cent reduction in soybean acreage also has been requested.

**Farm Price Control**—The general price freeze announced by the Government on January 26 did

not apply to most farm products. The regulation provided that prices in general were to be frozen at the highest level prevailing between December 19, 1950 and January 25, 1951. It was anticipated that the so-called freeze would apply only until actual dollar and cents ceilings could be worked out for the thousands of articles under control. But prices of many farm commodities were specifically exempted from the freeze, since other legislation forbade ceilings on farm commodity prices below the highest price calculated in any of three ways: (1) parity, (2) highest price received during May 24-June 24, 1950, or (3) the "adjusted price". The adjusted price is calculated for all commodities not being sold in the May 24-June 24 period. It is the average price received during the last representative period when the commodity was sold, adjusted to the May 24-June 24 price level for all farm commodities.

Prices of some important farm products (beef, pork, veal, wool, lamb, cotton, cottonseed, flue cured tobacco, soybeans and rice) already were above any of the legal minimum ceilings when the general freeze order went into effect and thus are under the terms of that order—the highest price prevailing from December 19, 1950 to January 25, 1951. Many farm commodity prices, however, were still below legal minimum ceilings during the price freeze base period and thus can rise to those minimums before being controlled. The table shows for selected farm products the January 15, 1951 price and the legal minimum ceilings.

**MANY AGRICULTURAL PRICES ARE NOT YET UP TO THE MINIMUM CEILING LEVEL**

Unit	Prices received Jan. 15, 1951 <sup>1</sup>	Legal minimum ceiling Jan. 15 <sup>2</sup>	Per cent prices received above or below legal minimum
Wool..... lb.	\$ 0.98	\$ 0.56	+74%
Cottonseed... cwt.	5.05	3.55	+42
Cotton..... lb.	0.41	0.33	+25
Lambs..... cwt.	30.00	26.40	+14
Beef Cattle... cwt.	27.00	23.80	+13
Veal Calves... cwt.	30.80	28.30	+9
Rice..... cwt.	5.55	5.36	+4
Hogs..... cwt.	20.00	20.60	-3
Soybeans..... bu.	2.90	3.06	-5
Milk..... cwt.	4.40	4.62	-5
Butterfat..... lb.	0.68	0.74	-9
Corn..... bu.	1.54	1.71	-10
Wheat..... bu.	2.09	2.35	-11
Turkeys..... lb.	0.34	0.39	-12
Eggs..... doz.	0.42	0.52	-18
Chickens..... lb.	0.24	0.30	-20
Potatoes..... bu.	0.99	1.76	-44
Oranges..... box	1.26	3.58	-65

Source: Agricultural Prices (Supplement) B.A.E., January, 1951.

<sup>1</sup>Prices received by farmers.

<sup>2</sup>Highest of three prices: (1) parity, (2) highest price received during May 24-June 24, 1950, or (3) in case no market was active during May 24-June 24, 1950, the average price received during most recent representative period prior to May 24, adjusted to the May 24-June 24 level of farm prices.

The table indicates that prices of many commodities could move up under existing regulations. If they all increased to the legal minimum ceilings there would be a general increase of 5 or 10 per cent in prices received by farmers. Many of these items are now approaching the minimum ceiling. However, important food commodities such as milk,

eggs, potatoes, vegetables for canning, citrus and deciduous fruits are substantially below minimum ceilings. Prices of potatoes could nearly double before being controlled. Prices of grapefruit and oranges could more than double.

It should be pointed out that the use of parity as a measuring rod for legal minimum ceilings itself gives some latitude to further farm price increases. Price increases in items the farmer buys (including interest, taxes and wages) automatically raise parity prices. Thus the parity price is not necessarily fixed, but can rise and with it the legal minimum ceiling might also rise (if the parity price were the highest of the three farm price ceiling determinants).

Some time and considerable work is necessary in translating the freeze order to prices for specific commodities, for different grades, at different places, and at different times of the year. Other factors also have to be taken into consideration. Strong pressure is being exerted to have the ceiling on raw cotton either removed entirely or set at \$0.45 a pound to encourage production. Similarly, prior to the freeze order the CCC contracted to buy 1951 wool at a price higher than the December 19-January 25 level. Ceilings on livestock will need to be at a level that permits profitable feeding in relation to corn if livestock production gains are to take place. Feed supplies will limit the increase in livestock production.

**BANKING**

Bank lending continued to increase in January and early February in this district and in the nation. Loan growth, uncommon at this time of year, occurred despite higher reserve requirements and a generally tighter money market. The banks liquidated Government securities in considerable volume and borrowed from the Reserve Banks to obtain funds. The Federal Reserve System bought substantial amounts of the securities sold by the banks

and prices and yields of Governments showed little change over the period. Other money market rates stiffened some, however. Pointing up the strong inflationary situation, the dollar volume of checks cashed (as reflected in debits figures) was higher in January than in December, a most unusual development at this season.

Total loans at weekly reporting banks in this district rose \$6 million in the first six weeks of the year. During the same period in four of the five previous years, loans declined. This year's loan expansion resulted mainly from growth in commercial loans, partly offset by a decline in "other" (largely consumer) loans. Commercial loan expansion was \$7 million in the six weeks, in contrast to the usual seasonal decline in such loans at this time of year. On the average, that decrease in the postwar years has been about \$9 million in the six-week period. The increase this year centered in St. Louis and Louisville. At Memphis, business loan volume dropped but by less than the usual seasonal amount. Consumer loans decreased seasonally, loans on securities also declined, while loans on real estate remained unchanged.

The loan expansion occurred despite an increase in reserve requirements of roughly \$50 million for the weekly reporting member banks. Also, the banks added somewhat to their holdings of longer-term securities. To obtain the funds for these purposes the banks liquidated shorter-term securities and reduced cash assets.

Nationally the banking picture was about the same as in the Eighth District. In the first six weeks of 1951 all weekly reporting banks expanded commercial loans \$500 million. However, nationally real estate and consumer loans were up slightly in contrast with the District.

**AGRICULTURE**

CASH FARM INCOME						
		Dec., 1950		12 month total Jan. to date		
		compared with		1950		
(In thousands of dollars)	Dec., 1950	Nov., 1950	Dec., 1949	1950	compared with	
				1949	1948	
Arkansas.....	\$ 54,840	- 45%	+16%	\$ 486,345	-9%	-15%
Illinois.....	147,900	- 14	+14	1,720,080	-1	- 8
Indiana.....	82,977	+ 11	+15	940,791	-2	-10
Kentucky.....	108,036	+203	+ 2	514,236	-4	-13
Mississippi.....	45,501	- 51	+41	445,783	-9	-17
Missouri.....	102,392	- 10	+27	1,009,281	-0-	- 8
Tennessee.....	57,189	+ 4	+23	420,360	-3	-16
Totals.....	\$598,835	- 10%	+17%	\$5,536,876	-3%	-11%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
Receipts			Shipments			
	Jan., 1951	January, 1951 compared with Dec., '50	Jan., 1951	January, 1951 compared with Dec., '50	Jan., '50	
Cattle and calves....	85,885	+ 4%	- 8%	24,105	+ 5%	-11%
Hogs.....	333,913	+10	+12	98,205	+43	+16
Sheep.....	40,047	+19	-15	8,236	+49	-10
Totals.....	459,845	+10%	+ 5%	130,546	+34%	+ 8%

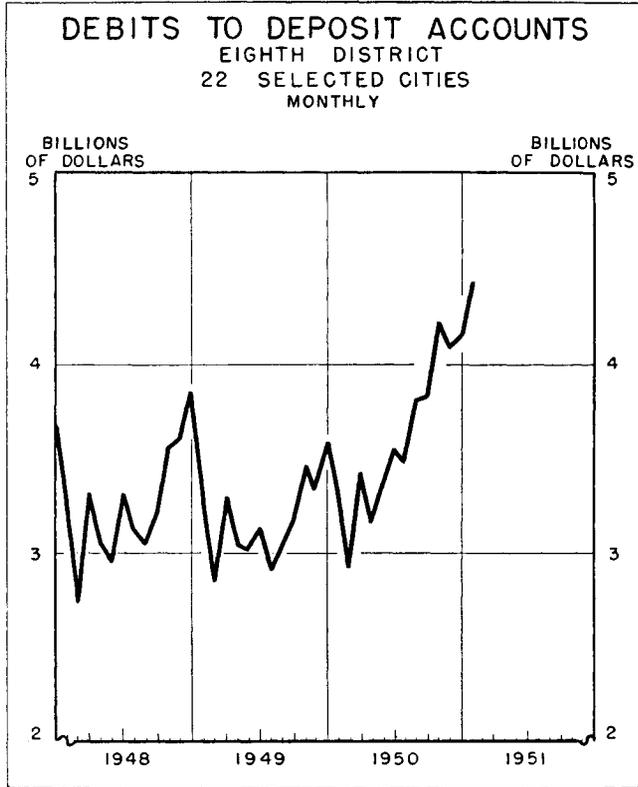
**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Jan., 1951	Dec., 1950	Jan., 1950	January, 1951 compared with Dec., '50	
El Dorado, Ark.....	\$ 28,530	\$ 30,038	\$ 22,096	- 5%	+29%
Fort Smith, Ark.....	47,443	46,551	40,204	+ 2	+18
Helena, Ark.....	9,812	10,766	6,726	- 9	+46
Little Rock, Ark.....	149,021	153,211	121,510	- 3	+23
Pine Bluff, Ark.....	34,899	38,080	27,387	- 8	+27
Texarkana, Ark.*.....	14,128	13,494	10,828	+ 5	+30
Alton, Ill.....	29,957	29,702	23,216	+ 1	+29
E. St. L.-Nat. S. Y., Ill..	142,171	124,269	103,761	+14	+37
Quincy, Ill.....	35,910	32,621	27,806	+10	+29
Evansville, Ind.....	140,752	138,076	113,537	+ 2	+24
Louisville, Ky.....	667,543	666,009	493,199	-0-	+35
Owensboro, Ky.....	50,406	45,884	38,891	+10	+30
Paducah, Ky.....	17,800	19,150	14,166	- 7	+26
Greenville, Miss.....	31,127	27,784	24,204	+12	+29
Cape Girardeau, Mo.....	14,658	12,694	10,924	+15	+34
Hannibal, Mo.....	10,088	9,056	7,928	+11	+27
Jefferson City, Mo.....	63,608	46,377	56,088	+37	+13
St. Louis, Mo.....	2,009,686	1,869,615	1,532,231	+ 7	+31
Sedalia, Mo.....	12,141	12,003	9,219	+ 1	+32
Springfield, Mo.....	70,255	63,823	52,258	+10	+34
Jackson, Tenn.....	23,041	22,619	18,967	+ 2	+21
Memphis, Tenn.....	818,656	745,335	583,172	+10	+40
Totals.....	\$4,421,632	\$4,157,157	\$3,338,318	+ 6%	+32%

\*These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$32,544.

The reserve position of member banks in the first six weeks of the year was influenced primarily by increases in legal reserve requirements. The volume of reserves needed to meet the increase was roughly \$2.1 billion—about \$1.2 billion for all member banks in mid-January, \$600 million for city

banks in the last week of the month, and \$300 million for country banks on February 1. In the five weeks ended January 31, System net purchases of United States Government securities exceeded \$1 billion. The prices of Government obligations showed little change on balance over the period, although the liquidation of such securities by banks was sizable.



The tight reserve position of member banks in January was accompanied by a firming of interest rates, other than on Governments. In January, rates on bankers acceptances were increased 3/16 per cent and the prime commercial loan rate at New York banks was increased 1/4 per cent. At mid-month the typical rate on 4 to 6 months prime commercial paper had increased 1/8-1/4 per cent.

A further indication of the upward trend in bank activity was to be found in the accelerated use of bank deposits. Debits to deposit accounts at 22 selected cities in the Eighth District reached \$4.4 billion in January—32 per cent more than in January, 1950. More significant was the fact that the debits in January were 6 per cent more than in December, 1950. This increase sharply reverses usual experience of the preceding 24 years when debits in January averaged 8 per cent less than in December. In the 24-year period there were only two instances of increase. Nationally, in leading cities, debits in January were 30 per cent above a year ago.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Jan., 1951	Dec., 1950 to Jan., 1951	Jan., 1951	Jan., 1951	Dec., 1950 to Jan., 1951	Jan., 1951	Jan., 1951	Dec., 1950 to Jan., 1951	Jan., 1951
<b>Assets</b>									
1. Loans and Investments.....	\$4090	\$- 41	\$+134	\$2432	\$- 31	\$+ 89	\$1658	\$- 10	\$+ 45
a. Loans.....	1871	- 3	+357	1292	+ 1	+292	579	- 4	+ 65
b. U.S. Government Obligations.....	1847	- 38	-244	955	- 32	-217	892	- 6	- 27
c. Other Securities.....	372	-0-	+ 21	185	-0-	+ 14	187	-0-	+ 7
2. Reserves and Other Cash Balances.....	1345	- 91	+102	841	- 74	+ 95	504	-17	+ 7
a. Reserves with the F.R. bank.....	684	+ 53	+ 97	458	+ 40	+ 79	226	+ 13	+ 18
b. Other Cash Balances <sup>3</sup> .....	661	-144	+ 5	383	-114	+ 16	278	- 30	- 11
3. Other Assets.....	50	+ 2	+ 11	30	+ 2	+ 5	20	-0-	+ 6
4. Total Assets.....	\$5485	\$-130	\$+247	\$3303	\$-103	\$+189	\$2182	\$- 27	\$+ 58
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4100	\$-151	\$+170	\$2548	\$-121	\$+127	\$1552	\$- 30	\$+ 43
a. Deposits of Banks.....	718	- 89	- 28	678	- 85	- 28	40	- 4	-0-
b. Other Demand Deposits.....	3382	- 62	+198	1870	- 36	+155	1512	-26	+ 43
6. Time Deposits.....	974	+ 2	+ 2	490	-0-	+ 1	484	+ 2	+ 1
7. Borrowings and Other Liabilities.....	77	+ 19	+ 51	71	+ 19	+ 51	6	-0-	-0-
8. Total Capital Accounts.....	334	-0-	+ 24	194	- 1	+ 10	140	+ 1	+ 14
9. Total Liabilities and Capital Accounts.....	\$5485	\$-130	\$+247	\$3303	\$-103	\$+189	\$2182	\$- 27	\$+ 58

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

# Survey of Current Conditions

The economic record of February and early March shows a slight easing from the pace of January. In the Eighth District and in the nation industrial production activity in February was about the same as in January. Construction activity was higher. In both district and nation consumer and business demand receded somewhat from the peak levels of January, although February buying was high by year-ago standards. Price rises continued but the pace of the advance was slowed.

The leveling off of the immediate past weeks seems to have been more a minor muting of the boom's tone rather than a decline in the strength of the beat. In part, the apparently more favorable military situation and the slightly less tense international situation were responsible for some relaxation of pressure. Also the stronger anti-inflationary steps taken brought about some greater feeling of security. And the fact that the feared civilian shortages have not materialized in any appreciable degree caused scare-buying to moderate.

Actually, as noted, despite the rail strike which carried over into February, other labor disputes, the very bad weather, and the increasing economic controls, production in February was at about the same level as in January, and in early March activity seemed to have been stepped up somewhat. In this district industrial power consumption, on a daily

average basis, in February was fractionally higher than in January. In the nation the Federal Reserve's seasonally adjusted production index in February was 221 per cent of the 1935-39 average, the same as in January. Durables output increased, reflecting the resumption of near-capacity operations in the auto industry after the rail strike and advances in producers equipment manufacture. Steel production declined slightly in the nation in February but in March exceeded the record level of the month of January. Production of nondurable goods—other than wool textiles—continued in large volume.

The total value of new construction put in place in February was nearly \$2 billion for the nation—a new record high when seasonally adjusted. This was a figure higher than in any previous February and 22 per cent above February, 1950. Nearly all types of structures were being built in larger dollar volume than a year ago.

The February level of retail sales was higher than that which prevailed a year ago, although somewhat lower than in January. Part of the large volume of current output appeared in growing inventories. Nationally the book value of total business inventories was estimated at \$63.1 billion at the end of January. In this district February sales also were good relative to a year earlier, but not as good as in January. Retailers' inventories were sizable and the volume of orders outstanding was large. One line in homefurnishings—TV—was moving slowly as compared with the booming sales of last autumn.

Prices continued to increase during February and early March. The index of wholesale prices of all

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Feb., '51	Jan., '51	Feb., '50	Feb., 1951 compared with	
				Jan., '51	Feb., '50
All Commodities.....	183.6	180.1	152.7	+ 1.9%	+20.2%
Farm Products....	202.6	194.0	159.1	+ 4.4	+27.3
Foods.....	187.7	182.3	156.8	+ 3.0	+19.7
Other.....	171.8	170.2	145.9	+ 0.9	+17.8

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	Feb. 15, 1951	Jan. 15, 1951	Feb. 15, 1950	Feb. 15, 1951 compared with	
				Jan. 15, '51	Feb. 15, '50
United States.....	183.8	181.5	167.9**	+ 1.3%	+ 9.5%

\*New series.  
\*\*All indexes previously published for Jan.'50-Dec.'50 have been adjusted.

RETAIL FOOD *					
Bureau of Labor Statistics (1935-39=100)	Feb. 15, 1951	Jan. 15, 1951	Feb. 15, 1950	Feb. 15, 1951 compared with	
				Jan. 15, '51	Feb. 15, '50
U. S. (51 cities).....	226.0	221.6	194.8	+ 2.0%	+16.0%
St. Louis.....	240.8	234.3	202.9	+ 2.8	+18.7
Little Rock.....	226.5	224.1	194.5	+ 1.1	+16.5
Louisville.....	215.6	211.6	183.1	+ 1.9	+17.7
Memphis.....	229.0	225.6	202.2	+ 1.5	+13.3

\*All data are "Old Series."

## WHOLESALING

Line of Commodities	Net Sales		Stocks
	February, 1951 compared with Jan., '51	February, 1951 compared with Feb., '50	February 28, 1951 compared with February 28, 1950
Automotive Supplies .....	+47%	- 8%	+ 3%
Drugs and Chemicals.....	+ 8	-16	- 0 -
Dry Goods .....	+34	- 9	- 8
Groceries .....	+19	-12	+ 1
Hardware .....	+49	- 1	+ 3
Tobacco and its Products.....	+ 5	-12	- 3
Miscellaneous .....	+39	- 7	- 1
**Total All Lines.....	+33%	- 6%	+ 1%

\*Preliminary.  
\*\*Includes certain items not listed above.

commodities advanced from 180.9 for the week ending January 30 to 183.5 two weeks later and then declined slightly during the last two weeks in February. However, during March, moderate price advances were resumed. By the week ending March 20 the index was at an all-time high, 17 per cent above June, 1950 and about 20 per cent above the level of a year ago.

In early March monetary policy became more strongly anti-inflationary. The Treasury announced a series of new 2¾ per cent investment bonds available in exchange for existing 2½ per cent bonds of June and December, 1967-72. Government security prices in general declined.

**EMPLOYMENT**

The labor market, in both the Eighth District and the nation, remained relatively stable between mid-January and mid-February. Total employment edged downward as the result of small seasonal losses in agricultural employment, while nonagricultural employment showed little change. The civilian labor force also was down slightly, as was unemployment.

When this February is compared with February of last year, however, some significant developments appear. Nonagricultural employment was substantially higher in February, 1951, unemployment was cut almost in half, fewer persons were working short hours because of slack work, the proportion of women in the labor force was higher, and the workweek in manufacturing industries was longer than last year.

In the nation, almost 59 million civilian persons were employed in February, according to Census Bureau reports. This was almost 2 million more than a year ago, with men past draft age and women accounting for practically all of the gain. Unemployment averaged about 2.4 million in February—down slightly from January. Only about 4 per cent of the labor force were seeking jobs this February as compared with 8 per cent a year ago.

None of the Eighth District areas were classified by the Department of Labor as having a tight or balanced labor supply in January. In November, two district areas (Little Rock and Evansville) had been so classified. These two areas plus Louisville and St. Louis were rated as "B" or slight labor surplus areas in January. Memphis was classed as a "C" or moderate surplus area and Springfield, Missouri, was a "D" or substantial surplus area.

The Memphis and Springfield ratings were the same as a year ago. Louisville and St. Louis had

been classed as substantial and Little Rock and Evansville as moderate labor surplus areas in January, 1950.

In the seven district states, unemployment (as measured by the volume of claims for unemployment compensation) was about the same in mid-February as in mid-January. Small decreases in insured unemployment in Illinois, Missouri and Tennessee were offset by small increases in the other district states. Insured unemployment in February was less than half the year-ago volume, with all the district states sharing in the drop.

**INDUSTRY**

While most Eighth District industries operated at about the same level of activity in February as in January, there were significant exceptions. Total output for the month was not as large since February had fewer working days. And even on a daily average basis, several district industries that had been gaining rapidly failed to post increases in February, and some industries—hampered by weather, work stoppages or other difficulties—reported decreased output.

Still industry in the aggregate continued to operate at the high January level. Industrial consumption of electrical power at leading district cities was slightly (0.3 per cent) above January on a daily average basis. On this basis, consumption of power was somewhat higher at all major cities except St. Louis. Compared with February, 1950, daily average consumption was up 11 per cent for all major district cities combined.

The Terminal Railroad Association of St. Louis interchanged about 91,000 loads in February — 30,000 less than in January. The decrease was due

**INDUSTRY**

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	Feb., 1951	Jan., 1951	Feb., 1950	February, 1951 compared with		
	K.W.H.	K.W.H.	K.W.H.	Jan., '51	Feb., '50	
Evansville.....	15,953	15,874	12,465	+ 0.5%	+28.0%	
Little Rock.....	12,549	13,487	11,683	- 7.0	+ 7.4	
Louisville.....	75,114	81,314	68,853	- 7.6	+ 9.1	
Memphis.....	26,684	28,089	27,676	- 5.0	- 3.6	
Pine Bluff.....	8,872	9,182	6,157	- 3.4	+44.1	
St. Louis.....	88,432	101,721	78,486	-13.1	+12.7	
Totals.....	227,604	249,667	205,320	- 8.8%	+10.9%	

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
First Nine Days						
Feb., '51	Jan., '51	Feb., '50	Mar., '51	Mar., '50	2 mos. '51	2 mos. '50
91,302	121,922	95,531	39,625	31,542	213,224	194,993

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE						
(In thousands of bbls.)	Feb., 1951	Jan., 1951	Feb., 1950	February, 1951 compared with		
				Jan., '51	Feb., '50	
Arkansas.....	79.4	80.8	80.0	- 2%	- 1%	
Illinois.....	159.9	165.1	180.3	- 3	-11	
Indiana.....	27.6	29.3	27.0	- 6	+ 2	
Kentucky.....	27.9	30.2	25.2	- 8	+11	
Total.....	294.8	305.5	312.4	- 4%	- 6%	

to the strike early in the month. Interchanges picked up early in March, and the 39,000 loads interchanged in the first nine days totaled well over the 31,000 in the same period of March, 1950 or the 33,000 of early January, 1951.

The St. Louis basic steel industry operated at 87 per cent of capacity in February. This rate was increased to 97 per cent of capacity for the first three weeks of March.

Severe weather hampered lumbering operations in February and the index of production for southern pine was 173 at the end of the month—the lowest figure since February, 1949. This was considerably below the 204 of January and the 200 of February, 1950.

Southern hardwood production was scheduled at 85 per cent of capacity in February, as compared with 89 per cent for January and 80 per cent for February, 1950. The decrease of 4 per cent from January was temporary, and producers boosted operations to 100 per cent of capacity during the first two weeks of March.

Federally inspected slaughter of meat animals at St. Louis in February totaled about 307,000 head, down 38 per cent from the heavy slaughter (498,000 head) in January. Part of the decrease reflected the shorter month in February. This February's slaughter was the smallest for that month in six years, and was 11 per cent less than February, 1950. Eighth District slaughter, as a per cent of the U. S. total, was 5 per cent at the end of February—the lowest percentage recorded since February, 1947.

Slaughter decreased between January and February for all kinds of livestock. Hog slaughter decreased 37 per cent, cattle 30 per cent, calves 24 per cent and sheep 66 per cent.

Forty-five Kentucky distilleries were in operation at the end of February—six less than at the end of January. Stocks of whiskey are large and warehouse space is scarce, although some additions to storage facilities have already been made. No alcohol was produced for the Government in February and no definite plans for such produc-

tion are now being made since the Government is now obtaining alcohol from other sources.

**Coal and Oil Production Decreases**

Preliminary reports of district coal production for February show output of 8.6 million tons, 22 per cent less than in January. The shorter work-month and weather were major factors in the decline. All coal producing states of the district reported decreases in February compared with January. The seasonally adjusted index of coal production stood at 150 at the end of February compared with 197 a month earlier.

The four oil producing states produced 4 per cent less crude oil (daily average basis) in February than in January, and 6 per cent less than in February, 1950. Each state reported decreased output, ranging from 2 per cent for Arkansas to 8 per cent in Kentucky.

**CONSTRUCTION**

Seasonally adjusted, the total value of new construction put in place in the nation in February was greater than in January. Nearly \$2 billion of new construction was put in place in February—22 per cent more than the February, 1950 total, according to the Departments of Commerce and Labor. Nearly all types of structures were being built in larger dollar volume than a year ago.

Construction contracts awarded in the 37 states covered by the F. W. Dodge reports were higher in February than in January or in February a year ago. The gain over January was due primarily to a 26 per cent increase in residential awards. The gain over a year ago was due to a two-thirds increase in nonresidential and a 50 per cent increase in residential awards.

In the Eighth District, construction contracts awarded in February totaled \$60.0 million as compared with \$51.7 million in January and \$39.2 million a year ago. Residential awards were 7 per cent higher than in January and 74 per cent higher than a year ago. Nonresidential awards were 24

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Feb., '51	Jan., '51	Feb., '50	Feb., '51	Jan., '51	Feb., '50
150*	197 R	51	132*	170 R	45

SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Dec., '50	Nov., '50	Dec., '49	Dec., '50	Nov., '50	Dec., '49
153*	127 R	154	156*	128 R	153

R—Revised.  
\*—Preliminary.

**CONSTRUCTION**

	BUILDING PERMITS Month of February							
	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
(Cost in thousands)	1951	1950	1951	1950	1951	1950	1951	1950
Evansville.....	34	61	\$ 69	\$ 190	43	43	\$ 58	\$ 59
Little Rock.....	54	83	1,134	624	132	197	103	159
Louisville.....	83	129	659	1,091	29	54	37	40
Memphis.....	1,279	1,795	2,937	2,624	135	116	106	176
St. Louis.....	182	243	2,097	2,448	146	171	333	473
Feb., '51 Totals....	1,632	2,311	\$ 6,896	\$ 6,977	485	581	\$ 637	\$ 907
Jan., '51 Totals....	2,404	1,661	\$ 12,748	\$ 5,885	613	480	\$ 1,534	\$ 958

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	February, 1951 compared with Jan., '51	Feb., '50	2 mos. '51 to same period '50	Feb. 28, '51 comp. with Feb. 28, '50	Jan. 1, to Feb. 28, 1951	
8th F. R. District.....	-13%	+10%	+22%	+26%	.55	.57
Ft. Smith, Ark. <sup>1</sup> .....	6	+15	+25	+25	.54	.53
Little Rock, Ark.....	7	+5	+18	+25	.51	.56
Quincy, Ill.....	-14	+22	+35	+21	.55	.43
Evansville, Ind.....	8	+21	+36	+24	.47	.44
Louisville, Ky.....	-12	+12	+23	+17	.58	.58
St. Louis Area <sup>2</sup> .....	-19	+11	+21	+31	.55	.59
St. Louis, Mo.....	-19	+10	+20	+31	.54	.58
Springfield, Mo.....	-11	+2	+20	+29	.41	.43
Memphis, Tenn.....	-10	+4	+18	+16	.62	.59
*All Other Cities.....	-13	+15	+36	+21	.38	.36

\*Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danyille, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup>In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of February, 1951, were 45 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding February 1, 1951, collected during February, by cities:

	Instalment Accounts		Excl. Instal. Accounts	
	%		%	
Fort Smith.....	44%		17%	57%
Little Rock.....	15	47	19	50
Louisville.....	18	46	11	48
Memphis.....	19	38	18	47
Quincy.....			17%	57%
St. Louis.....			19	50
Other Cities.....			11	48
8th F.R. Dist.			18	47

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	Feb., 1951	Jan., 1951	Dec., 1950	Feb., 1950
Sales (daily average), unadjusted <sup>3</sup> .....	275	298	540	252
Sales (daily average), seasonally adjusted <sup>3</sup> ..	327	363	353	300
Stocks, unadjusted <sup>4</sup> .....	371	290	320	289
Stocks, seasonally adjusted <sup>4</sup> .....	412	337	381	321

<sup>3</sup>Daily average 1935-39=100.

<sup>4</sup>End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	February, 1951 compared with Jan., '51	Feb., '50	2 mos. '51 to same period '50	Feb. 28, '51 comp. with Feb. 28, '50	Jan. 1, to Feb. 28, 1951	
Men's Furnishings.....	-24%	+11%	+24%	+23%	.37	.38
Boots and Shoes.....	8	+6	+12	+22	.52	.56

Percentage of accounts and notes receivable outstanding February 1, 1951, collected during February:

Men's Furnishings.....	43%	Boots and Shoes.....	46%
Trading days: February, 1951—24; January, 1951—26; February, 1950—24.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	Feb., 1951 compared with Jan., '51	Feb., '50	Jan. 31, '51	Feb. 28, '50	Feb., '51	Feb., '50
8th Dist. Total <sup>1</sup> .....	-5%	+1%	+5%	+32%	19%	19%
St. Louis Area <sup>2</sup> .....	+1	+3	+7	+24	23	24
St. Louis.....	+3	+2	+7	+24	23	24
Louisville Area <sup>2</sup> .....	-12	-6	-4	+15	13	14
Louisville.....	8	-7	+7	+48	12	14
Memphis.....	-13	-12	+5	+45	13	12
Little Rock.....	-14	-17	+6	+36	17	17
Springfield.....	-37	+7	+7	+48	14	17
Fort Smith.....	-33	-14	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville, and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Feb., '51	Jan., '51	Feb., '50
Cash Sales .....	14%	17%	15%
Credit Sales .....	86	83	85
Total Sales .....	100%	100%	100%

per cent higher in February than in January, and were 40 per cent above last year.

During the first two months of 1951, construction contracts in the St. Louis territory were considerably higher than in 1950—in floor area and number of projects as well as dollar value. Practically all types of construction so far in 1951 have exceeded the 1950 level. The exceptions include social and recreational buildings, dormitories and two-family dwellings. More than 4,000 dwelling units have been provided for in the St. Louis territory during the first two months of this year as compared with slightly less than 3,000 units in the same period of 1950. Practically all of this gain occurred in apartment buildings.

**TRADE**

February sales of district retail lines reporting to this Bank dropped from their January levels but were generally larger than in February, 1950. Percentage gains from last year, however, were not as spectacular as in January. Adverse shopping weather early in the month apparently limited sales. As the weather moderated sales picked up. As in the previous month, consumer buying was strong in both the "hard" and the "soft" lines.

Consumers have not been the only ones in the market to buy goods. Retailers' inventories are heavy and some concern over them has developed. The volume of unfilled commitments also is causing concern. Shortages have failed to materialize as quickly as anticipated.

**Department Stores**—Sales volume of reporting district stores was 15 per cent smaller than in January but was 10 per cent larger than during February, 1950. Seasonal sales promotions in the month were responsible for much of the gain from last year. An early Easter this year prompted retailers to start Easter promotions in the latter part of the month. Seasonally adjusted daily average sales were 327 per cent of the 1935-39 base period. In comparison they were 363 in January and 300 in February, 1950. Sales continued heavy through mid-March and gave indications of maintaining the cumulative gain of 22 per cent from 1950 for the month.

Without exception sales volume in the major district cities was equal to or larger than last year. In Springfield, sales volume was about the same as last year. Elsewhere in the district, sales gains from last year ranged from 4 per cent in Memphis to a gain of 22 per cent in Quincy.

The record of sales by departments in St. Louis department stores showed widespread consumer buying interest. Large percentage gains were

scattered throughout the entire store. Basement store sales (up 10 per cent) increased more percentage-wise than did the upstairs divisions where sales were 7 per cent larger than last year. In the downstairs division, men's wear and homefurnishing sales totaled more than one-fifth larger than last year. In the comparable main store, men's wear sales were 14 per cent larger than last year. The upstairs homefurnishing sales volume increased 10 per cent over those a year ago. Television sales (5 per cent larger than last year) slowed appreciably but appliance sales (up 37 per cent) continued heavy. The largest percentage gain occurred in the main store furs department where sales were 87 per cent larger than last year. In the upstairs women's accessories and apparel divisions, sales gained 6 per cent — the same as for the comparable basement departments.

The retail value of inventories held by reporting district department stores on February 28 was 14 per cent larger than on January 31 and was 26 per cent larger than on February 28, 1950. The much earlier date of Easter in 1951 contributed to the general build-up of inventories. Inventories are now considered adequate in all departments. Feared shortages have failed to develop and some concern is reported over the large volume of unfilled orders outstanding. Some portion of the value of total orders outstanding is the result of higher prices and a continuing effort to maintain stock-sales ratios. At the end of February, orders outstanding were valued at 3 per cent less than a month earlier but were 45 per cent larger than on February 28, 1950.

**Specialty Stores** — St. Louis women's apparel store sales during February dropped 17 per cent below those in January but were 5 per cent larger than last year. The value of inventories on February 28 was 17 per cent above that on January 31 and 5 per cent less than on February 28, 1950.

District men's wear store sales were about one-fourth less than in January but were 11 per cent larger than in February, 1950. Inventories were 15 per cent larger on February 28 than a month earlier and almost one-fourth larger than a year ago.

**AGRICULTURE**

(In thousands of dollars)	CASH FARM INCOME					
	Jan., 1951 compared with			12 month total Jan. to Dec. 1950 compared with		
	Jan., 1951	Dec., 1950	Jan., 1950	1950	1949	1948
Arkansas.....	\$ 36,261	-34%	+ 54%	\$ 486,345	- 9%	-15%
Illinois.....	156,947	+ 6	+ 4	1,720,080	- 1	- 8
Indiana.....	77,796	- 6	+ 15	940,791	- 2	-10
Kentucky.....	95,182	-12	- 16	514,236	- 4	-13
Mississippi.....	36,892	-19	+109	445,783	- 9	-17
Missouri.....	93,862	- 8	+ 34	1,009,281	- 0-	- 8
Tennessee.....	47,699	-17	+ 3	420,360	- 3	-16
Totals.....	\$544,639	- 9%	+ 11%	\$5,536,876	- 3%	-11%

	RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS					
	Receipts			Shipments		
	Feb., 1951	February, '51 compared with Jan., '51	Feb., '50	Feb., 1951	February, '51 compared with Jan., '51	Feb., '50
Cattle and calves.....	60,337	-30%	-25%	14,952	-38%	-42%
Hogs.....	249,093	-26	+ 5	73,985	-25	- 6
Sheep.....	15,044	-63	-48	3,189	-61	-19
Totals.....	324,474	-30%	- 7%	92,126	-30%	-15%

**Furniture Stores**—Sales volume dropped 5 per cent from that in January and was slightly larger than last year. While instances of "scarce" merchandise have developed, shortages have been confined to a few brand name items. Inventories, in terms of retail value, at the end of February were slightly larger than a month previous but were 32 per cent larger than on February 28, 1950.

**AGRICULTURE**

Prices received by farmers continued to rise during the month ending February 15. While there were some exceptions (dairy products, eggs and cottonseed), prices of most agricultural products were higher, with increases in meat animal prices leading the parade. As a result, the index of prices received by farmers increased to 313 (1910-14=100) exceeding the previous record set in January, 1948. At this level, prices were nearly one-third higher than a year earlier.

Prices paid by farmers increased also, but not as much as prices received. Thus, the parity ratio (ratio of prices received to prices paid) widened from 110 to 113 for the month ending February 15. A year earlier the parity ratio stood at 96.

Although general agricultural prices were at a record high, most commodity prices with the exception of meat animals, cotton, cottonseed and

**MORE LIVESTOCK ARE ON FARMS THAN A YEAR EARLIER**

(In thousands)	All cattle and calves		Milk cows		Hogs		Sheep and lambs	
	Number <sup>1</sup>	Per cent change from 1950	Number <sup>1</sup>	Per cent change from 1950	Number <sup>1</sup>	Per cent change from 1950	Number <sup>1</sup>	Per cent change from 1950
Arkansas.....	1,282	+ 6%	435	- 2%	1,013	+ 4%	60	+10%
Illinois.....	3,317	+ 5	972	- 2	6,976	+11	625	+ 9
Indiana.....	1,848	+ 5	721	- 1	4,934	+ 7	472	+ 4
Kentucky.....	1,721	+ 7	640	+ 1	1,668	- 0-	749	+ 7
Mississippi.....	1,791	+ 7	554	+ 2	946	- 2	106	+ 2
Missouri.....	3,356	+ 8	994	+ 2	4,916	+11	1,214	+ 3
Tennessee.....	1,550	+ 6	640	- 0-	1,385	- 1	270	+ 2
Dist. States.....	14,865	+ 6	4,956	- 0-	21,838	+ 8	3,496	+ 5
United States.....	84,179	+ 5	24,579	- 0-	65,028	+ 7	31,505	+ 2

<sup>1</sup>Livestock on farms January 1, 1951.  
Source: U.S.D.A. Livestock on Farms January 1, 1951.

soybeans were still below parity. However, important feed and food grains, dairy products and eggs all were approaching that level.

Livestock numbers on farms at the beginning of 1951 were substantially higher than a year earlier. In the last year the number of all cattle and calves increased 6 per cent in district states compared with a 5 per cent increase nationally. This increase was largely in beef cattle. Dairy cattle numbers were unchanged both in the district and in the nation. The number of cattle in district states increased most (relatively) in Missouri, Mississippi and Kentucky. Hog numbers on farms were up sharply in Illinois and Missouri from a year earlier. Sheep numbers increased during 1950, the first increase in eight years.

Producers of burley tobacco will be permitted to increase acreage by about 12 per cent compared with 1950. The production quota now has been set at 580 million pounds compared with a 542 million-pound quota announced during November for the 1951 crop. Flue-cured tobacco (not grown in district states) also had its quota increased substantially. The new quota will result in acreage allotments about 14 per cent higher than in 1950.

**BANKING AND FINANCE**

**Voluntary Credit Restraint Program**—In order to further restrain inflationary pressure, the Board of Governors of the Federal Reserve System announced on March 13 a program for voluntary credit restraint.

Section 708 of the Defense Production Act of 1950, and the Executive Order of the President No. 10161, authorize the Board of Governors to en-

courage financing institutions to enter into voluntary programs to restrain credit where such restraint will further the objectives of the Act. The Program for Voluntary Credit Restraint which was worked out by representatives of financing institutions in consultation with the Board has as its major objective loan screening by all financing institutions in the United States to eliminate loans which are not necessary to finance the defense program, and other essential purposes.

A national committee, the Voluntary Credit Restraint Committee, has been created, the members appointed by the Board of Governors and representing life insurance companies, investment bankers and commercial banks. This Committee will consider the functioning of the Program and advise the Board with respect thereto. The Committee will also appoint subcommittees throughout the United States to be available for consultation with individual financing institutions and to assist them in determining the application of the Program with respect to specific loans.

Participation in the Program is entirely voluntary, but the Board has expressed the hope that all financing institutions would cooperate. The Program was issued after consultation with the Attorney General and the Chairman of the Federal Trade Commission. Under the law, actions of financing institutions in accordance with the Program are exempt from the prohibitions of the anti-trust laws and the Federal Trade Commission Act.

**Increase in Interest Rates** — On March 3, the Treasury announced that it planned a new issue of non-marketable 2¾ per cent long-term bonds to be offered in exchange for outstanding 2½ per cent Treasury bonds of June and December 1967-72. Terms of the new bonds were announced by the Treasury on March 8. Following this announcement, Government bond prices declined. The longest-term bank-restricted issue fell in price to a level just above par. Most other Government issues sold at lower levels. On March 13, the Government bond market slumped a second time and prices of bank-restricted issues, including the long-term "Victories," fell below par. The bank-eligible issues, likewise, declined in price.

One effect of the decline in prices of government securities in mid-March was to increase yields on these securities approximately ⅛ of 1 per cent. Some issues changed more, some less, in yield (Treasury bills changed very little). Interest rates in general tended upward. Rates on bankers' acceptances advanced ⅛ of 1 per cent. Rates on commercial paper likewise firmed. Yields on highest grade corporate bonds rose so that the corporate-

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	February, 1951	January, 1951	February, 1950	February, 1951 compared with Jan., '51 Feb., '50	
El Dorado, Ark.....	\$ 23,221	\$ 28,530	\$ 19,419	-19%	+20%
Fort Smith, Ark.....	39,875	47,443	33,343	-16	+20
Helena, Ark.....	7,062	9,812	5,840	-28	+21
Little Rock, Ark.....	128,236	149,021	112,130	-14	+14
Pine Bluff, Ark.....	25,683	34,899	22,540	-27	+14
Texarkana, Ark.*.....	11,024	14,128	8,980	-22	+23
Alton, Ill.....	24,108	29,957	20,304	-20	+19
E. St. L.-Nat. S. Y., Ill....	106,312	142,171	89,488	-25	+19
Quincy, Ill.....	29,866	35,910	25,934	-17	+15
Evansville, Ind.....	122,014	140,752	104,892	-13	+16
Louisville, Ky.....	552,293	667,543	461,755	-17	+20
Owensboro, Ky.....	37,219	50,406	32,592	-26	+14
Paducah, Ky.....	17,112	17,800	12,866	-4	+33
Greenville, Miss.....	19,403	31,127	18,975	-38	+2
Cape Girardeau, Mo.....	11,178	14,658	9,805	-24	+14
Hannibal, Mo.....	8,544	10,088	7,456	-15	+15
Jefferson City, Mo.....	48,800	63,608	42,097	-23	+16
St. Louis, Mo.....	1,589,078	2,009,686	1,318,815	-21	+20
Sedalia, Mo.....	10,586	12,141	9,112	-13	+16
Springfield, Mo.....	56,376	70,255	46,310	-20	+22
Jackson, Tenn.....	18,160	23,041	16,078	-21	+13
Memphis, Tenn.....	554,417	818,656	495,882	-32	+12
Totals.....	\$3,440,567	\$4,421,632	\$2,914,613	-22%	+18%

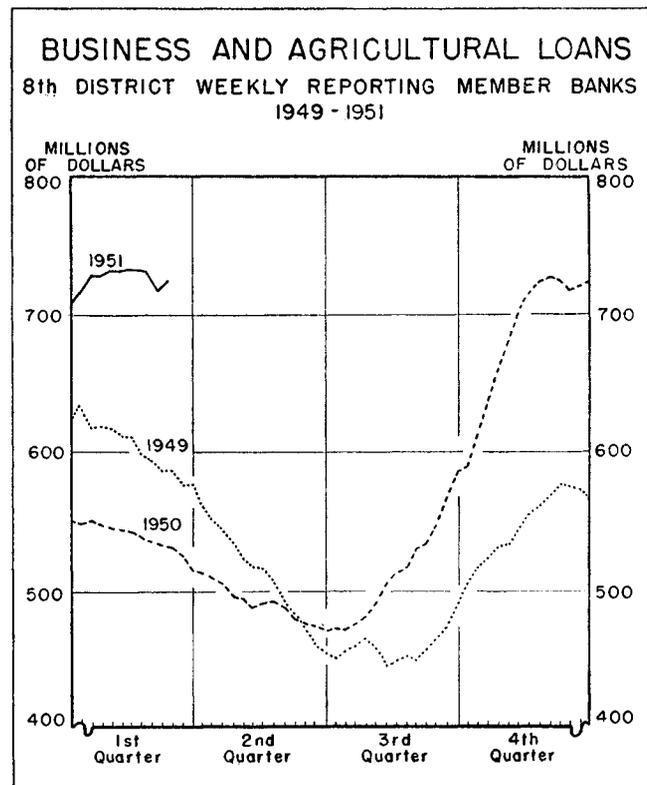
\* These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$27,730.

Government bond spread remained the same as in February and March. In addition, the increase in yield on Government bonds was reflected in the yield on municipal bonds and high-grade preferred stocks.

**Banking Nationally** — Nationally, in February and early March commercial loan expansion continued. Weekly reports from member banks in leading cities showed that commercial and industrial loans jumped \$836 million in the six week period to an all-time high of \$19 billion. Expansion in these loans is unusual at this time. In the same period of 1948, 1949 and 1950, for example, commercial and industrial loans declined nearly \$150 million on the average.

**District Banking Developments** — In February, district member banks reduced their loan volume, but less than the average amount for the preceding three years. The slight decline of \$4 million for all district member banks was the net result of a decline at the larger city banks (\$13 million) and a gain at smaller, primarily rural banks (\$9 million). The smaller bank loan expansion compared with an average growth of only \$1 million in February, 1948-50.

The loan decline at the larger banks was due to a shrinkage in loans to other banks which had increased sharply (about \$20 million) in January — presumably as part of the banks' adjustment to reserve requirement increases effective January 11 through February 1. Real estate loans at the larger banks showed a gain of \$1 million in February com-



pared with more than twice that amount in February, 1950. Consumer loans were off but somewhat less than the preceding three-year average. Commercial loans at the larger banks remained virtually unchanged in February compared with an average drop of \$14 million in the corresponding period in 1948-50.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Feb., 1951	Change from:		Feb., 1951	Change from:		Feb., 1951	Change from:	
		Jan., 1951 to Feb., 1951	Feb., 1950 to Feb., 1951		Jan., 1951 to Feb., 1951	Feb., 1950 to Feb., 1951		Jan., 1951 to Feb., 1951	Feb., 1950 to Feb., 1951
<b>Assets</b>									
1. Loans and Investments.....	\$4,049	\$- 41	\$+126	\$2,390	\$- 42	\$+ 88	\$1,659	\$+ 1	\$+ 38
a. Loans.....	1,867	- 4	+361	1,279	- 13	+288	588	+ 9	+ 73
b. U.S. Government Obligations.....	1,820	- 27	-242	936	- 19	-200	884	- 8	- 42
c. Other Securities.....	362	- 10	+ 7	175	- 10	- 0-	187	- 0-	+ 7
2. Reserves and Other Cash Balances.....	1,341	- 6	+164	844	+ 3	+141	497	- 9	+ 23
a. Reserves with the F.R. bank.....	677	- 7	+100	443	- 15	+ 71	234	+ 8	+ 29
b. Other Cash Balances <sup>3</sup> .....	664	+ 1	+ 64	401	+ 18	+ 70	263	- 17	- 6
3. Other Assets.....	49	- 1	+ 8	32	+ 2	+ 5	17	- 3	+ 3
4. Total Assets.....	<u>\$5,439</u>	<u>\$- 48</u>	<u>\$+298</u>	<u>\$3,266</u>	<u>\$- 37</u>	<u>\$+234</u>	<u>\$2,173</u>	<u>\$- 11</u>	<u>\$+ 64</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,064	\$- 39	\$+253	\$2,523	\$- 25	\$+194	\$1,541	\$- 14	\$+ 59
a. Deposits of Banks.....	665	- 52	+ 5	629	- 49	- 4	36	- 3	- 1
b. Other Demand Deposits.....	3,399	+ 13	+258	1,894	+ 24	+198	1,505	+ 11	+ 60
6. Time Deposits.....	974	+ 1	- 5	59	- 0-	- 2	484	+ 1	- 3
7. Borrowings and Other Liabilities.....	65	- 12	+ 33	49	- 12	+ 33	6	- 0-	- 0-
8. Total Capital Accounts.....	336	+ 2	+ 17	194	- 0-	+ 9	142	+ 2	+ 8
9. Total Liabilities and Capital Accounts.....	<u>\$5,439</u>	<u>\$- 48</u>	<u>\$+298</u>	<u>\$3,266</u>	<u>\$- 37</u>	<u>\$+234</u>	<u>\$2,173</u>	<u>\$- 11</u>	<u>\$+ 64</u>

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

In February, investments of district member banks declined \$37 million: \$29 million at the city banks and \$8 million at the smaller banks as a group.

Deposits were off slightly in total amount for the month. Demand deposits due to banks were drawn down fairly sharply while other demand deposits increased moderately at the larger banks. Time deposits expanded at the country banks.

At mid-March, reports from weekly reporting member banks in the district indicated that the February trends had continued. Commercial loans were down in volume although the decline was less than in the corresponding weeks of the three preceding years. The contraseasonal strength in demand appeared at all reporting centers except

Memphis. Real estate loans for the 34 reporting banks were up for the two-week period to mid-March, loans to banks and "other" (largely consumer credit) loans were off.

**Debits to Deposit Accounts**—The dollar volume of checks cashed in February declined more than usual from the January level. Debits to deposit accounts at the 22 selected cities in the Eighth District were \$3.4 billion in February, 18 per cent above February, 1950. By comparison, January debits were 32 per cent larger than in January, 1950. Nationally, the picture was similar to that in the district. Debits at leading cities in the country in February were only 18 per cent above the comparable month a year ago, as compared to a 30 per cent gain in January.



that was available per enrolled student was \$22 in Mississippi compared to \$74 in Iowa. Second, education in the broader sense implies a population more alert in its awareness of alternative opportunities, in its capacity to communicate, and in its willingness to shift toward more productive employ-

ment. It is such a population that will effectively contribute to the immediate mobilization program and to future economic progress.

Werner Hochwald  
J. Kenyon Lewis

# Survey of Current Conditions

At the end of the first quarter of 1951, the district and the national economies were operating at high and rising levels of production and employment. Industrial output in both district and nation increased somewhat between February and March. The Board's index for March is estimated at 223 per cent of the 1935-39 average as compared with 221 a month earlier. Production of many civilian lines was maintained at near record rates in the first quarter. Automobiles, for example, were produced at a rate 20 per cent greater than that in the first quarter 1950 and nearly at the record rate of 1950.

Construction activity in the nation, in dollar value, was larger in the first quarter than in any other first quarter on record. St. Louis territory construction contract awards were a third higher than in the same period of 1950.

Agricultural activity in the nation and the district is picking up as the growing season gets under way. A late start in the fields because of wet, cold weather has hampered operations in many sections.

The large output of civilian goods during recent months reflected both the high level of current demand and the movement of goods into inventories. Retail sales at department stores in March were less than "hoped for". By the standards of any previous year, however, sales were good—above 1950 levels in all but a few lines.

Price controls, credit restrictions, growing inventories, and the leveling off of consumer demand in both February and March has had the effect of slowing price advances. The index of wholesale prices for all commodities was 183 per cent of 1926 early in April following several weeks of relative stability. At that level it was 2 per cent above the freeze level of January 23, however, and represented a post-Korean increase of 17 per cent. The consumer price index was 184.5 per cent of 1935-39 (new series) at mid-March and was expected to show only a slight increase in April. But the tendency for prices to level off during the past month or more should not be interpreted to mean that inflationary pressures have been dissipated. An increasing proportion of our national effort will be diverted to the production of defense goods. As the defense "take" increases, the inflationary problem is expected to intensify.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Mar., '51	Feb., '51	Mar., '50	March, 1951 compared with	
				Feb., '51	Mar., '50
All Commodities....	184.0	183.6	152.6	+ 0.2%	+20.6%
Farm Products....	203.8	202.6	159.4	+ 0.6	+27.9
Food.....	186.6	187.7	155.5	- 0.6	+20.0
Other.....	172.4	171.8	146.0	+ 0.3	+18.1

CONSUMER PRICE INDEX *					
Bureau of Labor Statistics (1935-39=100)	Mar. 15, 1951	Dec. 15, 1950	Mar. 15, 1950	March 15, 1951 compared with	
				Dec. 15, '50	Mar. 15, '50
United States.....	184.5	178.8	168.4	+ 3.2%	+ 9.6%
St. Louis.....	185.2	178.8	168.0	+ 3.6	+10.2
Memphis.....	186.5	182.7	172.8	+ 2.1	+ 7.9

RETAIL FOOD *					
Bureau of Labor Statistics (1935-39=100)	Mar. 15, 1951	Feb. 15, 1951	Mar. 15, 1950	March 15, 1951 compared with	
				Feb. 15, '51	Mar. 15, '50
U. S. (51 cities).....	226.2	226.0	196.6	+ 0.1%	+15.1%
St. Louis.....	239.4	240.0	204.7	- 0.3	+17.0
Little Rock.....	226.8	225.2	196.0	+ 0.7	+15.7
Louisville.....	214.6	214.5	184.1	- 0-	+16.6
Memphis.....	233.8	230.8	204.8	+ 1.3	+14.2

\*—New Series.

## EMPLOYMENT

Employment began to climb in the nation and in the Eighth District in March after remaining

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	March, 1951 compared with		
	Feb., '51	March, '50	March 31, 1951 compared with March 31, 1950
Drugs and Chemicals.....	+22%	+12%	.... %
Dry Goods.....	+ 2	+19	+33
Groceries.....	+13	+ 7	+27
Hardware.....	+ 6	+37	+19
Tobacco and its Products..	+ 6	+ 1	+16
Miscellaneous.....	+14	+24	+29
**Total All Lines.....	+ 5%	+20%	+27%

\*Preliminary.  
\*\*Includes certain items not listed above.

relatively stable between January and February. An expansion in manufacturing plus seasonal gains in trade, construction and agriculture were responsible for one of the largest increases ever recorded at this time of year.

Total civilian employment in the United States reached 60.2 million in March, the Bureau of the Census reported. This was 1.3 million above the February and 2.6 million above the year ago levels. Unemployment, at 2.1 million, was about half as large as a year ago and about 10 per cent lower than in February.

The civilian labor force (which includes both the employed and the unemployed) continued to expand in March, despite military service inductions. The major factor was the large number of housewives entering the job market. Since March, 1950, the number of women in the civilian labor force in the nation has increased 1.2 million, while the number of men has decreased only 500,000.

Unemployment in the seven district states, as measured by the volume of unemployment compensation claims, dropped considerably between mid-February and mid-March. The decline, ranging from 4 per cent in Kentucky to 30 per cent in Mississippi, averaged 19 per cent for the seven states as compared with a decrease nationally of 12 per cent. Insured unemployment in the district states in March was less than half the year ago volume.

More people were working in the St. Louis area in mid-March than in mid-February, as construction, manufacturing, trade and Government added more workers. In manufacturing, gains in the food, chemicals, machinery, and basic and fabricated metals industries more than offset a loss in the transportation equipment industry. Employment this March was considerably higher than a year ago. About two-thirds of the gain over the past year was in manufacturing employment, with the remaining one-third divided among construction, trade and Government. Since the beginning of the Korean War, total manufacturing employment has gone up about 7 per cent. Employment in the primary and fabricated metals and nonelectrical machinery industries has jumped 16 per cent.

Employment in the Louisville area reached a peacetime peak in March, according to the Department of Economic Security. About 3,000 more people were working in March than in January, with gains coming in manufacturing, construction, public utilities and Government. In manufacturing, the rise reflected mainly additions in the food,

chemicals, primary metals and nonelectrical machinery industries. All of the major industry groups, except public utilities, had more workers than a year ago.

Employment in the Memphis area in March was about 2,000 higher than in January and about 11,500 higher than a year ago, according to the Department of Employment Security. Almost half of the increase over the past year occurred in Government employment due to increased activity at military and naval installations. Large numbers of workers are reported to be re-entering the labor force.

Evansville employment edged upward in March due to relatively small gains in manufacturing, construction, trade and Government. In the manufacturing field increases were reported by the food, nonelectrical machinery, and transportation equipment industries. No industries reported a loss between February and March. Unemployment in March was down about one-fourth from February and was about one-half of the year ago figure, the Employment Security Division reported.

**INDUSTRY**

March industrial output in the district topped February and was well ahead of production in March, 1950. Major factors in the rise in total output from February were the longer work month in March and improved weather conditions. Normally there is some seasoned gain between February and March.

Electric power consumption by manufacturing industries in the district's major cities was 9 per cent larger than in February and was up 13 per cent from a year ago. Except in St. Louis and

**INDUSTRY**

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	March, 1951	February, 1951	March, 1950	March, 1951 compared with		
	K.W.H.	K.W.H.	K.W.H.	Feb., '51	Mar., '50	
Evansville.....	16,092	15,953	12,961	+ 0.9%	+24.2%	
Little Rock.....	12,768	12,549	12,441R	+ 1.7	+ 2.6	
Louisville.....	80,710	75,114	72,678	+ 7.5	+11.1	
Memphis.....	30,229	26,684	27,711	+13.3	+ 9.1	
Pine Bluff.....	7,590	8,872	4,327	-14.5	+75.4	
St. Louis.....	100,352	88,432	88,375R	+13.5	+13.6	
Totals.....	247,741	227,604	218,493	+ 8.8%	+13.4%	

R—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
Mar., '51	Feb., '51	Mar., '50	First Nine Days Apr., '51	Apr., '50	3 mos. '51	3 mos. '50
132,803	91,302	113,432	35,840	31,986	346,027	308,425

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	March, 1951	Feb., 1951	March, 1950	March, 1951 compared with	
	1951	1951	1950	Feb., '51	Mar., '50
Arkansas.....	79.5	79.4	80.6	-0-	- 1%
Illinois.....	164.0	159.9	179.6	+ 3	- 9
Indiana.....	27.0	27.6	27.2	- 2	+ 1
Kentucky.....	28.2	27.9	25.6	+ 1	+10
Total.....	298.7	294.8	313.0	+ 1%	- 5%

Memphis, however, the increase from February reflected a longer work month. Average consumption per day was off in the other cities, the declines ranging from 22 per cent in Pine Bluff to 2 per cent in Louisville.

In March, 133,000 loads were interchanged by the St. Louis Terminal Railroad Association. This was 32,000 more load interchanges than in February, the month of the railroad strike. Interchanges in the first nine days of April totaled almost 35,000 loads, slightly higher on a daily average basis compared with the first nine days of March.

The steel industry in the St. Louis area operated at 93 per cent of capacity in March, 6 points above the rate for February. The rate for March, 1950 was 78 per cent. Operations were scheduled at a slightly lower level for the first two weeks of April—89 per cent.

Southern pine operations increased in March; the index of average production per reporting unit was 211 as compared to 173 for February. Activity was down slightly in the last week of March and the first week of April, however. The March average was the highest posted since October and reflected better weather conditions and the incentive of heavy demand generated by growing defense needs and continued high levels of construction activity.

The index of pine output for first quarter 1951 was 196, two points less than first quarter 1950. Prolonged cold weather this year largely accounts for the decrease relative to 1950.

Southern hardwood producers boosted output from 85 per cent of capacity in February to 99 per cent in March—the highest rate since last November. The quarterly rate of hardwood production was 91—well above the 78 posted in the first three months of 1950. The rate for first quarter 1951 was unusually high.

The St. Louis shoe industry produced 8.3 million pairs of shoes in January to start 1951 with a 5 per cent increase in output over January, 1950. This level of manufacture, following the production of 92 million pairs in the district in 1950, led to

cautious buying at the April showing of St. Louis shoe manufacturers. Retail shoe inventories were valued at approximately 10 to 20 per cent more than in the corresponding period of last year.

Forty-four Kentucky distilleries were in operation at the end of March—one less than at the end of February. The cooperage shortage seems to be easing somewhat, but warehousing space is still scarce. The whiskey industry has found prices for 1949 and earlier whiskeys are firm, but that some price cutting for 1950 and 1951 whiskeys has occurred. Trade reports indicate some uncertainty as to interpretation of OPS price ceilings for whiskey.

### Coal and Oil Output Increases Slightly

District coal production increased slightly in March, as compared to February. March output was 8.9 million tons, as compared to 8.6 million tons for the previous month. On a seasonably adjusted daily average basis production (preliminary) was 172 per cent of 1935-39 compared with 152 for February. March output was about normal for this time of year, although it was less than in March, 1950. Last year production was increased sharply (to 10.7 million tons) in March, following the work interruption in January and February.

Daily average crude oil production for the district was 298,700 barrels in March. This was 1 per cent higher than daily average output in February, but 5 per cent smaller than in March, 1950.

States reporting increased output in March over February were Illinois (3 per cent), and Kentucky (1 per cent). Arkansas daily average output was unchanged while Indiana reported a small decrease (2 per cent).

### CONSTRUCTION

The value of new construction put in place in the United States during March totaled \$2.1 billion, 10 per cent more than in February and 21 per cent more than in March, 1950. In the first three months of this year the dollar value of construction was larger than in any previous first-quarter on record, and was about one-fifth more than in the compar-

### PRODUCTION INDEXES

#### COAL PRODUCTION INDEX 1935-39=100

Unadjusted			Adjusted		
Mar., '51	Feb., '51	Mar., '50	Mar., '51	Feb., '51	Mar., '50
163.0*	173.5*	157.0	171.6*	152.2*	165.3

#### SHOE PRODUCTION INDEX 1935-39=100

Unadjusted			Adjusted		
Jan., '51	Dec., '50	Jan., '50	Jan., '51	Dec., '50	Jan., '50
152	153	152	149	156	149

\*—Preliminary.

### CONSTRUCTION

#### BUILDING PERMITS

Month of March

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1951	1950	1951	1950	1951	1950	1951	1950
Evansville.....	65	135	\$ 191	\$ 403	81	93	\$ 123	\$ 71
Little Rock.....	87	109	1,921	870	185	221	129	188
Louisville.....	144	145	7,240	754	60	85	57	71
Memphis.....	1,471	1,799	2,615	4,512	242	189	161	220
St. Louis.....	277	455	3,612	4,985	272	258	1,252	624
Mar. Totals.....	2,044	2,643	\$15,579	\$11,524	840	846	\$1,722	\$1,174
Feb. Totals.....	1,632	2,311	\$ 6,896	\$ 6,977	485	581	\$ 637	\$ 907

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks	Stock
	March, 1951 compared with			on Hand	Turnover
	Feb., '51	Mar., '50	3 mos. 1951 to same period '50	Mar. 31, '51 comp. with Mar. 31, '50	Jan. 1, to March 31, 1951 1950
8th F. R. District	+24%	+ 7%	+16%	+28%	.81 .90
Ft. Smith, Ark. 1...	+34	+24	+25	+32	.84 .85
Little Rock, Ark. 1...	+15	+ 1	+11	+22	.76 .87
Quincy, Ill. ....	+19	+12	+26	+22	.81 .70
Evansville, Ind. ....	+41	+15	+27	+30	.74 .75
Louisville, Ky. ....	+39	+10	+18	+18	.91 .94
St. Louis Area 2....	+19	+ 4	+15	+36	.80 .92
St. Louis, Mo. ....	+17	+ 3	+14	+37	.78 .91
Springfield, Mo. ....	+47	+13	+17	+22	.67 .71
Memphis, Tenn. ....	+23	+ 8	+14	+14	.92 .92
*All Other Cities. . .	+40	+15	+27	+20	.60 .60

\*Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup> In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of March, 1951, were 41 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding March 1, 1951, collected during March, by cities:

	Instalment Accounts		Excl. Instal. Accounts		Instalment Accounts		Excl. Instal. Accounts
	..... %	49%			..... %	64%	
Fort Smith.....	17	38	Quincy.....	20	51		
Little Rock....	19	50	St. Louis.....	16	57		
Louisville.....	20	42	Other Cities....	19	48		
Memphis.....			8th F.R. Dist.				

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	Mar., 1951	Feb., 1951	Jan., 1951	Mar., 1950
Sales (daily average), unadjusted <sup>3</sup> .....	298	275	298	285
Sales (daily average), seasonally adjusted <sup>3</sup> .....	298	327	363	297
Stocks, unadjusted <sup>4</sup> .....	413	371	290	317
Stocks, seasonally adjusted <sup>4</sup> .....	425	412	337	326

<sup>3</sup> Daily average 1935-39=100.

<sup>4</sup> End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales			Stocks	Stock
	March, 1951 compared with			on Hand	Turnover
	Feb., '51	Mar., '50	3 mos. '51 to same period '50	March 31, '51 comp. with Mar. 31, '50	Jan. 1, to March 31, 1951 1950
Men's Furnishings	+23%	+ 2%	+15%	+35%	.53 .60
Boots and Shoes....	+93	+33	+21	+13	.96 .93

Percentage of accounts and notes receivable outstanding March 1, 1951, collected during March:

Men's Furnishings .....	47%	Boots and Shoes.....	43%
Trading days: March, 1951—27; February, 1951—24; March, 1950—27.			

**RETAIL FURNITURE STORES \*\***

	Net Sales		Inventories		Ratio of Collections	
	March, 1951 compared with		March 31, 1951 compared with		of	
	Feb., '51	Mar., '50	1951	1950	Mar., '51	Mar., '50
8th Dist. Total <sup>1</sup> ..	+ 8%	- 7%	+ 3%	+30%	25%	25%
St. Louis Area 2..	+ 2	- 6	+ 1	+10	48	52
St. Louis.....	+ 3	- 7	+ 1	+10	50	53
Louisville Area <sup>3</sup> ..	+18	-17	+15	+55	14	16
Louisville.....	+20	-17	+16	+56	13	16
Memphis.....	-14	-21	+ 6	+48	15	14
Little Rock.....	+37	- 2	-25	+ 2	19	17
Springfield.....	+38	+14	+ 9	+44	17	17
Fort Smith.....	+20	- 5	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	March, '51	February, '51	March, '50
Cash Sales .....	14%	14%	11%
Credit Sales .....	86	86	89
Total Sales .....	100%	100%	100%

able period of 1950. Practically all types of building shared in the gain, but the largest increases were in industrial and commercial construction and military and naval facilities.

In the Eighth District there are no available statistics on construction actually put in place. According to F. W. Dodge reports, however, contract awards in March were valued at about \$95 million as compared with \$60 million in February and \$71 million a year ago. Contract awards in the first quarter of 1951 were more than one-third higher in dollar value than in the first quarter of 1950. In comparison, contract awards in March in the 37 state area covered by the F. W. Dodge reports were 11 per cent higher than in February and 3 per cent below last March.

In the Eighth District, awards for nonresidential construction in March were 57 per cent higher than in February and 14 per cent above last March. Residential awards were up 62 per cent from a month ago and 72 per cent from a year ago. Entire first-quarter performance in the district showed a considerably sharper gain in residential than in nonresidential contracts as compared with the same period in 1950. Apartment building awards were valued at more than double the 1950 volume. In nonresidential work the major increases were in manufacturing and educational buildings.

**TRADE**

Despite such gains as occurred, retailers viewed March sales totals as "disappointing". Department store sales were up but not as much as anticipated with Easter coming on March 25. Men's store sales volume was somewhat larger than in 1950. St. Louis, women's specialty stores slightly exceeded last year's figures. March normally is a slow month for furniture stores but this year sales activity was slower than expected.

Of the many factors influencing the month's sales, soft goods dealers pointed most often to the weather and the early date of Easter in 1951. In 1950, Easter came on April 9, and warmer weather had reminded consumers that spring had arrived. This year, March weather was anything but ideal. Other dampening factors cited were the income tax date (coming just ten days before Easter), previous stocking up by consumers, and uncertainty (both with respect to consumers and retailers) as to the effects of price controls.

Hard goods dealers expected March sales to be slow—but not as slow as they were. In the Easter season consumers are usually more concerned with buying a new pair of shoes than an electric iron. Automotive sales in the month were slow—particu-

larly for used car dealers. Automobile dealers suggest that heavy sales earlier this year with no shortage of cars to date convinced consumers there may be no scarcity of automobiles. Thus, the more than seasonal let-up in sales.

Meanwhile, retailers' inventories continued to mount in March. And with sales not up to expectations, concern over inventory level has become fairly widespread. Most dealers expect shortages to appear in the future, but that does not lessen their concern over present stocks.

**Department Stores**—District sales during March were about one-fourth larger than in February and 7 per cent larger than in March, 1950. However, seasonally adjusted records indicate some slackening of activity. The March index (adjusted) was 298 per cent of the 1935-39 base. For comparison it was 327 in February and 297 in March, 1950.

Total sales volume in all major district cities during March was larger than in the previous month and comparable month last year. The largest increase (year to year) occurred in Fort Smith, where sales were almost one-fourth larger than last year. The smallest gain from last year was recorded in Little Rock where sales volume was only slightly above that in 1950.

The story of the month's sales is reflected in the record of St. Louis department stores. Not many major divisions showed gains from last year, and some reported decreases. Women's and misses' accessory sales (main store) were up 6 per cent from last March, but apparel sales were off 7 per cent. In the comparable basement divisions women's and misses' apparel and accessories sales averaged 3 per cent larger. Main store men's wear sales increased 2 per cent, while in the basement sections they were 4 per cent larger. In the house-furnishing divisions for the first time in months there were no large sales gains registered. Television sales, long the leader, declined 7 per cent. Major appliance sales were one-fifth under last year, while furniture and bedding sales declined about one-tenth.

In terms of retail value, inventories held by district department stores on March 31 were 9 per cent larger than on February 28. Compared with March 31, 1950 the increase was 28 per cent. Seasonally adjusted end-of-month stocks were 425 per cent of the 1935-39 average, a new high. A month earlier they were 412 per cent and on March 31, 1950, were 326 per cent. The value of department stores' outstanding orders at the end of March was down about one-third from a month earlier, but was

still about two-fifths larger than at the same time a year earlier.

**Specialty Stores**—Both men's and women's apparel store sales volume was substantially larger in March than in February. Volume at St. Louis women's stores was up slightly relative to March, 1950, and district men's store sales were up 2 per cent from last year. In terms of retail value, womens' store inventories on March 31 were down slightly from the end of February, but up slightly from a year ago. Men's store inventories were up 14 per cent from February 28, and were about one-third larger than a year earlier.

**Furniture Stores**—District sales of reporting furniture stores in March totaled 8 per cent larger than in February but were 7 per cent less than in March, 1950. First-quarter 1951 sales totaled about one-tenth larger than in 1950. Inventories held on March 31 were 3 per cent larger than on February 28 and were 30 per cent larger than on March 31, 1950.

**AGRICULTURE**

As spring planting gets under way in the Eighth District, prospects for 1951 crops can be viewed with mixed optimism and pessimism. Intentions of farmers to plant indicate large crop production, given average weather during the growing season. However, acreages of some important feed and food crops are not up to expectations. The second report on the winter wheat crop places it 173 million bushels less than the December, 1950 estimate, and reports of intentions to plant corn were disappointing.

Acreage of principal crops in 1951 may reach 366 million acres, 2 per cent more than in 1950. This assumes that acreage of crops for which no estimates are available (including cotton) reach the

**AGRICULTURE**

(In thousands of dollars)	February, 1951 compared with			2 mo. total Jan. to Feb., 1951 compared with		
	Feb., 1951	Jan., 1951	Feb., 1950	1951	1950	1949
Arkansas.....	\$ 22,177	-39%	- 1%	\$ 58,438	+ 27%	- 20%
Illinois.....	122,543	-22	- 0-	279,490	+ 2	+ 22
Indiana.....	68,925	-12	+ 17	146,721	+ 16	+ 21
Kentucky.....	28,081	-71	+ 33	123,263	- 8	- 3
Mississippi.....	26,262	-29	+129	63,154	+117	- 41
Missouri.....	67,376	-28	+ 14	161,238	+ 25	+ 16
Tennessee.....	23,777	-46	+ 12	73,476	+ 6	+ 1
Totals.....	\$361,141	-34%	+ 13%	\$905,780	+ 12%	+ 4%

	Receipts			Shipments		
	Mar., 1951	March, 1951 compared with		Mar., 1951	March, 1951 compared with	
	1951	Feb., '51	Mar., '50	1951	Feb., '51	Mar., '50
Cattle and calves.....	68,620	+ 14%	-23%	20,899	+ 40%	- 30%
Hogs.....	300,766	+ 21	+ 2	69,913	- 6	- 11
Sheep.....	17,054	+ 13	-60	7,351	+131	- 60
Totals.....	386,440	+19%	- 9%	98,163	+ 7%	- 23%

## PROSPECTIVE PLANTINGS, 1951

(Acreage in thousands)

	Corn		Oats		Soybeans		Tobacco	
	Indicated acreage 1951	Per cent change						
Illinois.....	8,964	+ 8%	3,682	- 7%	3,600	-12%	—	—
Indiana.....	4,562	+ 5	1,457	0	1,634	- 4	11	+ 8%
Missouri.....	4,410	+ 5	1,895	- 6	1,175	0	5	+ 6
Kentucky.....	2,158	- 1	170	0	190	- 3	347	+ 8
Tennessee.....	2,110	- 3	318	- 2	250	+ 7	108	+ 6
Mississippi.....	1,966	-15	285	-20	482	+10	—	—
Arkansas.....	1,188	-20	289	-10	566	-10	—	—
District States.....	25,358	+ 1	8,096	- 6	7,897	- 7	471	+ 8
United States.....	85,694	+ 2	44,191	- 5	13,772	- 6	1,745	+10

Source: Crop production, USDA.

USDA recommended goals. Actually, acreage of 18 principal crops, including winter wheat, will be about 1.5 million acres less than in 1950, providing farmers follow their March 1 intentions. Cotton is not included among the 18 crops noted; no official cotton acreage reports will be available until July. The cotton acreage goal, however, is much higher than last year's planting, and even if the goal were not met there should be enough increase in cotton acreage to bring total acreage up higher than in 1950.

Intentions to plant feed grain were not as high as recommended by Government officials. With average yields the acreages indicated would produce insufficient feed to maintain present livestock numbers. Indicated corn acreage, for example, falls short of the acreage goal by 5 per cent.

The increase in corn acreage for district states was virtually the same as for the United States. However, wide shifts are expected within the district. Acreages in the commercial Corn Belt are expected to increase, but decreases are expected in the other states. An increase of 8 per cent is expected in Illinois and 5 per cent in Indiana and Missouri. In contrast, corn acreage in Mississippi and Arkansas is expected to decline 15 and 20 per cent from 1950 acreages.

Prospects for the 1951 winter wheat crop are not bright, although estimated acreage was slightly higher than the announced goal. Dryness, severe winter weather and insect infestation, particularly in the Central and Southern Great Plains, have resulted in a March 1 estimated wheat crop of 726 million bushels. This is nearly 20 per cent less than indicated on December 1, 1950 and 5 per cent less than the 1950 crop. The 1947 and 1948 crops both exceeded a billion bushels. However, farmers intend to plant 18 per cent more spring wheat than in 1950.

Rice acreage is expected to be at an all-time high. Intentions to plant this year are 25 per cent higher in Arkansas than in 1950. Rice has only recently been grown in important quantities in Mississippi.

However, acreage in 1951 is expected to be 15,000 acres compared with 7,000 in 1950.

Farmers intend to plant more soybeans in Mississippi and Tennessee and the same acreage in Missouri compared with 1950. Smaller acreages are expected in the other states, including the important producing states of Illinois and Indiana.

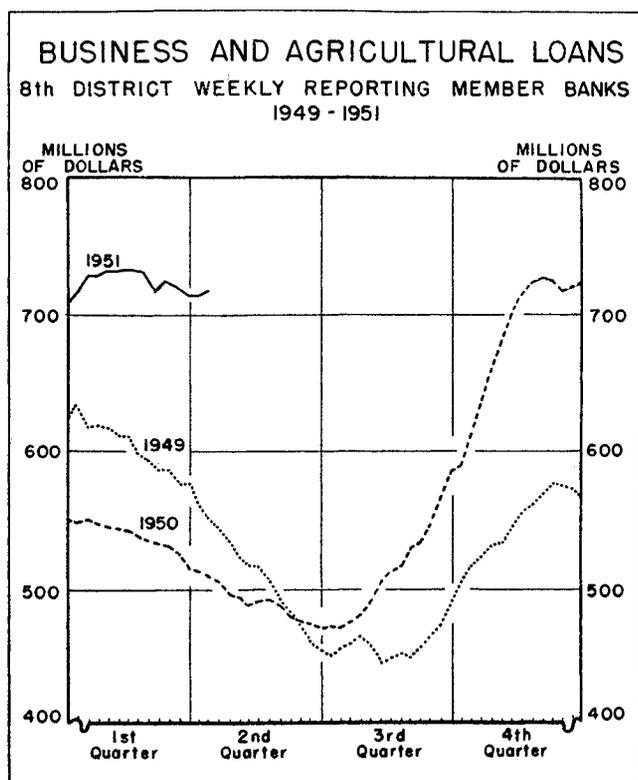
The question of whether the announced goal of 28 million acres of cotton will be realized remains unanswered. Some optimism is being expressed on this point. Intentions to plant other crops give some clues as to cotton acreage. It is known that there will be substantial increases in cotton acreage in western areas. The indicated acreage in Arkansas and Mississippi for 18 important crops (which include soybeans, rice and hay) is 10 per cent less than the acreage of these crops in 1950, or a decrease of 820,000 acres. If that went into cotton, these two states would show a cotton acreage increase of 21 per cent. Also some land was idle in 1950 that could be brought into cultivation in 1951. Many individual land owners are known to have taken land out of cultivation to seed pastures, however.

Agricultural prices declined slightly between February 15 and March 15. The index on the latter date was 311 (1910-14=100) compared with 313 a month earlier. Prices paid by farmers advanced 4 points to an index of 280. The parity ratio thus declined from 113 to 111.

## BANKING AND FINANCE

**District Banking Developments**—In March, district member banks continued to expand their loans and their investments in "other" (than Government) securities. Each of these types of earning assets rose \$2 million in the month. Investment in Government securities declined \$42 million. Part of these were sold ultimately to the Federal Reserve and thus gave the banks funds to expand their loans and "other" investments.

The \$2 million loan increase was the net result of an \$11 million rise at country banks and a \$9 million decline at city banks. Usually the city bank decrease overshadows the country bank gain at



this time of year in this district. Most of the country bank increase was in banks in rural centers and reflected farm borrowing. The city bank loan drop reflected decreasing business loans, with part of this loss offset by increases in other categories.

In the first two weeks of April, loans and investments at the weekly reporting (big city) member banks each declined \$10 million more. Loans to banks and to consumers dropped \$6 million each. Loans on securities declined \$2 million. Real estate loans were virtually unchanged. Commercial, industrial and agricultural loans, however, rose contra-seasonally \$4 million. Banks sold Government notes and bonds and purchased a smaller volume of bills.

**National Developments**—Nationally, bank credit expanded in March and early April. Weekly reports from member banks in leading cities showed that commercial and industrial loans jumped \$526 million in the four weeks ended April 4. Expansion in these loans is unusual at this time. All other loan categories also increased in the four-week period and investment portfolios rose \$76 million, mostly in "other" securities.

**Debits**—An indication of the continued high rate of use of bank funds is found in the large volume of checks cashed. Debits to deposit accounts at 22 cities in the Eighth District were \$4.2 billion in

March—23 per cent more than in March a year ago and about double the March volume during the war years. Nationally, debits in leading cities in March were 24 per cent higher than in March last year.

**Voluntary Credit Restraint Program**—The national Voluntary Credit Restraint Committee has announced the personnel of the regional committees to which inquiries by lenders may be addressed regarding lending activities under the Program. Twelve regional committees have been organized to deal with commercial banking problems, one located in each Federal Reserve Bank District. The members of the Eighth District Commercial Banking Voluntary Credit Restraint Committee are:

**Sidney Maestre, Chairman,**  
President, Mississippi Valley Trust Company,  
St. Louis, Missouri.

**V. J. Alexander,**  
President, Union Planters National Bank &  
Trust Company of Memphis,  
Memphis, Tennessee.

**Harold T. Jolley,**  
President, the Boatmen's National Bank of  
St. Louis,  
St. Louis, Missouri.

**William A. McDonnell,**  
President, First National Bank in St. Louis,  
St. Louis, Missouri.

**Earl R. Muir,**  
President, Louisville Trust Company,  
Louisville, Kentucky.

**James H. Penick,**  
President, Worthen Bank & Trust Company,  
Little Rock, Arkansas.

**Olin M. Attebery,**  
First Vice President, Federal Reserve Bank of  
St. Louis.  
St. Louis, Missouri.

Four regional committees for insurance companies and four regional committees for investment banking houses have been organized, one of each being located in New York, Chicago, Dallas and San Francisco.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Mar., 1951	Feb., 1951 to Mar., 1951	Mar., 1950 to Mar., 1951	Mar., 1951	Feb., 1951 to Mar., 1951	Mar., 1950 to Mar., 1951	Mar., 1951	Feb., 1951 to Mar., 1951	Mar., 1950 to Mar., 1951
<b>Assets</b>									
1. Loans and Investments.....	\$4,011	\$- 38	\$+154	\$2,354	\$- 36	\$+116	\$1,657	\$- 2	\$+ 38
a. Loans.....	1,869	+ 2	+365	1,270	- 9	+289	599	+ 11	+ 76
b. U.S. Government Obligations.....	1,778	- 42	-210	908	- 28	-165	870	- 14	- 45
c. Other Securities.....	364	+ 2	- 1	176	+ 1	- 8	188	+ 1	+ 7
2. Reserves and Other Cash Balances.....	1,280	- 62	+137	807	- 37	+121	473	- 25	+ 16
a. Reserves with the F.R. bank.....	673	- 3	+109	439	- 4	+ 75	234	+ 1	+ 34
b. Other Cash Balances <sup>3</sup> .....	607	- 59	+ 28	368	- 33	+ 46	239	- 26	- 18
3. Other Assets.....	46	- 3	+ 6	30	- 2	+ 4	16	- 1	+ 2
4. Total Assets.....	<u>\$5,337</u>	<u>\$-103</u>	<u>\$+297</u>	<u>\$3,191</u>	<u>\$- 75</u>	<u>\$+241</u>	<u>\$2,146</u>	<u>\$- 28</u>	<u>\$+ 56</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,972	\$- 92	\$+262	\$2,461	\$- 62	\$+217	\$1,511	\$- 30	\$+ 45
a. Deposits of Banks.....	611	- 54	- 5	578	- 51	- 3	33	- 3	- 2
b. Other Demand Deposits.....	3,361	- 38	+267	1,883	- 11	+220	1,478	- 27	+ 47
6. Time Deposits.....	973	- 2	- 11	488	- 2	- 7	485	- 0	- 4
7. Borrowings and Other Liabilities.....	50	- 15	+ 19	44	- 15	+ 18	6	- 0	+ 1
8. Total Capital Accounts.....	342	+ 6	+ 27	198	+ 4	+ 13	144	+ 2	+ 14
9. Total Liabilities and Capital Accounts.....	<u>\$5,337</u>	<u>\$-103</u>	<u>\$+297</u>	<u>\$3,191</u>	<u>\$- 75</u>	<u>\$+241</u>	<u>\$2,146</u>	<u>\$- 28</u>	<u>\$+ 56</u>

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	March, 1951	Feb., 1951	March, 1950	March, 1951 compared with	
				Feb., '51	Mar., '50
El Dorado, Ark.....	\$ 28,457	\$ 23,221	\$ 24,138	+23%	+18%
Fort Smith, Ark.....	47,649	39,875	37,045	+19	+29
Helena, Ark.....	8,844	7,062	6,846	+25	+29
Little Rock, Ark.....	151,872	128,236	130,442	+18	+16
Pine Bluff, Ark.....	31,113	25,683	26,357	+21	+18
Texarkana, Ark.*.....	14,152	11,024	11,835	+28	+20
Alton, Ill.....	31,843	24,108	25,706	+32	+24
E. St. L.-Nat. S. Y., Ill..	138,848	106,312	106,611	+31	+30
Quincy, Ill.....	37,996	29,866	29,587	+27	+28
Evansville, Ind.....	143,416	122,014	110,063	+18	+30
Louisville, Ky.....	672,010	552,293	555,245	+22	+21
Owensboro, Ky.....	46,312	37,219	32,572	+24	+42
Paducah, Ky.....	21,067	17,112	14,516	+23	+45
Greenville, Miss.....	23,691	19,403	18,747	+22	+26
Cape Girardeau, Mo....	13,583	11,178	11,137	+22	+22
Hannibal, Mo.....	10,045	8,544	8,726	+18	+15
Jefferson City, Mo.....	47,043	48,800	39,071	- 4	+20
St. Louis, Mo.....	1,955,303	1,589,078	1,601,226	+23	+22
Sedalia, Mo.....	11,734	10,586	9,833	+11	+19
Springfield, Mo.....	69,432	56,376	56,233	+23	+23
Jackson, Tenn.....	21,916	18,160	18,473	+21	+19
Memphis, Tenn.....	705,097	554,417	570,609	+27	+24
Totals.....	<u>\$4,231,423</u>	<u>\$3,440,567</u>	<u>\$3,445,018</u>	<u>+23%</u>	<u>+23%</u>

\*—These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$33,776.

# Survey of Current Conditions

Eighth District economic activity in April and early May continued to move on a high plateau. This sideways movement has been characteristic of both district and nation since early 1951, and reflects the action and interaction of a combination of factors. Among these are: (1) relatively favorable progress of the war in Korea, (2) reductions in consumer demand which had been abnormally high in the second half of 1950 due in part to fear of future shortages, (3) more restrictive monetary and credit policy, and (4) the growing impact of direct economic controls. While the economy still is mainly a civilian economy, it is going through a period of general adjustment to a situation in which the military defense program will play a significantly larger part.

Industrial output in the district in April was running at a rate, after rough adjustment for seasonal factors, just slightly higher than in January. That rate was well ahead of the comparable period last year. In this district April output apparently was off a little from March, but in early May there were indications of some pickup in activity. Nationally industrial production (seasonally adjusted) in April was about the same as in March and just above the January level. Defense orders are flowing out into industry in increasing volume but their full impact still lies in the future.

Total new construction activity has been increasing more than seasonally and in April the value put

in place was larger than in any previous April on record. The gain from a year ago, however, reflected mainly price advances. New residential building, in terms of number of starts, has been below last year's volume for the past three months, and in April the number of starts was down from March, an unusual occurrence.

Employment has risen sharply since last June. Since the first of the year the increase has been mainly seasonal in character but, combined with the rise in the armed forces, has resulted in some further tightness in the labor market. Currently, both district and national employment are well above year-ago levels.

Credit restriction, reflecting both Federal Reserve action and the Voluntary Credit Restraint Program, has succeeded in holding down growth in private has contributed materially to holding down growth in private credit during the past few weeks. Nationally, bank loan volume leveled off in April. In this district loans have shown some decline.

The underlying trend in the economy, however, still seems to be on the inflationary side. Despite rising inventories, lagging consumer buying, a slow down in residential building, and rumors of an early peace in Korea, inflation remains the basic domestic economic problem. Unless there should be a substantial cutback in scope and timing of the defense program, that problem will continue in the future.

The volume of spending and of actual work performed under the defense program is expected to increase sharply during the balance of 1951. As the defense take rises, the inflationary problem is likely to be intensified and it is important to continue effort to hold it within bounds.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	April, '51	March, '51	April, '50	April, 1951 compared with	
				March, '51	April, '50
All Commodities....	183.5	184.0	152.9	- 0.3%	+20.0%
Farm Products....	202.6	203.8	159.3	- 0.6	+27.2
Foods.....	185.7	186.6	155.3	- 0	+19.6
Other.....	172.1	172.4	146.4	- 0.2	+17.6

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	April 15, 1951	March 15, 1951	April 15, 1950	April 15, 1951 compared with	
				March 15, '51	April 15, '50
United States.....	184.6	184.5	168.5	+0.1%	+9.6%

\*New series.

RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	April 15, 1951	March 15, 1951	April 15, 1950	April 15, 1951 compared with	
				March 15, '51	April 15, '50
U. S. (51 cities)....	225.7	226.2	197.3	-0.2%	+14.4%
St. Louis.....	237.6	239.4	202.6	-0.8	+17.3
Little Rock.....	224.9	226.8	195.6	-0.8	+15.0
Louisville.....	212.5	214.6	183.1	-1.0	+16.1
Memphis.....	232.9	233.8	203.4	-0.4	+14.5

\*New series.

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	April, 1951 compared with		
Data furnished by Bureau of Census, U.S. Dept. of Commerce*	March, 1951	April, 1950	April 30, 1951 compared with April 30, 1950
Automotive Supplies.....	-14%	+ 9%	+22%
Drugs and Chemicals.....	- 9	+18	+11
Dry Goods.....	-11	+31	+50
Groceries.....	- 9	+ 5	+28
Hardware.....	-12	+25	+24
Tobacco and its Products.....	- 1	+ 8	+25
Miscellaneous.....	- 9	+21	+48
**Total All Lines.....	-12%	+19%	+35%

\*Preliminary.  
\*\*Includes certain items not listed above.

**EMPLOYMENT**

Employment in the Eighth District and in the nation remained relatively stable between March and April. Total employment was at the highest April level on record, although still below the all-time peak reached late last summer. Unemployment in April was lower than at any time since late 1948.

The labor market is becoming tighter in both district and nation as the armed forces and industry continue to expand. Tightening is evidenced by the drop in unemployment, by higher quit rates among workers, by a longer work week, and by difficulties in recruiting experienced workers.

A temporary easing is expected in June when school graduates and summer workers seek jobs. This year's high school and college graduates have a rosier outlook than last year's graduates. Jobs are more plentiful and beginners' salaries are higher than a year ago. Chemists, engineers, physicists, stenographers and typists are most in demand. In sharp contrast with last year, graduates of draft age are being hired by many of the larger firms. Students seeking summer work will find more employment opportunities than last summer. The 1951 job market is reported to be one of the best since the end of World War II.

Manufacturing employment in March in six district states (data for Mississippi are not yet available) was only slightly larger than in February but was 11 per cent higher than a year ago. For the nation the gain over the year was 13 per cent. Illinois and Tennessee had a 9 per cent, Missouri a 10 per cent, Arkansas a 13 per cent, Kentucky a 14 per cent, and Indiana a 15 per cent increase in manufacturing employment since March, 1950. Total nonagricultural employment in the district states in March was about 7 per cent above last year.

Unemployment in the seven district states, as measured by claims for unemployment compensation, showed little change between early March and

April. The April figure was about half the year ago level. In Evansville, St. Louis and Little Rock the claims load was about the same in April as in March.

**INDUSTRY**

Eighth District industry in April moved at a slightly slower pace than in March. In the aggregate manufacturing activity was a little higher, although some important lines registered small declines. Preliminary indications were that production increased in May. Mining and transportation activity was down from March. Since April had one less working day than March, and the rate of output was down slightly, total industrial output in the month was off from March, but was well above that of April, 1950.

Industrial power consumption in the major district cities in April was up 6 per cent (daily average basis) from March and 11 per cent larger than in April, 1950. Increases for the month were reported in St. Louis and Louisville; decreases were registered in Memphis, Little Rock and Evansville. Without adjustment for differences in number of working days power consumption in April was only 1 per cent ahead of March.

The Terminal Railroad Association of St. Louis reported approximately 120,000 load interchanges in April, about 10 per cent less than in March, but 9 per cent more than in April, 1950. Oil production was down slightly from March, and was less than a year earlier. Coal output was off substantially as compared with both a month and a year earlier.

**INDUSTRY**

(K.W.H. in thous.)	April, 1951 K.W.H.	March, 1951 K.W.H.	April, 1950 K.W.H.	April, 1951 compared with	
				March, 1951	April, 1950
Evansville.....	15,916	16,092	12,964	- 1.1%	+22.8%
Little Rock.....	12,524	12,768	11,355R	- 1.9	+10.3
Louisville.....	81,533	80,710	72,280	+ 1.0	+12.8
Memphis.....	28,706	30,229	28,610	+ 5.0	+ 0.3
Pine Bluff.....	9,557	7,590	6,767	+25.9	+41.2
St. Louis.....	102,359	100,352	83,137R	+ 2.0	+23.1
Totals.....	250,595	247,741	215,113	+ 1.2%	+16.5%

R—Revised.

**LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS**

First Nine Days						
Apr., '51	Mar., '51	Apr., '50	May, '51	May, '50	4 mos. '51	4 mos. '50
119,570	132,803	109,886	34,239	32,334	465,597	418,311

Source: Terminal Railroad Association of St. Louis.

**CRUDE OIL PRODUCTION—DAILY AVERAGE**

(In thousands of bbla.)	April, 1951	March, 1951	April, 1950	April, 1951 compared with	
				March, 1951	April, 1950
Arkansas.....	78.2	79.5	80.3	- 2%	- 3%
Illinois.....	158.9	164.0	179.5	- 3	-12
Indiana.....	27.8	27.0	28.0	+ 3	- 1
Kentucky.....	27.4	28.2	25.7	- 3	+ 7
Total.....	292.3	298.7	313.5	- 2%	- 7%

**PRODUCTION INDEXES**

Unadjusted			Adjusted		
April, 1951	March, 1951	April, 1950	April, 1951	March, 1951	April, 1950
144*	163*	138	222*	172*	213

Unadjusted			Adjusted		
Feb., 1951	Jan., 1951	Feb., 1950	Feb., 1951	Jan., 1951	Feb., 1950
153	153R	144	144	150R	136

R—Revised.  
\*—Preliminary.

The St. Louis basic steel industry scheduled operations at 90 per cent of capacity in April. This rate was three points lower than the rate for March, and operations in the first two weeks of May were at an average rate of 86 per cent of capacity.

Steelmaking activities, in general, have evidenced some slackening in recent weeks due, in part, to the shortage of scrap metal. This shortage may cause further cuts in output in coming weeks.

District production of southern pine in April was 2 per cent smaller than in March. The index of average production per mill was 207 in April compared with 211 a month earlier, and 216 in April, 1950. Pine production was increased in the first week of May, however.

Output of southern hardwood also decreased in April compared to March. Mills operated at 97 per cent of capacity in April, 99 per cent in March, and 88 per cent in April, 1950. Operations stepped up again to 99 per cent of capacity in the first week of May, 1951.

Shoe production has declined since the first of the year. The latest available figures cover February, when district output was off 9 per cent from January and was about the same as in February, 1950. Nationwide output showed a smaller drop in the month and remained ahead of the comparable period in 1950. Declining order volume has prompted many district manufacturers to plan part-time operations and to schedule vacation periods earlier than usual. Vacations ordinarily come in July; this year they are being taken in late May and in June. Some manufacturers report that uncertain conditions in the industry will result in some plants closing for two weeks instead of one.

Livestock operations were heavier in April, reflecting in part marketings designed to beat the cattle price rollback which took effect May 20. (Marketings fell off substantially following the May 20 date.) In April, livestock receipts at National Stockyards were 12 per cent larger than in March and 8 per cent more than in April, 1950.

Forty of Kentucky's distilleries were in operation at the end of April, four less than at the end of March. The amount of bulk whiskey in storage reached a new all-time high at the end of March, but most distillers have continued to operate because restrictions designed to conserve grain may come in the future.

The United States Brewers Foundation, which held its 75th trade association convention in St. Louis in May, reported that first quarter 1951 apparently saw the end of a beer sales decline which began after the peak year of 1947. Spokesmen for the industry declared that 1951 sales might be

10 per cent above those of 1950. Demand for beer in recent months has been good, and appears to be growing—particularly for home sales.

The industry is concerned about possible further restrictions on cans, rising costs, and proposed additional taxes. These factors could combine to make year-end prospects less favorable than they now appear.

Daily average crude oil production in district states decreased 2 per cent in April, compared with March. Daily average output this April was 7 per cent less than in April a year ago.

New oil explorations have continued in the district and in recent weeks a prospective new pool was opened in Wabash County, Illinois, about seven miles west of Mt. Carmel. The Zion pool in Henderson County, Kentucky, has "stepped out" another half mile with a new well. This pool now covers about 3,000 acres. New activity has also been reported in Knox and Posey Counties, Indiana.

Preliminary data indicate that total district coal production in April was 16 per cent less than in March and 13 per cent less than in the same month of 1950. Month-to-month decreases were recorded in all district coal producing states except in Missouri where a small increase appeared. From March to April, national coal production decreased 9 per cent, and was 7 per cent less than a year ago. Decreases are usual at this time of the year, but a part of these declines in the district and the nation reflect large above-ground coal inventories resulting from uninterrupted production for over a year.

**CONSTRUCTION**

Total expenditures for new construction put in place in the nation rose seasonally to \$2.4 billion in April. This was the highest April on record, but the Departments of Commerce and Labor reported that at least some types of construction activity appear to have reached a turning point. For instance, the small increase in the value of residential building over a year ago was due entirely to higher construction costs as the physical volume was beginning to lag behind last year. The number of

**CONSTRUCTION**

(Cost in thousands)	BUILDING PERMITS							
	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
1951	1950	1951	1950	1951	1950	1951	1950	
Evansville.....	64	69	\$ 173	\$ 178	80	100	\$ 60	\$ 51
Little Rock.....	60	135	447	1,270	193	246	271	161
Louisville.....	142	273	1,138	2,265	99	114	92	99
Memphis.....	1,857	1,622	2,364	5,236	225	155	193	98
St. Louis.....	346	413	1,920	8,525	234	287	1,398	557
April Totals.....	2,469	2,512	\$ 6,042	\$17,474	831	902	\$2,014	\$ 966
March Totals.....	2,044	2,643	\$15,579	\$11,524	840	846	\$1,722	\$1,174

new dwelling units started in April was well below a year earlier. Construction expenditures for commercial buildings were slightly less in April than in March, although considerably higher than last April. Industrial building continued to rise during April.

The dollar value of contracts awarded in April in the 37 states covered by the F. W. Dodge reports was about 8 per cent higher than in March but was only 2 per cent above a year ago. Residential awards in April showed a decline over the year and a very minor gain over March. Nonresidential contracts, however, were above both the month ago and the year ago level.

In the Eighth District, \$76 million in contracts were let in April as contrasted with \$97 million in March and \$78 million last April. Nonresidential awards in April were less than the March level by 18 per cent and exceeded the April, 1950 level by 8 per cent. Residential awards, however, were 25 per cent below March and 14 per cent below last year.

In the St. Louis territory (which includes most of this district) contracts were awarded for the construction of 1,700 dwelling units during April as contrasted with 2,700 a year ago. However, during the first four months of this year 9,000 dwelling units were contracted for, as compared with 7,900 during the same period last year. All of the increase reflected apartment building; there was a slight drop in contracts awarded for one- and two-family dwellings.

Total nonresidential awards in the St. Louis territory were about 10 per cent higher in the first four months of this year than in the same period last year. Considerable declines in commercial, public, and recreational buildings were more than offset by gains in manufacturing, hospital and religious buildings.

**TRADE**

Total sales in April at district retail stores were generally lower than in either March, 1951 or April, 1950. The decline was due mainly to fewer trading days this April than in March and to an earlier date of Easter in 1951. On an adjusted basis, sales during April probably equaled or slightly exceeded those last year in most lines. But retailers counted fewer dollars in April, 1951 and even after adjustment they saw sales running below anticipations.

At district furniture stores sales totaled about the same as in the previous month and the like month last year. New and used automobile sales were reported slow at a time when buying interest normally builds up seasonally. Lagging sales of television receivers were cited as the major factor

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	April, 1951 compared with March, '51	April, '50	4 mos. '51 to same period '50	April, '51 comp. with April, '50	Jan. 1, to April 30, 1951	1950
8th F. R. District.....	6%	- 4%	+10%	+32%	1.04	1.22
Ft. Smith, Ark. <sup>1</sup> .....	-18	- 6	+16	+41	1.05	1.17
Little Rock, Ark.....	4	- 8	+ 6	+23	1.00	1.20
Quincy, Ill.....	8	- 6	+16	+36	1.04	1.01
Evansville, Ind.....	3	+ 2	+18	+46	.95	1.07
Louisville, Ky.....	4	- 6	+10	+22	1.20	1.33
St. Louis Area <sup>2</sup> .....	7	- 3	+10	+40	1.01	1.24
St. Louis, Mo.....	8	- 4	+ 9	+40	.98	1.21
Springfield, Mo.....	8	-14	+ 7	+25	.87	1.03
Memphis, Tenn.....	-10	- 4	+ 9	+15	1.20	1.23
*All Other Cities...+	4	- 4	+16	+22	.83	.91

<sup>1</sup>Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>2</sup>In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>3</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of April, 1951, were 18 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding April 1, 1951, collected during April, by cities:

	Instalment Accounts		Excl. Instal. Accounts	
	Accounts	Accounts	Accounts	Accounts
Fort Smith.....	....%	44%	Quincy.....	22%
Little Rock....	16	49	St. Louis.....	19
Louisville.....	19	48	Other Cities..	11
Memphis.....	18	39	8th F.R. Dist.	18
				49

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

**8th Federal Reserve District**

	Apr., 1951	Mar., 1951	Feb., 1951	Apr., 1950
Sales (daily average), unadjusted <sup>1</sup> .....	304	298	275	316
Sales (daily average), seasonally adjusted <sup>2</sup> .....	320	298	327	319
Stocks, unadjusted <sup>3</sup> .....	437	413	371	329
Stocks, seasonally adjusted <sup>4</sup> .....	437	425	412	329

<sup>1</sup>Daily average 1935-39=100.

<sup>4</sup>End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	April, 1951 compared with Mar., '51	April, '50	4 mos. '51 to same period '50	Apr. 30, '51 comp. with Apr. 30, '50	Jan. 1, to April 30, 1951	1950
Men's Furnishings.....	-28%	-25%	+ 4%	+48%	.63	.81
Boots and Shoes.....	-30	-24	+ 6	+27	1.24	1.40

Percentage of accounts and notes receivable outstanding April 1, 1951, collected during April:

Men's Furnishings .....	42%	Boots and Shoes.....	41%
Trading days: April, 1951—25; March, 1951—27; April, 1950—25.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	April, 1951 compared with Mar., '51	April, '50	April 30, 1951 compared with Mar. 31, '51	April 30, '50	Apr., '51	Apr., '50
8th Dist. Total <sup>1</sup> ...	+ 1%	- 1%	-0-%	+25%	26%	25%
St. Louis Area <sup>2</sup> ...	+ 1	+12	+ 3	+18	53	51
St. Louis.....	+ 2	+15	+ 3	+18	55	52
Louisville Area <sup>3</sup> ...	+15	- 6	- 6	+40	14	16
Louisville.....	+16	- 6	- 7	+41	13	15
Memphis.....	+11	-23	+ 1	+40	14	13
Little Rock.....	-19	-28	+11	+ 9	18	17
Springfield.....	- 7	- 3	+ 4	+35	16	18
Fort Smith.....	-11	-16	*	*	*	*

<sup>1</sup>Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>2</sup>In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>3</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>4</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	April, '51	March, '51	April, '50
Cash Sales .....	14%	14%	14%
Credit Sales .....	86	86	86
Total Sales .....	100%	100%	100%

for lower volume by appliance dealers. The early Easter and weather which was too cool for the sale of seasonal clothing during most of April, contributed to the sales decline at department and specialty stores.

In view of smaller than expected sales, inventories held by district retailers on April 30 were seen as "uncomfortably" heavy in many lines. Department store, men's store, and furniture store inventories were substantially larger than a year ago. Women's specialty shops, where the accent is on seasonal merchandise, reported inventories only slightly larger than a year ago. Inventory problems of many car dealers have been aggravated by steady delivery of new cars from manufacturers. At the used car lots, late model used cars sold slowly, with buying interest centering on early post-war and prewar models. And appliance and furniture stores, with little storage space remaining, obtained "sudden" delivery of almost any line of merchandise.

The ability of the retailer's supplier, in both hard and soft lines, to fill orders with little difficulty has resulted in some cutback in volume of forward buying. In fact, a few lines report no orders for future delivery of merchandise. "Allotments" of unwanted goods in excess of needs, as gauged by current sales levels, are being made in several lines.

The trade picture has been further confused by the "shortage of shortages". Manufacturers increased production substantially early in the year both in view of retailers' demands for merchandise and in view of anticipated future shortages. As sales failed to gain from the January-February level, the pipe lines of supply became filled. Retailers all feel that shortages will come in the future but many believe it undesirable to add to already large inventories, partly because of storage space problems, partly because of tighter financing.

**Department Stores**—Sales for the month of April totaled 6 per cent less than those in March and were 4 per cent under those in April, 1950. On a seasonally adjusted and daily average basis, however, April sales were higher than a month and a year earlier, 320 per cent of the 1935-39 average as compared with 298 in March and 319 in April, 1950.

The retail value of inventories held by district department stores on April 30 increased 2 per cent from that on March 31, and was 32 per cent larger than on April 30, 1950. The value of outstanding orders at the end of April was about one-third less than a month earlier but was almost one-fifth larger than a year ago.

The sobering possibility that sales might not expand very much and could drop below present

levels has accentuated the "uncomfortable" feeling retailers have about current inventories. The record of sales and inventories by major divisions of St. Louis department stores indicates that inventories throughout the entire store generally are high relative to current sales. Piece goods and household textile sales were 7 per cent larger in April, 1951 than a year ago, but inventories were 26 per cent larger. Small wares sales were only slightly higher than last year, but inventories were one-third higher. In the women's apparel division sales were off slightly and inventories were up about one-fifth. Men's wear sales dropped 18 per cent and inventories increased 38 per cent. House furnishings divisions' sales totaled 5 per cent larger, while inventories were 52 per cent more than a year earlier.

**Specialty Stores**—St. Louis women's specialty store sales volume during April was one-fourth smaller than in March and about one-sixth below that in April, 1950. An early Easter this year and very few clearance sales are given as the major factors in the year-to-year decline. Inventories were 8 per cent smaller than a month earlier but were 8 per cent higher than last year.

Men's apparel store volume in the district during April was 28 per cent smaller than in March and 25 per cent below April, 1950. The retail value of inventories on April 30 was up 8 per cent from March 31 and was 48 per cent larger than on April 30, 1950.

**Furniture Stores**—April sales volume for the district totaled about the same as in March, 1951 and in April, 1950. Inventories at the end of April were about the same as a month earlier but were one-fourth larger than a year ago.

**AGRICULTURE**

(In thousands of dollars)	CASH FARM INCOME					
	March, 1951 compared with			3 month total Jan. to March 1951 compared with 1951		
	March, 1951	Feb., 1951	March, 1950	1951	1950	1949
Arkansas.....	\$ 29,507	+33%	+ 58%	\$ 87,945	+ 36%	- 28%
Illinois.....	150,057	+22	+ 16	429,547	+ 7	+ 4
Indiana.....	85,678	+24	+ 24	232,399	+ 19	+ 15
Kentucky.....	28,144	-0-	+ 20	151,407	- 4	+ 1
Mississippi.....	26,356	-0-	+119	89,510	+118	- 44
Missouri.....	79,793	+18	+ 30	241,031	+ 26	+ 16
Tennessee.....	28,871	+12	+ 36	102,347	+ 13	-0-
Totals.....	\$428,406	+19%	+ 28%	\$1,334,186	+ 17%	- 2%

	RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS					
	Receipts			Shipments		
	April, 1951	April, 1951 compared with March, '51 April, '50		April, 1951	April, 1951 compared with March, '51 April, '50	
Cattle and calves...	74,992	+ 9%	-11%	24,419	+ 17%	- 9%
Hogs.....	317,233	+ 5	+22	68,540	- 2	+ 8
Sheep.....	39,385	+131	-29	29,529	+302	-14
Totals.....	431,610	+ 12%	+ 8%	122,488	+ 25%	- 2%

**AGRICULTURE**

Prospects for spring sown crops in the Eighth District were favorable at the middle of May. Up to the last week of April weather had been generally unfavorable and field work and planting were two or three weeks late. But in the last week of April and the first two weeks of May good weather permitted farmers to do considerable catching up.

By mid-May practically all cotton had been planted and many of the fields were up to good stands. Chopping was general in many areas. The bulk of the spring plowing was completed in Missouri, Illinois and Indiana, and corn planting was well under way. Some acreage originally intended for oats was shifted to soybeans or corn.

Prospective wheat production in district states still is estimated at more than the 1950 harvest. However, the 2 per cent increase now forecast is substantially less than the increase estimated as of December, 1950. The Illinois crop is expected to be nearly a third larger than in 1950. Small increases are expected in Missouri and Arkansas, the only two district states in which wheat conditions improved between December and May.

Nationally the size of the winter wheat crop on May 1 was estimated at 682 million bushels, a decline of 217 million bushels from the first estimate and 9 per cent less than the crop of 1950. Substantially smaller crops than in 1950 are expected in Texas, Kansas, and Nebraska. The smaller winter wheat production will be offset to some extent by larger spring wheat acreages.

Prices received by farmers declined slightly in the month ending April 15 for the second month in succession. On that date the index was 309 (1910-14=100) compared with 311 in March and 313 in February. Prices for truck crops, dairy products, wool, fruit and eggs all were lower than at mid-March.

Prices paid by farmers continued to edge upward. The index on April 15 was 283 compared with 280 in March and 276 in February. Thus, the parity ratio has narrowed from 113 in February to 109 in April.

**FARM LAND VALUES ARE UP SHARPLY**

	Increase Nov., 1950 to March, 1951 <sup>1</sup>	Increase March, 1950 to March, 1951	Increase 1935-39 to March, 1951
Arkansas.....	+ 11%	+ 15%	+205%
Illinois.....	+ 8	+ 17	+178
Indiana.....	+ 10	+ 20	+203
Kentucky.....	+ 8	+ 14	+222
Mississippi.....	+ 12	+ 15	+189
Missouri.....	+ 9	+ 17	+145
Tennessee.....	+ 5	+ 11	+197
Eighth District.....	+ 9	+ 16	+180
United States.....	+ 8	+ 14	+133

<sup>1</sup> Preliminary, 1912-14=100.

Source: BAE, The Farm Real Estate Market.

Farm real estate prices in the Eighth District increased 9 per cent in the four months, November, 1950 to March, 1951. For the year ending in March

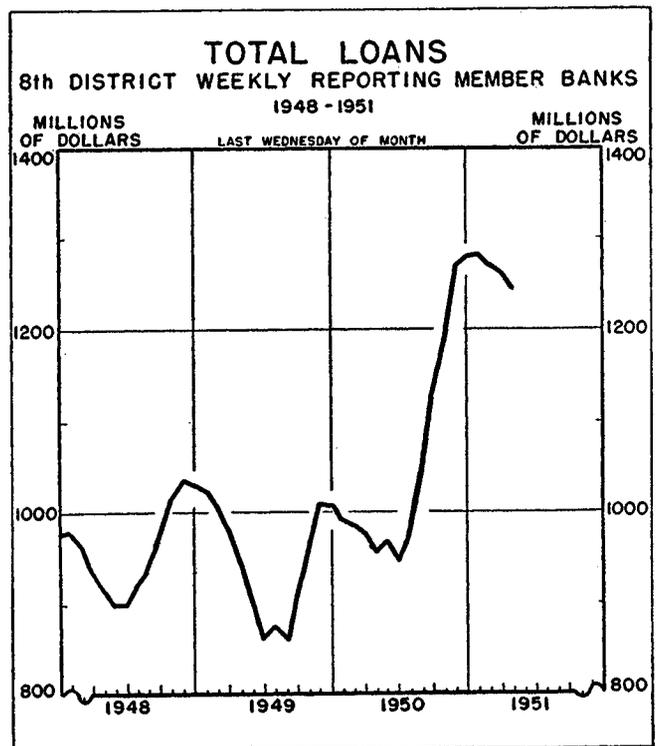
district farm land values were up 16 per cent. The percentage increase for the district exceeded the increase nationally, both for the four-month period and for the year. Among district states, the greatest increase in farm real estate prices during the year was in Indiana (20 per cent).

The proportion of farm sales involving credit for the year ending March, 1951 was little changed from the previous year, but the proportion (60 per cent) is appreciably larger than in 1948. The volume of sales was up slightly from the previous year.

**BANKING AND FINANCE**

Nationally bank loan volume leveled off in April in contrast to a slight gain occurring in April, 1950. The more restrictive credit policy of the Federal Reserve and the Voluntary Credit Restraint Program were factors in the moderation. Bank loans, however, were up \$9.5 billion from the pre-Korea level.

In this district, total loans declined in April at member banks. The drop was \$10 million, slightly smaller than the usual seasonal decline at this time of year. Loans at the large city banks declined \$18 million, but this was offset in part by an increase in lending at smaller (mostly rural) banks. Typically the district's city banks show a decline in April and the country banks an increase. This April the rise in loan volume at the smaller banks was appreciably larger than last April, reflecting mainly heavier financing demand for farm production. The de-



crease at the bigger city banks was just slightly less than normal and reflected in large measure liquidation of loans on cotton at Memphis banks. Real estate loans increased at the city banks; consumer and security loans dropped. In early May loans at weekly reporting banks in this district fell another \$6 million.

Investments fell \$23 million in April at all district member banks. Most of the drop (\$20 million) was in Government securities. Three-fourths of the net sales of Government obligations were from the portfolios of smaller banks.

Demand deposits declined in April, while time deposits rose. However, the growth in time deposits was less than the average gain for the month during the previous five years, and such deposits at the close of April were still \$15 million below a year earlier.

**Loans to Farmers**—Since Korea there has been an increase in total loans to farmers in the Eighth District. Between June 30, 1950 and April 9, 1951 call report dates, production loans to farmers rose from \$89 million to \$100 million. Offsetting this rise was a decline of \$10 million in bank loans to farmers guaranteed by the Commodity Credit Corporation as farm commodity prices rose above guaranteed levels. During the same period real estate loans secured by farm land increased from \$35 million to \$39 million.

**Debits**—Rate of use of bank funds continued high in April. Debits to deposit accounts at the 22 cities in the Eighth District were \$3.8 billion in April, up 21 per cent from April, 1950. March, 1951 debits were 23 per cent over their year-ago volume. Nationally, debits in leading cities in April were 25 per cent higher than April a year ago.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	April, 1951	March, 1951	April, 1950	April, 1951 compared with	
				March, '51	April, '50
El Dorado, Ark.....	\$ 25,485	\$ 28,457	\$ 22,571	-11%	+13%
Fort Smith, Ark.....	43,768	47,649	35,594	-8	+23
Helena, Ark.....	7,053	8,844	5,906	-20	+19
Little Rock, Ark.....	145,306	151,872	121,998	-4	+19
Pine Bluff, Ark.....	28,326	31,113	22,317	-9	+27
Texarkana, Ark.*.....	13,211	14,152	11,056	-7	+19
Alton, Ill.....	26,881	31,843	22,439	-16	+20
E. St. L.-Nat. S. Y., Ill..	126,934	138,848	93,390	-9	+36
Quincy, Ill.....	32,594	37,996	27,358	-14	+19
Evansville, Ind.....	140,748	143,416	102,095	-2	+38
Louisville, Ky.....	612,593	672,010	478,961	-9	+28
Owensboro, Ky.....	31,210	46,312	31,523	-33	-1
Paducah, Ky.....	19,144	21,067	13,166	-9	+45
Greenville, Miss.....	19,198	23,691	16,321	-19	+18
Cape Girardeau, Mo....	12,517	13,583	10,964	-8	+14
Hannibal, Mo.....	8,864	10,045	7,707	-12	+15
Jefferson City, Mo.....	52,846	47,043	51,279	+12	+3
St. Louis, Mo.....	1,783,884	1,938,090 <sup>R</sup>	1,438,939	-8	+24
Sedalia, Mo.....	10,202	11,734	9,485	-13	+8
Springfield, Mo.....	62,684	69,432	54,073	-10	+16
Jackson, Tenn.....	19,634	21,916	17,290	-11	+14
Memphis, Tenn.....	594,699	705,097	566,302	-16	+5
Totals.....	\$3,817,781	\$4,214,210 <sup>R</sup>	\$3,160,725	-10%	+21%

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$30,255.  
R—Revised.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Mar., 1951	Apr., 1950	to Apr., 1951	Mar., 1951	Apr., 1950	to Apr., 1951	Mar., 1951	Apr., 1950	to Apr., 1951
<b>Assets</b>	Apr., 1951	Apr., 1951	Apr., 1951	Apr., 1951	Apr., 1951	Apr., 1951	Apr., 1951	Apr., 1951	Apr., 1951
1. Loans and Investments.....	\$3,978	\$-33	\$+108	\$2,328	\$-26	\$+82	\$1,650	\$-7	\$+26
a. Loans.....	1,859	-10	+370	1,252	-18	+289	607	+8	+81
b. U.S. Government Obligations.....	1,758	-20	-252	903	-5	-191	855	-15	-61
c. Other Securities.....	361	-3	-10	173	-3	-16	188	-0-	+6
2. Reserves and Other Cash Balances.....	1,289	+9	+131	814	+7	+107	475	+2	+24
a. Reserves with the F.R. Bank.....	674	+1	+111	438	-1	+75	236	+2	+36
b. Other Cash Balances <sup>3</sup> .....	615	+8	+20	376	+8	+32	239	-0-	-12
3. Other Assets.....	47	+1	+6	30	-0-	+3	17	+1	+3
4. Total Assets.....	\$5,314	\$-23	\$+245	\$3,172	\$-19	\$+192	\$2,142	\$-4	\$+53
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,945	\$-27	\$+222	\$2,440	\$-21	\$+181	\$1,505	\$-6	\$+41
a. Deposits of Banks.....	592	-19	-11	560	-18	-9	32	-1	-2
b. Other Demand Deposits.....	3,353	-8	+233	1,880	-3	+190	1,473	-5	+43
6. Time Deposits.....	978	+5	-15	490	+2	-11	488	+3	-4
7. Borrowings and Other Liabilities.....	49	-1	+11	43	-1	+10	6	-0-	+1
8. Total Capital Accounts.....	342	-0-	+27	199	+1	+12	143	-1	+15
9. Total Liabilities and Capital Accounts.....	\$5,314	\$-23	\$+245	\$3,172	\$-19	\$+192	\$2,142	\$-4	\$+53

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

# Survey of Current Conditions

In June, 1951 the economy of the Eighth District was operating at a much higher level and under conditions considerably different from those of a year earlier. War in Korea had changed the "rules of the game" and shifted the emphasis of activity. As this is written, on the anniversary of the outbreak of fighting in Korea, most key economic indicators are at higher levels than obtained in June, 1950. And under the pressure of the national emergency the area of free market action was shrinking as the economy was becoming more closely geared to a large-scale defense program.

Two big facts emerged in the year following June 25, 1950. One was that this nation was to have a rearmament program larger than anything ever before attempted in the United States during a period which was still nominally peacetime. In the past year substantial progress was made toward putting this nation on a much stronger defense basis. The armed forces were built up considerably. Large amounts of contracts were let for the production of defense material. In June, 1951 the United States was well on the way toward restoring its military strength.

The second big fact was that the transition from a peacetime economy to one partially geared to war could be accomplished with almost astonishing smoothness. At least that has been the case so far. Civilian consumption had suffered very little, if at all, during the first year of rearmament. As a matter of fact, in many lines civilian goods had been produced faster than consumers would absorb them and inventories were substantially higher than a year earlier. Prices were up, the labor market was tighter, as were some materials. There had been, of course, some economic dislocations. On balance,

however, the economy had done very well in adjusting to a new situation.

In the Eighth District, the year following Korea had seen considerable expansion—about in line with the expansion nationally. Employment was substantially higher and unemployment was down. Industrial production in June was some 10 per cent ahead of June, 1950. Income had risen sharply, as had prices.

The growth in activity in the district (and in the nation) was based almost entirely on civilian demand. Defense orders in this region were small relative to the district's share of the nation's industrial capacity. While defense construction here had been substantial, the total direct impact of the defense program on the district was not great and was less than that on the older industrial regions and the Pacific Coast.

As of June, 1951 the key question for the district, and for the nation as a whole, is "What lies ahead?" If there is to be peace in Korea, will the defense program continue to expand as presently scheduled? Can the economy continue to produce both guns and butter or are civilian scarcities ahead? The full answers to those questions, of course, lie in the future, but, on balance, it seems unlikely that, over the short run, the economy can produce enough to satisfy the scheduled defense requirements and a civilian demand stemming mainly from rising income. And, short of a full-scale international settlement, the defense program should continue to increase and thus pinch progressively on availability of civilian goods. Basic inflationary forces still seemed to underlie the situation and to warrant continued effort to hold them down.

## EMPLOYMENT

Nationally, the civilian labor force expanded by about 1 million persons between April and May, and total civilian employment increased by approximately the same amount. Nonagricultural employment was up about 300,000 persons. Agricultural employment rose seasonally. Total unemployment in May was 1.6 million persons, roughly corresponding to the level existing in the autumn of 1945. The labor market continued to be tight as indicated by increased average weekly earnings, unemployment decreases, and a higher rate of turnover.

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	May, 1951 compared with Apr., '51		May 31, 1951 compared with May 31, 1950
Automotive Supplies.....	+ 9%	+18%	+21%
Drugs and Chemicals.....	— 6	+ 6	...
Dry Goods.....	+ 2	+25	+45
Groceries.....	+16	+14	+32
Hardware.....	+ 3	+ 6	+19
Tobacco and its Products.....	+10	+ 9	+35
Miscellaneous.....	— 6	+ 3	+47
**Total All Lines.....	+ 4%	+11%	+33%

\*Preliminary.  
\*\*Includes certain items not listed above.

Factory employment in the nation in mid-May showed a slight decline from April. This resulted in part from a marked seasonal downturn in apparel, textiles, and leather product industries. There were also job declines in plants making automobiles, television sets, and other consumer durables, reflecting the curtailed use of steel and other metals in nondefense production plus some slackening of consumer demand.

In May total employment in the five major industrial areas of the Eighth District increased slightly from the April level, and was about 5 per cent greater than in May, 1950. Total nonagricultural employment remained unchanged. Agricultural employment showed a somewhat larger than usual April to May increase, reflecting the rush of late field work due to a wet spring. In May total employment in the St. Louis area was a little higher than in April and was about 5 per cent above May, 1950. From April to May employment increased in construction and trade. Unemployment in the St. Louis area in May decreased about 10 per cent compared with March, and was about 48 per cent less than in May, 1950.

In Evansville total nonagricultural employment increased slightly in May, compared with April, and was about 2 per cent greater than in May, 1950. Employment in the transportation equipment industry accounted for most of the April-May gain, although small increases appeared in the fabricated metals lines. Trade employment increased also.

Louisville nonagricultural employment showed a small decrease in May compared with April, but was about 8 per cent above May, 1950. Total manufacturing employment decreased 4 per cent com-

pared with March, but construction employment increased 16 per cent in the two-month period.

Nonagricultural employment in Memphis increased about 1 per cent in May compared with April, and was approximately 7 per cent higher than in May, 1950. Total manufacturing employment was unchanged from April to May, 1951. Employment in construction increased about 4 per cent, while trade and service employment showed little change compared with April.

Little Rock nonagricultural employment was about 1 per cent less in May than in April and was about 3 per cent less than May, 1950. Manufacturing employment decreased in May and was 3 per cent less than in April with chemicals accounting for most of the decrease. Trade and service employment increased about 1 per cent and construction employment increased slightly.

**INDUSTRY**

Industrial activity in the Eighth District in May was at about the same level as held in April and was up substantially from May, 1950. There has been little change in over-all activity for the past three or four months, although performance has varied appreciably among lines. For example, in May oil output rose while coal output declined. Among manufacturing lines, steel operations and activity in the paper industry increased, and lumbering activity rose seasonally. Meat packing showed some seasonal decline, and certain hard goods lines registered production decreases which reflected in part at least decreased demand.

Total industrial consumption of electric power at major district cities increased about 1 per cent in

**PRICES**

WHOLESALE PRICES IN THE UNITED STATES						
Bureau of Labor Statistics (1926=100)		May, '51	Apr., '51	May, '50	May, 1951 compared with	
					Apr., '51	May, '50
All Commodities....	182.8	183.5	155.9	- 0.4%	+17.3%	
Farm Products...	199.6	202.6	164.7	- 1.5	+21.2	
Foods.....	187.2	185.7	159.9	+ 0.8	+17.1	
Other.....	171.5	172.1	147.6	- 0.4	+16.2	

CONSUMER PRICE INDEX*						
Bureau of Labor Statistics (1935-39=100)		May 15, 1951	Apr. 15, 1951	May 15, 1950	May 15, 1951 compared with	
					Apr. 15, '51	May 15, '50
United States.....	185.4	184.6	169.3	+ 0.4%	+ 9.5%	

RETAIL FOOD*						
Bureau of Labor Statistics (1935-39=100)		May 15, 1951	Apr. 15, 1951	May 15, 1950	May 15, 1951 compared with	
					Apr. 15, '51	May 15, '50
U. S. (51 cities).....	227.4	225.7	199.8	+ 0.8%	+13.8%	
St. Louis.....	238.4	237.6	207.2	+ 0.3	+15.1	
Little Rock.....	225.1	224.9	196.8	+ 0.1	+14.4	
Louisville.....	213.7	212.5	187.8	+ 0.6	+13.8	
Memphis.....	234.6	232.9	205.8	+ 0.7	+14.0	

**INDUSTRY**

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	May, 1951	April, 1951	May, 1950	May, 1951 compared with		
	K.W.H.	K.W.H.	K.W.H.	April, '51	May, '50	
Evansville.....	16,039	15,916	14,614	+ 0.8%	+ 9.8%	
Little Rock.....	12,497	12,524	10,444R	- 0.2	+19.7	
Louisville.....	82,746	81,533	73,426	+ 1.5	+12.7	
Memphis.....	28,446	28,706	30,056	- 0.9	- 5.4	
Pine Bluff.....	9,079	9,557	6,615	- 5.0	+37.2	
St. Louis.....	105,011	102,359	93,317R	+ 2.6	+12.5	
Totals.....	253,818	250,595	228,472R	+ 1.3%	+11.1%	

R--Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
May, '51	Apr., '51	May, '50	First Nine Days			
			June, '51	June, '50	5 mos. '51	5 mos. '50
118,122	119,570	112,550	33,735	32,460	583,719	530,861

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	May, 1951	April, 1951	May, 1950	May, 1951 compared with	
				Apr., '51	May, '50
Arkansas.....	77.9	78.2	79.3	-0%	- 2%
Illinois.....	167.0	158.9	175.0	+ 5	- 5
Indiana.....	28.8	27.8	29.2	+ 4	- 1
Kentucky.....	26.9	27.4	26.3	- 2	+ 2
Total.....	300.6	292.3	309.8	+ 3%	- 3%

**CONSTRUCTION**

BUILDING PERMITS								
Month of May								
(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1951	1950	1951	1950	1951	1950	1951	1950
Evansville.....	81	136	\$ 248	\$ 354	107	111	\$ 182	\$ 103
Little Rock.....	46	121	606	850	307	273	148	192
Louisville.....	235	182	7,910	827	83	117	132	121
Memphis.....	1,715	2,835	5,211	6,702	258	197	381	144
St. Louis.....	337	493	3,468	9,854	301	310	850	993
May Totals.....	2,414	3,767	\$17,443	\$18,587	1,056	1,008	\$ 1,693	\$ 1,553
Apr. Totals.....	2,469	2,512	\$ 6,042	\$17,474	831	902	\$ 2,014	\$ 966

May compared with April, 1951, and was about 11 per cent greater than in May, 1950. May, however, had one more working day than April, and daily average power consumption was 3 per cent less than in the previous month.

The Terminal Railroad Association of St. Louis reported 118,000 load interchanges for May—about 1,400 less than in April. May, 1951 interchanges exceeded those of the same month last year, however, by 4 per cent. Interchanges for the first nine days of June totaled 34,000 loads, about 1,200 more than in the first nine days of June, 1950.

The St. Louis steel industry operated at 92 per cent of capacity in May, 2 points above the rate for April, and 16 points above the rate which prevailed in May, 1950. Operations were scheduled at about 89 per cent of capacity for the first three weeks of June.

Southern pine production in May was at a higher rate than in any month since October, 1950. The index of average production per mill was 216 in May, compared with 207 in April and 210 in May, 1950. Southern hardwood operations also were at a higher rate in May than in any month since last October. May operations were scheduled at 102 per cent of capacity compared with 97 for April and 90 for May, 1950.

Activity at National Stock Yards increased from April to May, 1951, reflecting in part anticipations of the cattle price rollback effective May 20. Total receipts in May were about 473,000 head, 10 per cent more than in April. Shipments in May totaled about 177,000 head, 44 per cent more than in April. Compared with the same month of 1950, receipts and shipments were almost unchanged. After the effective rollback date for cattle prices, however, activity dropped off considerably and was not restored to normal until about mid-June.

About 425,000 head of stock were slaughtered under Federal inspection in the St. Louis area in May—13 per cent less than in April, but 1 per cent more than in May, 1950. May slaughter of cattle

was about 39,000 head, 5 per cent more than in April but about 11 per cent less than in May, 1950. Hog slaughter totaled 341,000 head, 19 per cent less than in April but 14 per cent more than in May, 1950.

Forty-two Kentucky distilleries were in operation at the end of May, two more than at the end of April, and eight more than at the end of May, 1950. Production of whiskey is still being carried on at a relatively high level as distillers build inventories. Apparently they feel that cutbacks in their operations may be ordered by the Government sometime in the future. Small distillers are finding the warehousing and financing of large inventories increasing problems.

Eighth District shoe production, according to preliminary data, declined seasonally through most of the second quarter of the year. However, production remained above 1950 levels.

The large volume of orders for combat boots and other military footwear which the shoe industry has received since Korea will be cut by about 50 per cent in coming months, according to estimates released in mid-June by the Army Quartermaster Corps. Combat boot orders for July, 1951, under previously awarded contracts total about 950,000 pairs. The rate of procurement that will take effect in August is 500,000 pairs a month.

**Oil Output Up—Coal Production Down**

Daily average crude oil production in the four oil-producing district states was 3 per cent greater in May than in April, but was 3 per cent less than in May, 1950. The larger average output in May, compared to April, centered in Illinois and Indiana (up 5 and 4 per cent, respectively).

District coal production totaled about 7.2 million tons in May, about 5 per cent less than in April and 15 per cent less than in May, 1950. May's total output was the lowest recorded for any month since August, 1950. All district states reported decreased tonnage mined. Nationally the weighted average of bituminous and anthracite coal production declined from 119 in April to 117 in May.

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
May, '51	Apr., '51	May, '50	May, '51	Apr., '51	May, '50
131*	144*	136	127*	222*	132

SHOE PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
Mar., '51	Feb., '51	Mar., '50	Mar., '51	Feb., '51	Mar., '50
154	155R	151	151	146R	148

R—Revised.  
\*—Preliminary.

TRADE

While sales volume at district retail stores in May showed some gain from April, district retailers continued to be unenthusiastic about performance. They had hoped that improved weather would lead to better results than were realized. And in some lines, notably women's wear, May sales dropped below the April level. Hard goods dealers in general reported continued lagging buyer interest.

Inventories continued at a much higher level than obtained a year earlier—from 25 to 35 per cent more—but there was no general gain in reporting lines from the April level. As a matter of fact, stocks at department stores, women's shops and furniture stores on May 31 all were off from the April 30 level.

**Department Stores**—District sales volume during May totaled 11 per cent more than in April and was 1 per cent larger than last year. The increase from the previous month, somewhat larger than seasonal, placed adjusted daily sales at 330 per cent of the 1935-39 average. In comparison sales were 320 per cent in April and 330 per cent in May, 1950.

Sales generally were larger in May than in April throughout the major district cities. Increases ranged from 4 per cent in Louisville and Quincy to 25 per cent in Fort Smith. Compared to a year ago, however, slight declines were registered in Little Rock and Springfield, volume in St. Louis and in Louisville was about the same, and in Memphis and Evansville sales were up. In the small shopping centers, sales were up substantially more than the average increase for the district.

Inventories held by reporting district department stores on May 31 were off 5 per cent in value from April 30 but were 30 per cent higher than on May 31, 1950. The volume of outstanding orders at the end of May was down 9 per cent from a month previous and was 15 per cent less than a year earlier.

**Specialty Stores**—At women's specialty shops in St. Louis May sales volume was 5 per cent less than in April and was 11 per cent under that of last year. So far in 1951 sales have averaged 3 per cent more than in the comparable period last year. Inventories on May 31 were 12 per cent smaller (dollar value) than on April 30 and were fractionally higher than a year earlier.

Men's wear store sales throughout the district during May were almost one-half larger than in April and were 7 per cent above those last year. Like women's specialty shops, cumulative 1951 sales at the end of May were 3 per cent larger

TRADE

DEPARTMENT STORES

	Net Sales		5 mos.'51 to same period '50	Stocks on Hand May 31,'51 comp. with May 31,'50	Stock Turnover	
	May, 1951 compared with Apr., '51	May,'50			Jan. 1, to May 31, 1951	May 31, 1950
8th F. R. District....	+11%	+1%	+8%	+30%	1.32	1.57
Ft. Smith, Ark. <sup>1</sup> ....	+25	+14	+15	+37	1.34	1.51
Little Rock, Ark....	+14	—3	+3	+17	1.29	1.56
Quincy, Ill.....	+4	+5	+13	+30	1.27	1.30
Evansville, Ind.....	+12	+5	+15	+43	1.21	1.41
Louisville, Ky.....	+4	—0	+8	+19	1.52	1.72
St. Louis Area <sup>2</sup> ....	+10	+1	+8	+38	1.26	1.58
St. Louis, Mo.....	+9	—0	+7	+38	1.22	1.54
Springfield, Mo.....	+16	—1	+5	+22	1.14	1.35
Memphis, Tenn.....	+18	+1	+7	+19	1.52	1.62
All Other Cities*....	+14	+5	+13	+14	1.09	1.21

\*Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup> In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of May, 1951 were 15 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding May 1, 1951 collected during May, by cities:

	Instalment Accounts		Excl. Instal. Accounts	Instalment Accounts		Excl. Instal. Accounts
	.....%	.....%		.....%	.....%	
Fort Smith.....	46	46	17	60		
Little Rock.....	18	46	19	52		
Louisville.....	19	49	15	52		
Memphis.....	19	42	18	49		
Quincy.....	17	60				
St. Louis.....	19	52				
Other Cities....	15	52				
8th F.R. Dist.	18	49				

INDEXES OF DEPARTMENT STORE SALES AND STOCKS  
8th Federal Reserve District

	May, 1951	Apr., 1951	Mar., 1951	May, 1950
Sales (daily average), unadjusted <sup>3</sup> .....	323	304	298	323
Sales (daily average), seasonally adjusted <sup>3</sup> ....	330	320	298	330
Stocks, unadjusted <sup>4</sup> .....	403	437	413	313
Stocks, seasonally adjusted <sup>4</sup> .....	403	437	425	313

<sup>3</sup> Daily average 1935-39=100.

<sup>4</sup> End of month Average 1935-39=100.

SPECIALTY STORES

	Net Sales		5 mos.'51 to same period '50	Stocks on Hand May 31,'51 comp. with May 31,'50	Stock Turnover	
	May, 1951 compared with Apr., '51	May,'50			Jan. 1, to May 31, 1951	May 31, 1950
Men's Furnishings....	+59%	+5%	+4%	+47%	.80	1.05
Boots and Shoes.....	+25	+13	+7	+20	1.62	1.80

Percentage of accounts and notes receivable outstanding May 1, 1951 collected during May:

Men's Furnishings.....	42%	42%
Boots and Shoes.....	42%	42%

Trading days: May, 1951—26; April, 1951—25; May, 1950—26.

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	May, 1951 compared with		May 31, 1951 compared with		of Collections	
	Apr., '51	May,'50	Apr. 30,'51	May 31,'50	May,'51	May,'50
8th Dist. Total <sup>1</sup> ....	+6%	—10%	—2%	+35%	22%	22%
St. Louis Area <sup>2</sup> ....	+3	—8	—2	+18	30	29
St. Louis.....	+2	—9	—2	+18	29	28
Louisville Area <sup>3</sup> ....	+6	—14	—3	+40	14	16
Louisville.....	+5	—13	—3	+39	13	15
Memphis.....	+42	—2	—14	+14	13	13
Little Rock.....	+8	—19	+4	+12	19	17
Springfield.....	+18	—20	+1	+52	17	19
Fort Smith.....	+6	—5	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	May,'51	Apr., '51	May,'50
Cash Sales.....	16%	15%	14%
Credit Sales.....	84	85	86
Total Sales.....	100%	100%	100%

than in the like period last year. Inventories on May 31 were at the same level as on April 30 but were 37 per cent larger than on May 31, 1950.

**Furniture Stores**—Sales during May gained 6 per cent over those in April but were 10 per cent less than in May, 1950. Inventories held by reporting stores on May 31 were slightly lower in value than on April 30 but were 35 per cent larger than on May 31, 1950.

**AGRICULTURE**

Eighth District crop conditions generally were favorable by mid-June, after a severe drouth had been broken in Arkansas, Mississippi, and Tennessee. The drouth in these areas had lasted so long that cotton and corn crops, as well as hay and pasture, were in a critical stage. General rains during the first part of June alleviated the drouth in practically all areas, and crop conditions improved materially. In the northern sections of the district, weather has been generally favorable this spring, as it has been for the nation as a whole.

Wheat prospects improved during the month, the June 1 estimate for the nation being 23 million bushels more than on May 1. This, coupled with a prospective 349 million bushel spring wheat crop, would make a 1,054 million bushel crop—slightly larger than that of 1950. In Missouri this crop improved during the month, with the 27 million bushel estimate of June 1 being 2 million bushels higher than the May 1 forecast. The estimate for Indiana also was higher on June 1. For other district states there was little change in prospects during May.

The general outlook for the corn crop was favorable on June 1. The bulk of the crop was planted at

the usual time, and soil moisture conditions in the main Corn Belt seemed adequate for good growth.

Prospective oats production in district states is about 12 per cent less than in 1950. The crop in Indiana is estimated at 55 million bushels, 5 per cent more than in 1950. The 155 million bushel crop forecast for Illinois, however, is 7 per cent less than in 1950, and the 34 million bushel crop in Missouri is 38 per cent less. Reductions in the estimated crop size in other district states range from 15 to 28 per cent.

Agricultural prices declined during the month ending May 15 for the third consecutive month. The index of prices received on that date was 305 (1910-14=100), compared with 309 in April and 313 in February. Prices of meat animals, cotton, milk, wool, and wheat were all lower. These declines were offset partially by higher prices for corn, butterfat, eggs, and some truck and fruit crops.

Prices paid by farmers also declined in the month (but the drop was relatively less than that for prices received), primarily reflecting lower prices of feeders and seeds. Prices of harvesting, machinery, feed, and items used in rural living increased. The parity ratio dropped one point to 108.

Farm income estimates for 1951 have been revised upward. According to the BAE, cash receipts will be about one-fourth larger than in 1950, or \$34.9 billion. The volume of marketings will be higher and, if good weather prevails, may equal the record 1949 marketings. Crop marketings may increase 10 per cent, and livestock marketings will be larger than in 1950 but by a smaller percentage. Prices during the first part of 1951 have averaged about 20 per cent higher than in 1950.

Net farm income may reach \$17.8 billion in 1951, a figure which would equal the record 1947 income, and exceed 1950 net farm income by 30 per cent. However, the purchasing power of such an income would be 12 per cent lower than in 1947.

Cash farm receipts in the nation during the first five months of 1951 were about 17 per cent above the 1950 level. Farm income in district states for the first three months exceeded 1950 income by about the same amount.

**BANKING AND FINANCE**

Bank loans contracted in May and early June. The decline in this district was more than seasonal, in contrast to a less than seasonal drop nationally. Tight bank reserve positions over most of the period and the Voluntary Credit Restraint Program were major factors in the decrease.

**District Banking Developments**—Total loans declined \$58 million in the six weeks of May and early

**AGRICULTURE**

CASH FARM INCOME						
(In thousands of dollars)	Apr., 1951	April, 1951 compared with		4 month total Jan. to Apr., 1951 compared with 1950 1949		
		Mar., 1951	Apr., 1950	1951	1950	1949
Arkansas.....	\$ 25,351	-14%	+42%	\$ 114,264	+40%	-15%
Illinois.....	157,600	+ 5	+44	597,302	+12	+18
Indiana.....	88,429	+ 3	+40	328,414	+22	+23
Kentucky.....	28,173	-0-	+37	181,229	+ 1	+ 4
Mississippi.....	14,907	-44	- 6	106,111	+78	-33
Missouri.....	82,850	+ 4	+38	319,140	+33	+18
Tennessee.....	25,605	-11	+35	127,822	+20	+ 8
Totals.....	\$422,915	- 1%	+38%	\$1,774,282	+21%	+ 9%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	May, 1951	May, '51 compared with		May, 1951	May, '51 compared with	
		Apr., '51	May, '50		Apr., '51	May, '50
Cattle and calves...	84,022	+12%	-17%	24,909	+ 2%	-21%
Hogs.....	332,261	+ 5	+14	104,878	+53	+17
Sheep.....	56,643	+44	-31	47,163	+60	-10
Totals.....	472,926	+10%	- 1%	176,950	+44%	+ 2%

June at weekly reporting banks in the Eighth District. By contrast, loans were off an average of just \$34 million in the comparable periods in 1948-50. The drop this year centered in commercial loans. Both real estate and consumer loans showed small gains in the period.

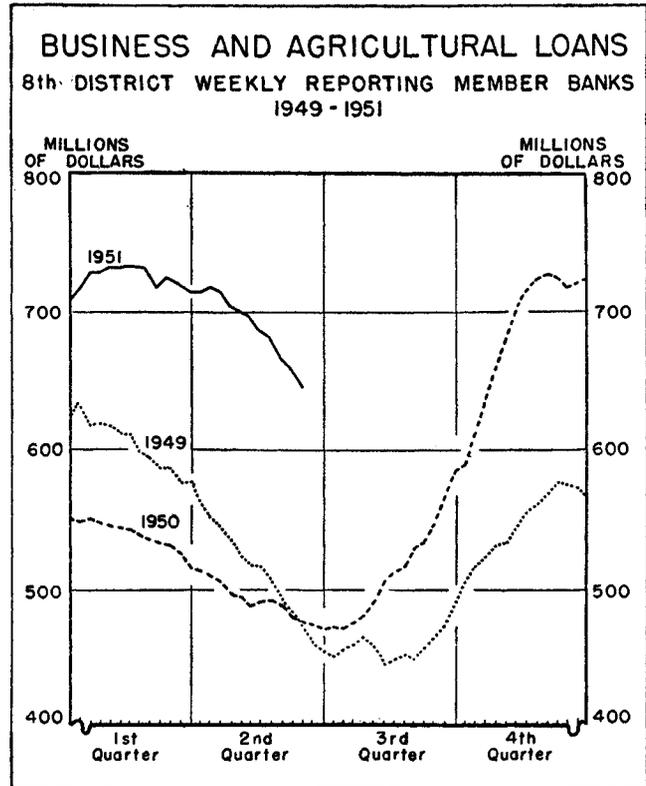
In connection with the work of the Voluntary Credit Restraint Committee, the larger banks in this district (and in the nation) report weekly the principal changes in their commercial and industrial loans by industry and by purpose. In the Eighth District 17 banks are reporting such information. Analysis of reports received in May and early June (when commercial loans dropped \$60 million at weekly reporting banks) shows that roughly half the decline reflected net repayments by cotton and other commodity dealers. Food and textile manufacturing groups and wholesalers also showed repayments in substantial excess of new loans. On the other hand, new loans to public utility companies exceeded repayments. Loans for financing defense contracts also rose during the period, with the major share going to metal and metal products manufacturers.

Larger city banks increased their investment portfolios \$42 million in the six weeks under review. Net purchase of Government obligations more than offset a decline in "other" securities.

**National Banking Developments**—Nationally, in May and early June, bank credit also contracted, but the drop was much smaller relatively than that in the Eighth District. Condition statements of weekly reporting banks in leading cities showed earning assets off about 1 per cent in the period with reduction in investment portfolios accounting for most of the loss. There also was a decline in loans to business.

**Loan Trends in the Year Since Korea**—Since last June business loans at district weekly reporting banks have risen by about one-third. Nationwide the increase at reporting banks in leading cities has been about 40 per cent, an unprecedented expansion.

Last fall commercial loans rose sharply, roughly twice as much as might have been expected on seasonal grounds. Early this year commercial loans continued to climb, whereas normally they tend to decline after the year-end peak. In March and April there was some contraction, both districtwise and nationally, but not as much as has been customary at that time. However, as noted, in May and early June the district business loan contraction was larger than usual.



Real estate loans have been rising almost without a break since the end of World War II in both district and nation. At district weekly reporting banks from the beginning of 1946 to June, 1951 such loans more than tripled, and nationally growth was even larger proportionately. In the summer and early fall of 1950 the rate of growth was accelerated. Since the imposition of Regulation X, real estate loans have continued to inch up, but at a rate only one-

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	May, 1951	Apr., 1951	May, 1950	May, 1951 compared with Apr., '51	May, '50
El Dorado, Ark.....	\$ 26,450	\$ 25,485	\$ 22,985	+ 4%	+15%
Fort Smith, Ark.....	44,382	43,768	37,689	+ 1	+18
Helena, Ark.....	7,346	7,053	5,542	+ 4	+33
Little Rock, Ark.....	138,676	145,306	122,100	- 5	+14
Pine Bluff, Ark.....	27,681	28,326	24,406	- 2	+13
Texarkana, Ark.*.....	12,043	13,211	10,640	- 9	+13
Alton, Ill.....	28,291	26,881	23,953	+ 5	+18
E. St. L.-Nat.S.Y., Ill....	131,407	126,934	111,500	+ 4	+18
Quincy, Ill.....	35,274	32,594	30,153	+ 8	+17
Evansville, Ind.....	138,141	140,748	123,494	- 2	+12
Louisville, Ky.....	617,398	612,593	531,336	+ 1	+16
Owensboro, Ky.....	41,028	31,210	31,577	+31	+30
Paducah, Ky.....	22,705	19,144	14,223	+19	+60
Greenville, Miss.....	23,217	19,198	18,422	+21	+26
Cape Girardeau, Mo.....	13,037	12,517	11,156	+ 4	+17
Hannibal, Mo.....	9,141	8,864	8,476	+ 3	+ 8
Jefferson City, Mo.....	49,785	52,846	45,673	- 6	+ 9
St. Louis, Mo.....	1,800,110	1,783,884	1,582,573	+ 1	+14
Sedalia, Mo.....	10,596	10,202	10,256	+ 4	+ 3
Springfield, Mo.....	68,877	62,684	58,567	+10	+18
Jackson, Tenn.....	20,876	19,634	18,017	+ 6	+16
Memphis, Tenn.....	609,163	594,699	533,671	+ 2	+14
Totals.....	\$3,875,624	\$3,817,781	\$3,376,409	+ 2%	+15%

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$29,629.

third that prevailing in the six months immediately preceding the Regulation.

The amount of consumer instalment credit outstanding at 21 district reporting banks at the end of May was \$89 million. By comparison when World War II terminated these banks had less than \$11 million in consumer instalment loans outstanding. After Korea the rate of growth was stepped up and the volume of consumer instalment loans reached a peak of \$95 million at reporting banks by the end of October, 1950. Since then outstanding consumer credit has contracted every month except May, the total decline amounting to 6 per cent.

**Debits**—The rate at which bank funds were used continued high in May. Debits to deposit accounts at 22 cities in the Eighth District were \$3.9 billion in the month, slightly more than in April and 25 per cent above the 1948-50 average for the month of May. (April debits were 24 per cent above April, 1948-50 average.) Nationally, the rate of use of bank funds also remained high in May.

**Trend in Savings Bonds**—Redemptions of savings bonds in the United States exceeded sales in each of the first five months of 1951, with the total net redemption for the five months amounting to \$866 million. By contrast, sales exceeded redemptions by \$238 million in the first five months of 1950. In the Eighth District, Series A-E savings bond redemptions exceeded sales by \$45 million in the first five months of 1951.

In the first quarter of 1951, dollar sales of Series E bonds declined by one-fifth and redemptions rose by one-third compared with the first quarter of 1950. The number of \$25 and \$50 Series E savings bonds sold actually rose 8 per cent from the first three months of 1950 to the same period of 1951, while the number of \$500 and \$1,000 E bonds sold fell 37 per cent. At the same time, the number of smaller denomination bonds redeemed rose only 9 per cent as compared to 39 per cent for the larger denomination bonds.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	April, 1951	May, 1951	May, 1950	April, 1951	May, 1951	May, 1950	April, 1951	May, 1951	May, 1950
<b>Assets</b>	May, 1951	to May, 1951	to May, 1951	May, 1951	to May, 1951	to May, 1951	May, 1951	to May, 1951	to May, 1951
1. Loans and Investments.....	\$3,988	\$+ 10	\$+ 94	\$2,324	\$- 4	\$+ 61	\$1,664	\$+ 14	\$+ 33
a. Loans.....	1,834	- 25	+323	1,217	- 35	+242	617	+ 10	+ 81
b. U.S. Government Obligations.....	1,801	+ 43	-208	940	+ 37	-157	861	+ 6	- 51
c. Other Securities.....	353	- 8	- 21	167	- 6	- 24	186	- 2	+ 3
2. Reserves and Other Cash Balances.....	1,306	+ 17	+131	829	+ 15	+106	477	+ 2	+ 25
a. Reserves with the F.R. bank.....	665	- 9	+123	439	+ 1	+ 88	226	- 10	+ 35
b. Other Cash Balances <sup>3</sup> .....	641	+ 26	+ 8	390	+ 14	+ 18	251	+ 12	- 10
3. Other Assets.....	58	+ 11	+ 6	31	+ 1	+ 2	27	+ 10	+ 4
4. Total Assets.....	<u>\$5,352</u>	<u>\$+ 38</u>	<u>\$+231</u>	<u>\$3,184</u>	<u>\$+ 12</u>	<u>\$+169</u>	<u>\$2,168</u>	<u>\$+ 26</u>	<u>\$+ 62</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,975	\$+ 30	\$+211	\$2,448	\$+ 8	\$+153	\$1,527	\$+ 22	\$+ 58
a. Deposits of Banks.....	592	-0-	+ 13	560	-0-	+ 14	32	-0-	- 1
b. Other Demand Deposits.....	3,383	+ 30	+198	1,888	+ 8	+139	1,495	+ 22	+ 59
6. Time Deposits.....	980	+ 2	- 14	491	+ 1	- 11	489	+ 1	- 3
7. Borrowings and Other Liabilities.....	54	+ 5	+ 17	45	+ 2	+ 14	9	+ 3	+ 3
8. Total Capital Accounts.....	343	+ 1	+ 17	200	+ 1	+ 13	143	-0-	+ 4
9. Total Liabilities and Capital Accounts.....	<u>\$5,352</u>	<u>\$+ 38</u>	<u>\$+231</u>	<u>\$3,184</u>	<u>\$+ 12</u>	<u>\$+169</u>	<u>\$2,168</u>	<u>\$+ 26</u>	<u>\$+ 62</u>

<sup>1</sup>Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup>Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup>Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.



# Survey of Current Conditions

Beset by floods and excessive rains, disappointing consumer spending, and military expenditures below anticipated rates, the economy of the Eighth District slowed down somewhat during July from the high levels of activity reached earlier this year. Flood damage to crops and businesses along the river was heavy. In addition interruption of transportation and normal living patterns slowed production in some businesses not directly hit by high waters. Nevertheless, the material cost of the flood, in this district, while immeasurable in terms of distress to those affected, will not be large in terms of total District income this year.

Several factors, along with the flood, contributed to the slowing down of activity in the Eighth District. During June and early July, consumers and businesses continued their policy of cautious buying. Prices at retail were generally steady and at wholesale eased off some. Beef slaughter and whiskey production were down sharply in June from the previous month. Bank loans to business decreased. Agricultural prospects in several important district farming areas were not too bright at mid-July.

On the other hand, district manufacturing activity as indicated by electric power consumption remained at the high level of previous months. Steel, coal, and crude oil production were virtually unchanged in June.

Nationally, both employment and unemployment were up in June, when increases are normally experienced.

Manufacturers' inventories have been increasing (up \$1 billion from April to May to \$39 billion) but so have their unfilled orders. Manufacturers sales were up slightly. Consumers have purchased goods in sizable volume, but not fast enough to prevent retailers' stocks from increasing, and not as rapidly as might have been anticipated on the basis of expanding personal income alone.

The index of industrial production declined more than seasonally in July. Wholesale prices—except for foods—moved downward somewhat in June and early July and consumer prices showed greater stability than had appeared for many months.

Some indicators suggest that activity in the private sector of the national economy is easing downward. In such a situation large and growing business inventories, softening wholesale prices, and disappointing sales might be regarded as sources of potential economic difficulty. Balanced against this picture, however, is the large and growing defense program, with expected government deficits, which will exert a two-fold influence in coming months. First, the growth in defense production will tend to maintain employment and income. The bulk of the defense program lies in the future. About \$42 billion in defense orders have been placed since Korea. Some \$10 billion in military goods have been delivered and industry now has \$32 billion in contracts on its books. In addition, contracts are still being let. Second, a program of this size may divert materials from civilian markets to the extent that cumbersome inventories may become comfortable stock piles of needed consumer goods.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	June, '51	May, '51	June, '50	June, 1951 compared with	
				May, '51	June, '50
All Commodities....	181.7	182.8	157.3	- 0.6%	+15.5%
Farm Products....	198.6	199.6	165.9	- 0.5	+19.7
Foods.....	186.3	187.2	162.1	- 0.5	+14.9
Other.....	170.5	171.5	148.8	- 0.6	+14.6

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	June 15, 1951	Mar. 15, 1951	June 15, 1950	June 15, 1951 compared with	
				Mar. 15, '51	June 15, '50
United States.....	185.2	184.5	170.2	+ 0.4%	+ 8.8%
St. Louis.....	185.0	185.2	168.8	- 0.1	+ 9.6
Memphis.....	187.8	186.5	172.7	+ 0.7	+ 8.7
* New series.					

RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	June 15, 1951	May 15, 1951	June 15, 1950	June 15, 1951 compared with	
				May 15, '51	June 15, '50
U. S. (51 cities).....	226.9	227.4	203.1	- 0.2%	+11.7%
St. Louis.....	238.2	238.4	210.2	- 0.1	+13.3
Little Rock.....	225.2	225.1	200.1	- 0-	+12.5
Louisville.....	215.5	213.7	192.0	+ 0.8	+12.2
Memphis.....	233.0	234.6	208.3	- 0.7	+11.9
* New series.					

## EMPLOYMENT

Total employment in the nation rose somewhat during June, largely as a result of the seasonal expansion of agricultural activity and construction.

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	June, 1951 compared with		June 30, 1951 compared with
	May, '51	June, '50	June 30, 1950
Drugs and Chemicals.....	- 3%	+22%	....%
Dry Goods.....	- 3	+22	....
Groceries.....	- 2	+ 8	+26
Hardware.....	- 2	- 2	+58
Tobacco and its Products.....	- 2	- 2	....
Miscellaneous.....	-10	- 3	+26
**Total All Lines.....	- 5%	+ 5%	+33%

\*Preliminary.  
\*\*Includes certain items not listed above.

Due largely to the influx of students and graduates into the labor market during June, the labor force increased by nearly one million persons over May and swelled the number of persons seeking work. However, unemployment in June was 41 per cent under the June, 1950 level.

Manufacturing employment in the nation held steady in June, with seasonal layoffs in textile and apparel plants, and declines in television, furniture and automobile industries offset by increases in defense plants and metal working plants. Slackening demand for some products and curtailed use of steel and other metals in nondefense production caused the declines. The layoffs affected mostly the unskilled workers and did not have an appreciable effect in easing the shortage of skilled workers.

In June total employment in the five major industrial areas of the Eighth District was up less than 1 per cent from May but was 4 per cent greater than June, 1950. Total nonagricultural employment was unchanged from May.

In the St. Louis metropolitan area, employment was about the same as in May but about 4 per cent higher than it was in June, 1950. Seasonal layoffs in the shoe and apparel industries caused unemployment to increase in June. Continued claims for unemployment compensation for the week ended June 23 in St. Louis city and county were up 18 per cent over the week ending May 26. Total employment in the East St. Louis area also showed a substantial decline during June. Layoffs in meat packing, fertilizer plants and one defense plant which had to retool were the main causes of the decline.

In Evansville total nonagricultural employment decreased slightly in June from May but was 1 per cent over the June, 1950 level. Employment decreases in refrigerator and automobile manufacturing plants were the chief cause of the decline and further decreases were announced in early July.

Nonagricultural employment in Little Rock during June was off less than one per cent from May but was still higher than a year ago. Manufacturing employment dropped slightly, and trade employment somewhat more. These declines were almost offset by an increase in construction employment.

At Louisville there was a slight increase in non-agricultural employment as a result of increases in construction and government, which more than offset the decline in manufacturing employment.

The total employment picture in Memphis was about the same as in May with declines in trade and increases in construction. Total nonagricultural

employment in Memphis was up slightly from May and was higher than a year ago.

**INDUSTRY**

Eighth District manufacturing activity in June was about equal to that of May, but remained well above the level of June, 1950. Daily average industrial consumption of electric power was slightly greater in June than in May, and steel, coal and oil production was maintained at about the same level in June as in May. However, some lines—lumber and whiskey—reported decreased activity and easing prices. Rail transportation decreased somewhat reflecting, in part, the flood conditions in Missouri.

Leading district cities used 4 per cent more industrial electric power in June, on a daily average basis, than in May and 15 per cent more than in June a year ago. Increased total amounts of power were used by the rubber, food, leather, and paper and paper products industries in June compared with May in the five major district cities. Power consumption decreased in that period in the lumber and wood products, textile, primary metals, and transportation equipment lines.

The district steel industry operated at 93 per cent of capacity in June, a rate one point higher than in May and 11 points above June, 1950. In the first four weeks of July, operations were scheduled at an average rate of 87 per cent of capacity, with part of the decrease relative to the June rate accounted for by the Independence Day holiday.

In June, 116,000 load interchanges were reported by the St. Louis Terminal Railroad Association,

**INDUSTRY**

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	June, 1951	May, 1951	June, 1950	June, 1951 compared with		
	K.W.H.	K.W.H.	K.W.H.	May, '51	June, '50	
Evansville.....	16,440	16,039	15,862R	+ 2.5%	+ 3.6%	
Little Rock....	12,035	12,497	10,093R	- 3.7	+19.2	
Louisville.....	82,724	82,746	74,171	- 0 -	+11.5	
Memphis.....	29,265	28,446	27,763	+ 2.9	+ 5.4	
Pine Bluff.....	9,615	9,079	7,149	+ 5.9	+34.5	
St. Louis.....	101,602	105,011	94,410R	- 3.3	+ 7.6	
Totals.....	251,681	253,818	229,448R	- 0.9%	+ 9.7%	
	R—Revised.					

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
June, '51	May, '51	June, '50	First Nine Days		6 mos. '51	6 mos. '50
			July, '51	July, '50		
116,421	118,122	110,339	30,032	29,561	700,140	641,200
Source: Terminal Railroad Association of St. Louis.						

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	June, 1951	May, 1951	June, 1950	June, 1951 compared with	
				May, '51	June, '50
Arkansas.....	77.4	77.9	79.1	- 1%	- 2%
Illinois.....	168.6	167.0	172.0	+ 1	- 2
Indiana.....	29.9	28.8	30.2	+ 4	- 1
Kentucky.....	27.9	26.9	26.1	+ 4	+ 7
Total.....	304.0	300.6	307.4	+ 1%	- 1%

2,000 fewer than in May. There were 6,000 more interchanges this June, however, than in June, 1950. In the first nine days of July, 30,000 loads were interchanged at St. Louis, 3,700 fewer than in the corresponding period in June but 400 more than in the corresponding period of July, 1950. Interchange figures for St. Louis for the nine-day period and the remainder of July may vary considerably from normal, however, because of flood conditions which impeded rail traffic in Kansas, the two Kansas Cities, central Missouri, and parts of the St. Louis area.

Inspected meat slaughter in the St. Louis area in June totaled 390 thousand head, about the same as in June 1950, but 8 per cent less than in May of this year. The total slaughter this June was 10 per cent less than the average slaughter in that month for the past five years. Cattle slaughter, a subject of much attention since the imposition of the beef price control order, was 31 per cent smaller in June than in May, and was 42 per cent less than in June, 1950. June cattle slaughter this year was 46 per cent less than slaughter in that month on a five-year average basis. June slaughter of calves was off 17 per cent but the hog kill was up 4 per cent, compared with the five-year average.

The St. Louis shoe industry continued to operate at seasonally low levels in May and June. In June and early July shoe manufacturers' prices were placed under the same type of "pre-Korea plus" price regulation previously given other manufacturers. This regulation had little immediate effect, however, for shoes were then selling at less than ceiling prices and by mid-July some producers had announced price reductions.

The index of average production per mill of Southern pine for June was 204, compared with 216 for May and 206 in June, 1950. Southern hardwood production was scheduled at 107 per cent of capacity in June, compared with 102 in May, and 93 in June, 1950.

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
June,'51	May,'51	June,'50	June,'51	May,'51	June,'50
140*	131*	136	149*	127*	145

SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Apr.,'51	Mar.,'51	Apr.,'50	Apr.,'51	Mar.,'51	Apr.,'50
137	154	141	134	151	138
*—Preliminary.					

Recent price trends in the lumber industry have been downward. This price movement reflects sizable inventories resulting from continued volume production of pine and hardwood in the first six months of 1951, a period in which shipments and orders decreased. Some firming of pine board prices in late June and early July was reported, due to general rains in the South which hampered production and slowed drying time enough to cause some shortages.

At the end of June, there were 27 Kentucky distilleries in operation, 15 less than at the end of May and 2 less than in June, 1950. This sharp curtailment of operations reflected high inventories and the low level of bulk sales. It is reported that some distilleries now in operation may curtail operations or close down in the near future.

Total coal production in the district increased about 2 per cent in June, compared with May, but was 17 per cent less than in June, 1950. Output in June was somewhat greater than in May in all district states except Missouri, where production decreased.

District crude oil production in June on a daily average basis was one per cent greater than in May, but one per cent less than in June, 1950. Daily average output decreased slightly in Arkansas in June compared with May, but the three other oil producing states of the district reported increased production.

**CONSTRUCTION**

Expenditures for new construction put in place in the nation totaled \$2.7 billion in June, an all-time high for that month, as a result of the substantial increase in construction projects begun last year and earlier this year. It should be noted, however, that expenditures this June gained less than the usual amount over those for May and the seasonally adjusted rate of new construction spending for June declined, extending the downward movement from the March, 1951 peak.

**CONSTRUCTION**

BUILDING PERMITS Month of June								
(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1951	Number 1950	Cost 1951	Cost 1950	Number 1951	Number 1950	Cost 1951	Cost 1950
Evansville.....	178	64	\$ 680	\$ 223	127	82	\$ 78	\$ 188
Little Rock.....	51	135	392	1,211	205	273	98	437
Louisville.....	217	215	1,256	1,611	90	90	98	76
Memphis.....	1,721	2,429	2,815	5,170	226	219	252	128
St. Louis.....	281	391	2,122	3,050	276	348	430	831
June Totals.....	2,448	3,234	\$ 7,265	\$ 11,265	924	1,012	\$ 956	\$ 1,660
May Totals.....	2,414	3,767	\$ 17,443	\$ 18,587	1,056	1,008	\$ 1,693	\$ 1,553

Compared with a year ago, the amount of public construction during June has increased but private construction has decreased. Largely as a result of the mobilization program the chief gains have been in public construction of military, naval, and industrial facilities and in private industrial, commercial and public utility construction. Private residential construction outlays, on the other hand, have fallen to 23 per cent below those of June, 1950.

F. W. Dodge reports of contracts awarded for 37 states were up 5 per cent over June, 1950, but were only about one-half of the May, 1951, total, which included the Atomic Energy Commission's projects valued at \$980 million. Excluding the AEC projects from the May total, June was off 12 per cent. New private housing units started in June were off 7 per cent from May and were about 40 per cent less than June, 1950. Due to the rush by public housing authorities to get projects under way before the end of the fiscal year, 42,000 new public dwellings were authorized in June. Residential contracts awarded in June, both public and private, were off 14 per cent from last year, while nonresidential contracts were up 25 per cent over June, 1950.

In the Eighth District \$95 million in contracts were let in June as compared with \$122 million in May (excluding the Paducah AEC project) and \$80 million last June. Nonresidential contracts in June were less than in May by 17 per cent but exceeded the June, 1950 level by 44 per cent. Residential awards were off 23 per cent from May and 9 per cent lower than June, 1950.

In the St. Louis territory, as defined by the F. W. Dodge Corporation, including most but not all of the Eighth District, the number of dwelling units included in contract awards in June was 2,113 as compared with 2,747 in June, 1950, a decline of 23 per cent. However, over the first half of this year, awards were made for approximately as many dwelling units as in the first half of 1950. About 14,000 units were begun in each period.

**TRADE**

Retail sales in the district during June generally failed to top those in either the previous month or the same month of 1950. Over most of the district, unseasonably cool and wet weather cut sharply into the sale of seasonal merchandise. Uncertainty as to developments, both in Korea and on the home front, plus heavy consumer buying earlier this year were among other reasons advanced by store executives for the decline.

At reporting district retail outlets June sales were down, more than seasonally in some lines, from those in May. The decline in sales in June com-

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks	Stock
	June, 1951 compared with May, '51		6 mos. '51 to same period '50	on Hand June 30, '51 comp. with June 30, '50	Turnover Jan. 1, to June 30, 1951 1950
	June, '50	June, '50			
8th F. R. District...	-11%	+2%	+6%	+30%	1.57 1.91
Ft. Smith, Ark. <sup>1</sup> .....	-15	+2	+13	+34	1.59 1.83
Little Rock, Ark.....	-22	+7	+2	+19	1.52 1.86
Quincy, Ill.....	-6	+7	+2	+19	1.55 1.58
Evansville, Ind.....	-7	+3	+13	+39	1.46 1.74
Louisville, Ky.....	-10	+1	+7	+16	1.83 2.07
St. Louis Area <sup>2</sup> .....	-7	+3	+6	+40	1.50 1.92
St. Louis, Mo.....	-8	-3	+5	+40	1.45 1.87
Springfield, Mo.....	-0-	+4	+5	+29	1.39 1.67
Memphis, Tenn.....	-22	+4	+5	+21	1.78 1.93
All Other Cities*.....	-4	+3	+11	+10	1.33 1.50

\* Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup> In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of June, 1951, were 1 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding June 1, 1951, collected during June, by cities:

	Instalment	Excl. Instal.		Instalment	Excl. Instal.
	Accounts	Accounts		Accounts	Accounts
Fort Smith.....	.....%	48%	Quincy.....	23%	64%
Little Rock.....	17	49	St. Louis.....	20	52
Louisville.....	20	47	Other Cities.....	13	51
Memphis.....	18	40	8th F.R. Dist... 19		48

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

**8th Federal Reserve District**

	June, 1951	May, 1951	Apr., 1951	June, 1950
Sales (daily average), unadjusted <sup>3</sup> .....	282	323	304	293
Sales (daily average), seasonally adjusted <sup>3</sup> .....	313	330	320	326
Stocks, unadjusted <sup>4</sup> .....	389	403	437	299
Stocks, seasonally adjusted <sup>4</sup> .....	389	403	437	299

<sup>3</sup> Daily average 1935-39=100.

<sup>4</sup> End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales			Stocks	Stock
	June, 1951 compared with May, '51		6 mos. '51 to same period '50	on Hand June 30, '51 comp. with June 30, '50	Turnover Jan. 1 to June 30, 1951 1950
	June, '50	June, '50			
Men's Furnishings....	-16%	-0%	+4%	+49%	.96 1.28
Boots and Shoes.....	-8	+12	+8	-20	2.07 2.18

Percentage of accounts and notes receivable outstanding June 1, 1951, collected during June:

Men's Furnishings.....	45%	Boots and Shoes.....	43%
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Trading days: June, 1951-26; May, 1951-26; June, 1950-26.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	June, 1951 compared with May, '51		June 30, 1951 compared with June 30, '50		June, '51	June, '50
	June, '50	June, '50	May 31, '51	June 30, '50		
8th Dist. Total <sup>1</sup> .....	-8%	-15%	-3%	+22%	23%	20%
St. Louis Area <sup>2</sup> .....	-14	-18	-4	+15	30	26
St. Louis.....	-13	-18	4	+15	30	26
Louisville Area <sup>3</sup> .....	+1	-5	-7	+37	15	15
Louisville.....	-4	-3	-7	+36	14	14
Memphis.....	+2	-5	-12	-8	15	13
Little Rock.....	+8	-16	-5	+16	21	16
Springfield.....	-12	-13	-4	+57	15	17
Fort Smith.....	-13	-16		*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	June, '51	May, '51	June, '50
Cash Sales.....	17%	16%	14%
Credit Sales.....	83	84	86
Total Sales.....	100%	100%	100%

pared with last year was smallest in the soft goods lines. At department stores and apparel stores, sales were slightly less than last year. Furniture store sales were about one-eighth under those in 1950 and appliance sales were even more disappointing. Dealers in both new and used automobiles reported sales drops in a period that normally shows high activity.

Inventories showed some decline from those at the end of the previous month but remained at a level substantially higher than last year, except at women's specialty stores. Despite a level of inventory considerably larger than a year ago, the value of department store outstanding orders was slightly larger than last year. In most hard goods lines, commitments for future deliveries were very small.

**Department Stores**—Nationally, June sales volume dropped slightly below that in May but was about equal to that during June, 1950. In contrast, June sales throughout the district, down more than seasonally, totaled about one-tenth less than in May and were 2 per cent below those in June, 1950. On a seasonally adjusted basis, daily average sales, in June, were 313 per cent of the 1935-1939 average. They were 330 per cent in May and 326 per cent in June, 1950. For the first half of the year, district sales were 6 per cent larger than in the same period of 1950.

With the exception of Springfield, major cities reported sales declines from May. In Springfield sales were about the same as in May. Declines in other cities ranged from 4 per cent in several small district cities to 22 per cent in Little Rock and Memphis. Compared with last year sales declined in June in the St. Louis area, Memphis and Little Rock. Elsewhere in the district sales gains ranged from 2 per cent in Fort Smith to 7 per cent in Quincy.

The retail value of inventories held by district department stores on June 30 dropped 7 per cent from that on May 31, but remained more than one-fourth larger than on June 30, 1950. Although inventories were large, the value of outstanding orders on June 30, advancing seasonally, were about one-half larger than on May 31 and were slightly larger than last year. Part of the gain in both the value of inventory held and orders placed compared with last year is the result of the currently higher price level.

**Apparel Stores**—St. Louis women's specialty store sales during June were about one-fourth less than in May and were 3 per cent less than in June, 1950. The retail value of inventory held on June 30 was slightly above that on June 30, 1950.

At district men's wear stores, June sales volume was 16 per cent less than in May and was equal to that in June, 1950. Inventories on June 30, down 10 per cent from a month previous, were 49 per cent larger than a year ago.

**Furniture Stores**—District furniture store sales in June totaled 8 per cent less than in May and 15 per cent less than in June, 1950. In some major district cities, sales gained slightly from those in the previous month. Compared to June, 1950, however, the decline in furniture store sales was general throughout the district. The retail value of inventories held by district stores on June 30 was slightly less than on May 31 but was about one-fifth larger than a year ago. Of the major district cities only Memphis stores reported inventory under that on June 30, 1950.

**AGRICULTURE**

Weather in most of the Eighth District was too dry in May, but too wet in June and the first two weeks of July. In contrast to relatively favorable conditions nationally, crop prospects on July 1 were not bright in several important district farming areas and weather during the first two weeks of July gave little cause for optimism.

Floods have caused major damage to property and crops in the Missouri River lowlands and several tributary streams. Some areas along the Mississippi River also were flooded. Accurate data on areas flooded are not available, but estimates indicate nearly one-half million acres were flooded in Missouri with a crop loss valued at a minimum of \$25 million. Although this amount alone is a relatively small part of Missouri or district farm income, the loss is severe in the affected counties. Not only were spring-sown crops lost, but in many

**AGRICULTURE**

		CASH FARM INCOME			5 month total Jan. to May, 1951		
(In thousands of dollars)	May, 1951	May, 1951 compared with April, 1951 and May, 1950		1951	1951 compared with 1950 and 1949		
Arkansas.....	\$ 26,547	+ 5%	+16%	\$ 140,811	+31%	-10%	
Illinois.....	155,781	- 1	+18	753,083	+ 9	+18	
Indiana.....	86,900	- 2	+17	415,314	+16	+21	
Kentucky.....	33,432	+19	+21	214,661	+ 3	+ 6	
Mississippi.....	18,151	+22	+36	124,262	+67	-27	
Missouri.....	88,091	+ 6	+24	407,231	+26	+19	
Tennessee.....	31,271	+22	+23	159,093	+20	+11	
Totals.....	\$440,173	+ 4%	+20%	\$2,214,455	+17%	+11%	

		RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS				
		Receipts		Shipments		
	June, 1951	June, '51 compared with May, '51 and June, '50		June, 1951	June, '51 compared with May, '51 and June, '50	
Cattle and calves....	78,067	- 7%	-24%	34,999	+41%	-0-%
Hogs.....	288,787	-13	+21	101,575	- 3	+ 4
Sheep.....	56,286	- 1	-29	37,571	-20	-16
Totals.....	423,140	-11%	-0-%	174,145	- 2%	- 2%

areas the wheat crop had not been harvested before the fields were flooded. Farmers in these areas will have little chance of realizing any income from crops for the entire year.

Some other district areas, although not flooded, were too wet up to mid-July. Wet and cool weather had been unfavorable for tobacco growth in Kentucky, although weather in the main burley producing area in the Bluegrass was more favorable than in outlying areas. Similarly, weather had been unfavorable for cotton. Dry weather earlier had prevented germination or had produced poor stands. Wet weather in June and July caused many late-planted fields to become grassy, and kept them too wet for chopping. Considerable abandonment had taken place before July 1 and was taken into account in the July 1 acreage report. Some abandonment has occurred since then. Scarce chopping labor, rapid grass growth, boll weevil and thrips were making an expensive crop.

Generally, cotton fields in hill country and in the lighter soils of the Delta by mid-July were clean, however, and the crop was making fair to good progress. In the heavier soils, conditions were less favorable.

Nationally, a cotton crop of 29.5 million acres was in cultivation July 1, exceeding the announced goal by one million acres. Acreage planted in district states is about one-third more than was planted in 1950, compared with a 59 per cent increase nationally. Largest increases in acreage occurred in Texas where 13.1 million acres were planted in cotton, an 86 per cent increase. California acreage is 1.3 million, an increase of 129 per cent. Acreage in Arizona doubled and equals the Missouri cotton acreage. In the Southwest, there are 17 million acres of cotton (8 million more than in 1950) and the weather has been relatively favorable.

#### COTTON ACREAGE IN EIGHTH DISTRICT STATES

(In thousands)	Acreage in cultivation July 1		
	1951	1950	Per cent change from 1950
Arkansas .....	2,350	1,728	+ 36%
Mississippi .....	2,625	2,084	+ 26
Tennessee .....	835	629	+ 33
Missouri .....	560	438	+ 28
United States .....	29,510	18,613	+ 59

Source: USDA

Despite unfavorable crop conditions in Missouri and Iowa, the first estimate of the corn crop was 3.3 billion bushels, a near record, and more than the 1950 crop of 3.1 billion bushels. Yield prospects in uplands and in the southern part of the Corn Belt generally were good.

Prices received by farmers declined for the fourth

consecutive month during the month ending June 15. On that date farm prices were 1 per cent below a month earlier, but 22 per cent above a year earlier. Prices of cotton, truck crops, oil bearing crops, feed and food grains all declined and were only partially offset by higher prices for hogs, veal calves, butterfat, and turkeys.

Prices paid by farmers remained unchanged. As a result of lower prices received, the parity ratio declined to 106 compared with 108 in May and 111 in March.

#### BANKING AND FINANCE

In the period from mid-June to mid-July of this year, Eighth District bankers continued to exercise caution and restraint in their lending operations. Business loans at the weekly reporting banks declined, investments showed virtually no change and deposits were down. Tight bank reserve positions the last two weeks of the period and the Voluntary Credit Restraint Program were major factors in the shrinkage in business loans. At the same time, cautious inventory policies and some price declines may have eased the demand for bank credit. Rate of use of bank funds, although high, is down considerably from the peak last January.

**District Banking Developments**—According to weekly condition reports from the larger banks in the Eighth District, commercial loans declined \$14 million from mid-June to mid-July with each reporting center showing a drop. In comparable periods of the five preceding postwar years, commercial loans averaged no change. In the current four-week period, net repayments came principally from commodity dealers, sales finance companies and food manufacturers. On the other hand, new loans to finance construction exceeded repayments. Loans outstanding to finance defense contracts rose over \$1 million in the period. Loans to finance both defense and defense-supporting activities amounted to 8 per cent of total new loans made by reporting banks in the four weeks.

Despite the decline in commercial loans, total loans rose \$15 million in the four-week period. Loans to banks which increased \$25 million in the period were primarily responsible for the rise. Loans secured by real estate and securities expanded slightly in the four weeks while consumer loans showed little change.

Investments rose only slightly from mid-June to mid-July at the larger district banks. A decrease of \$5.1 million in Government securities was more than offset by a \$5.6 million increase in "other" securities.

From June 13 to July 11 total deposits fell \$38 million at the city banks in the Eighth District. A large decline in deposits of individuals and businesses was partly offset by an increase in deposits of the U. S. Government and banks. To meet the outflow of funds, these banks drew on their reserves at the Federal Reserve.

**SELECTED ITEMS OF ASSETS AND LIABILITIES**  
Eighth District Weekly Reporting Member Banks  
(Millions of Dollars)

	July 11, 1951	4 Weeks	Dollar Change in Year
Business and Agricultural Loans.....	619.4	- 14.0	+ 147.5
Real Estate Loans.....	248.9	+ 2.6	+ 37.5
Loans on Securities.....	31.2	+ 1.0	- 0 -
Loans to Banks.....	27.7	+ 25.1	+ 26.2
Other (largely consumer) Loans.....	262.7	- 0.2	+ 24.8
<b>TOTAL LOANS (Gross).....</b>	<b>1,189.9</b>	<b>+ 14.5</b>	<b>+ 236.0</b>
Total Investments.....	1,130.9	+ 0.5	- 167.7
Time Deposits.....	486.3	+ 0.3	- 7.7
Total Demand Deposits.....	2,480.8	- 38.5	+ 151.6
Demand Deposits Adjusted.....	1,524.9	- 27.1	+ 88.3

**Banking Developments Nationally**—Weekly reporting member banks in leading cities in the country expanded earning assets and deposits in June and early July. Total earning assets rose \$800 million in the period. Nearly half of the rise was in loans. Both Government and "other" security holdings were increased. In the comparable periods of 1948-50 the growth in earning assets averaged only \$250 million.

Total deposits increased \$1.5 billion at the large city banks in June and early July. The increase was the result of expansion in United States Government deposits, interbank deposits and time deposits, partly offset by \$800 million decrease in collected deposits of individuals and businesses. As funds flowed into these banks during the period,

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	June, 1951	May, 1951	June, 1950	June, 1951 compared with	
				May, '51	June, '50
El Dorado, Ark.....	\$ 25,519	\$ 26,450	\$ 25,728	- 4%	- 1%
Fort Smith, Ark.....	44,736	44,382	39,383	+ 1	+ 14
Helena, Ark.....	6,827	7,346	6,122	- 7	+ 12
Little Rock, Ark.....	143,997	138,676	130,005	+ 4	+ 11
Pine Bluff, Ark.....	28,205	27,681	24,430	+ 2	+ 15
Texarkana, Ark.*.....	12,811	12,043	10,447	+ 6	+ 23
Alton, Ill.....	30,115	28,291	26,750	+ 6	+ 13
E. St. L.-Nat. S. Y., Ill....	121,041	131,407	112,995	- 8	+ 7
Quincy, Ill.....	35,512	35,274	31,547	+ 1	+ 13
Evansville, Ind.....	141,007	138,141	136,187	+ 2	+ 4
Louisville, Ky.....	644,293	617,398	563,995	+ 4	+ 14
Owensboro, Ky.....	43,327	41,028	31,856	+ 6	+ 36
Paducah, Ky.....	25,520	22,705	16,566	+ 12	+ 54
Greenville, Miss.....	18,233	23,217	18,474	- 22	- 1
Cape Girardeau, Mo.....	13,632	13,037	12,201	+ 5	+ 12
Hannibal, Mo.....	9,859	9,141	8,758	+ 8	+ 13
Jefferson City, Mo.....	40,338	49,785	39,368	- 19	+ 2
St. Louis, Mo.....	1,904,851	1,800,110	1,704,070	+ 6	+ 12
Sedalia, Mo.....	10,430	10,596	10,148	- 2	+ 3
Springfield, Mo.....	71,462	68,877	61,641	+ 4	+ 16
Jackson, Tenn.....	19,259	20,876	18,305	- 8	+ 5
Memphis, Tenn.....	530,559	609,163	524,088	- 13	+ 1
<b>Totals.....</b>	<b>\$3,921,533</b>	<b>\$3,875,624</b>	<b>\$3,553,064</b>	<b>+ 1%</b>	<b>+ 10%</b>

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$30,526.

they were used to reduce borrowings and build up cash assets.

**Debits**—The rate at which bank funds were used was high in June. Debits to deposit accounts at 22 cities in the Eighth District were \$3.9 billion in the month, 18 per cent above the 1948-50 average for the month of June. However, debits were down considerably from January, the peak, when debits were 34 per cent above the 1948-50 average for that month. By comparison, May debits were 25 per cent above the May, 1948-50 average.

Nationally, the rate of use of bank funds in leading cities remained high in June, but like the district was down somewhat from the peak.

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	June, 1951	May, 1951	June, 1951	June, 1951	May, 1951	June, 1951	June, 1951	May, 1951	June, 1951
<b>Assets</b>									
1. Loans and Investments.....	\$4,000	\$+ 12	\$+134	\$2,341	\$+ 17	\$+109	\$1,659	\$- 5	\$+ 25
a. Loans.....	1,813	- 21	+315	1,195	- 22	+241	618	+ 1	+ 74
b. U. S. Government Obligations.....	1,823	+ 22	-175	972	+ 32	-117	851	- 10	- 58
c. Other Securities.....	364	+ 11	- 6	174	+ 7	- 15	190	+ 4	+ 9
2. Reserves and Other Cash Balances.....	1,288	- 18	+137	812	- 17	+100	476	- 1	+ 37
a. Reserves with the F.R. bank.....	671	+ 6	+108	434	- 5	+ 68	237	+ 11	+ 40
b. Other Cash Balances <sup>3</sup> .....	617	- 24	+ 29	378	- 12	+ 32	239	- 12	- 3
3. Other Assets.....	47	- 11	+ 5	29	- 2	+ 3	18	- 9	+ 2
4. Total Assets.....	<u>\$5,335</u>	<u>\$- 17</u>	<u>\$+276</u>	<u>\$3,182</u>	<u>\$- 2</u>	<u>\$+212</u>	<u>\$2,153</u>	<u>\$- 15</u>	<u>\$+ 64</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$3,967	\$- 8	\$+254	\$2,458	\$+ 10	\$+197	\$1,509	\$- 18	\$+ 57
a. Deposits of Banks.....	590	- 2	+ 27	557	- 3	+ 27	33	+ 1	- 0-
b. Other Demand Deposits.....	3,377	- 6	+227	1,901	+ 13	+170	1,476	- 19	+ 57
6. Time Deposits.....	981	+ 1	- 9	491	- 0-	- 9	490	+ 1	- 0-
7. Borrowings and Other Liabilities.....	45	- 9	+ 17	34	- 11	+ 13	11	+ 2	+ 4
8. Total Capital Accounts.....	342	- 1	+ 14	199	- 1	+ 11	143	- 0-	+ 3
9. Total Liabilities and Capital Accounts.....	<u>\$5,335</u>	<u>\$- 17</u>	<u>\$+276</u>	<u>\$3,182</u>	<u>\$- 2</u>	<u>\$+212</u>	<u>\$2,153</u>	<u>\$- 15</u>	<u>\$+ 64</u>

<sup>1</sup>Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup>Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup>Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

# Survey of Current Conditions

Vacations, some disruption of transportation schedules by floods, and some interruptions of materials flows kept Eighth District activity in July and early August below the levels of previous months this year. The floods had their major impact on bottom land agriculture and resulted in crop failure in affected areas. While crop losses were sizable (about \$50 million) and structure and land damage much greater, this district suffered far less from the floods than did areas to the west.

Production in this district during July was at a lower level than in June. Nationally, total industrial production in July declined from the high levels of the last few months, chiefly because of plantwide vacations in the nondurable goods industries. Some further slackening in the textile markets and curtailment of automobile production also had effect. A partial offset came from increasing defense production.

During July and August retail prices increased moderately. Wholesale prices declined, the largest drop being in the prices of farm products. Part of the decrease in wholesale prices reflected reduction in buying by retailers, wholesalers, and manufacturers. Retailers have been trying to lower their stocks to levels which they consider more consistent with sales expectations, and wholesalers and manufacturers have followed in turn. Better-than-expected retail sales during July helped reduce stocks.

Residential construction so far has been substantially below last year's record level. Further limita-

tion on starting new construction projects, including residential, will result from the recent National Production Authority orders.

Flood damage was considerable along the Mississippi and Missouri Rivers, but over-all Eighth District crop prospects are good. The percentage increase in cotton crop production this year over last year in the Eighth District, however, will be less than the increase nationally. And while more corn is being raised this year in the nation, this district will produce less than last year.

## EMPLOYMENT

Employment in the nation increased during July to 62.5 million persons, up 700,000 persons from June and 1.3 million from July last year. The labor force grew in July by about 600,000 persons, reflecting the influx of students and other summer workers. Unemployment registered a small decline between June and July. The 1.9 million unemployment level in July (for the nation) was the lowest recorded for this month in the postwar period.

Despite strong demand for labor, so far most demands have been met without too much difficulty, although shortages of certain skilled and experienced workers have been reported in some cases. As an indication that the labor market has not become too tight, average weekly hours have not increased appreciably in the last few months. Had there been a grave shortage of labor for production requirements, the work week could have been increased over the current level.

In the St. Louis metropolitan area the total number of persons employed decreased slightly from June to July. Most of the decrease was experienced in trade and metal manufacturing industries. In addition, one newspaper employing about 500 persons ceased operations. Increases in shoe plants and meat packing plants and in construction were

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	July, '51	June, '51	July, '50	July, 1951 compared with	
				June, '51	July, '50
All Commodities....	179.5	181.7	162.9	- 1.2%	+10.2%
Farm Products...	194.0	198.6	176.0	- 2.3	+10.2
Foods.....	186.0	186.3	171.4	- 0.2	+ 8.5
Other.....	168.7	170.5	151.5	- 1.1	+11.4

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	July 15, 1951	June 15, 1951	July 15, 1950	July 15, 1951 compared with	
				June 15, '51	July 15, '50
United States.....	185.5	185.2	172.0	+ 0.2%	+ 7.8%

RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	July 15, 1951	June 15, 1951	July 15, 1950	July 15, 1951 compared with	
				June 15, '51	July 15, '50
U. S. (51 cities)....	227.7	226.9	208.2	+ 0.4%	+ 9.4%
St. Louis.....	237.9	238.2	220.1	- 0.1	+ 8.1
Little Rock.....	223.1	225.2	204.2	- 0.9	+ 9.3
Louisville.....	216.0	215.5	197.6	+ 0.2	+ 9.3
Memphis.....	232.3	233.0	213.6	- 0.3	+ 8.8

\*New series.

## WHOLESALE

Line of Commodities	Net Sales		Stocks July 31, 1951 compared with July 31, 1950
	July, 1951 compared with		
Data furnished by Bureau of Census, U. S. Dept. of Commerce*	June, '51	July, '50	
Automotive Supplies.....	- 5%	-22%	+26%
Drugs and Chemicals.....	+ 2	+26	-
Dry Goods.....	-14	-14	+27
Groceries.....	- 4	-13	+25
Hardware.....	-0-	-12	+45
Tobacco and its Products.....	+ 1	+ 3	+ 8
Miscellaneous.....	+ 5	- 8	+39
**Total All Lines.....	- 3%	-12%	+37%

\*Preliminary.  
\*\*Includes certain items not listed above.

insufficient to offset the decline in other industries. Most of the decline in metal manufacturing plants was due to limitations of critical materials and was felt chiefly by the automotive assembly plants and parts manufacturers.

Total employment in other large cities in the Eighth District also declined from June to July with slackening employment in trade and in some manufacturing industries, chiefly civilian durable manufactures and apparel. Construction employment was generally ahead of June, as is expected at this time of the year. Manufacturing employment was off in the five largest cities in the district by about 1 per cent, with the greatest decline being in St. Louis and smaller declines in other cities.

**INDUSTRY**

Eighth District industry operated at a somewhat lower level of activity in July than in June, 1951 but generally was well ahead of the rate of a year earlier. The floods had relatively little effect on industrial activity, although there were some disruptions, particularly in transportation schedules. Total manufacturing output declined in the month, in part reflecting some material flow problems but mainly reflecting seasonal factors. Mining activity was off considerably, due primarily to a sharp drop in coal output. Construction for the month was ahead of June but the gain was less than seasonal.

**Manufacturing**—On the manufacturing side, there apparently were gains over June registered in food processing (except meat packing), lumber products, paper, chemicals, and stone, clay and glass lines. Decreases in activity in the important steel, meat packing, lumber and apparel lines along with certain

others more than offset these gains, and total production for the month seemingly netted out at somewhat less than in June. Industrial power consumption in the district's major cities on a daily average basis was only a little higher (1 per cent) than a month earlier. As compared with July, 1950, power consumption was up 8 per cent.

Eighth District steel operations in July were scheduled at 88 per cent of capacity, 5 points less than in June, but 14 points higher than in July, 1950. For the first two weeks of August the rate was 85 per cent of capacity.

The index of average production per mill of southern pine in July was 191, compared with 204 in June and 199 in July, 1950. Southern hardwood production in July was at 98 per cent of capacity, the same rate as in July, 1950. In June, 1951, hardwood mills operated at 107 per cent of capacity.

Nationally, price weaknesses for lumber have appeared in the last two months and lumbermen now find that mill shipments and orders are less than corresponding levels in 1950. Trade opinion is that some purchasers have been deferring orders in anticipation of further price reductions or until trends in the construction field (particularly as may be affected by proposed Congressional revisions of construction and credit regulations) can be more accurately estimated.

Lumber producers will face further pricing problems in early September. Freight rate changes approved by the I.C.C. will go into effect shortly after September 1. The new rates allow a 6 per cent or a maximum of 4 cents per 100 pounds increase in charges on hardwood shipments.

The shoe industry in general has had a disappointing season. Lack of orders early in the summer caused some producers to extend vacation periods and to schedule lay-offs. In June and July some manufacturers posted price reductions, but orders for fall footwear have been smaller than expected and shoe factories continue to operate at reduced levels. This slowness at the factory level has

**INDUSTRY**

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	July, 1951	June, 1951	July, 1950	July, 1951 compared with		
	K.W.H.	K.W.H.	K.W.H.	June, '51	July, '50	
Evansville.....	16,135	16,440	14,865	- 1.9%	+ 8.5%	
Little Rock.....	12,014	12,035	10,457 <sup>R</sup>	- 0.2	+14.9	
Louisville.....	82,649	82,724	74,096	- 0.1	+11.5	
Memphis.....	31,170	29,265	26,651	+ 6.5	+17.0	
Pine Bluff.....	9,395	9,615	7,152	- 2.3	+31.4	
St. Louis.....	104,057	101,602	92,727 <sup>R</sup>	+ 2.4	+12.2	
Totals.....	255,420	251,681	225,948 <sup>R</sup>	+ 1.5%	+13.0%	

R—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
First Nine Days						
July, '51	June, '51	July, '50	Aug., '51	Aug., '50	7 mos. '51	7 mos. '50
117,779	116,421	115,863	33,795	36,230	817,919	757,621

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE						
(In thousands of bbls.)	July, 1951	June, 1951	July, 1950	July, 1951 compared with		
				June, '51	July, '50	
Arkansas.....	76.1	77.4	80.3	- 2%	- 5%	
Illinois.....	169.3	168.6	174.0	-0-	- 3	
Indiana.....	30.1	29.9	30.7	+ 1	- 2	
Kentucky.....	29.4	27.9	28.8	+ 5	+ 2	
Total.....	304.9	304.0	313.8	-0-%	- 3%	

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
July, '51	June, '51	July, '50	July, '51	June, '51	July, '50
109*	148	106	124*	157	121

\*—Preliminary.

SHOE PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
May, '51	Apr., '51	May, '50	May, '51	Apr., '51	May, '50
133	137	131	137	134	135

caused tanners to operate at reduced rates and packers have experienced a slackening in the demand for hides. The latest available figures on actual output for the district are for May when production was about 7.3 million pairs, slightly more than in April.

Total federally inspected animal slaughter in the St. Louis area in July was 19 per cent less than in June, and 5 per cent less than in July, 1950. The month-to-month decrease in total slaughter was due to the 30 per cent decline in hog slaughter and the 3 per cent decrease in calf slaughter. Cattle and sheep slaughter increased 24 and 19 per cent, respectively, in July, compared with June. As compared with July, 1950, the smaller slaughter reflected declines in all divisions except hogs.

At the end of July, 17 Kentucky distilleries were in operation, 10 less than in June and 35 less than at the end of May. The recent cut-backs in distillery operation represent further efforts of producers to get inventories in line with current bulk sales and filled storage facilities.

**Mining**—Crude oil production in the district in July was unchanged, on a daily average basis, from June, but was 3 per cent less than in July, 1950. From June to July, Illinois production was unchanged; increases registered in Indiana and Kentucky were offset by decreased output in Arkansas.

Total district coal production in July was 26 per cent less than in June and 14 per cent less than in July, 1950, according to preliminary data. All district coal producing states reported smaller output in July compared with the previous month. Nationally coal output decreased 22 per cent in July, compared with June, and was 3 per cent less than in July, 1950.

**Transportation**—Freight interchanges at St. Louis in July totaled 118,000 loads, 2,000 more than in June, 1951 or in July, 1950. Reported load interchanges for the first nine days of August totaled 33,800, or almost 4,000 more than in the comparable period of July.

Traffic shifts caused by flooded yards and rights

of way in St. Louis and Kansas City probably invalidate close comparison of data for late July and early August, 1951 with the same periods of 1950. Such shifts include: interruption and re-routing of shipments originally scheduled through St. Louis and Kansas City, interruption of normal traffic into and out of the flooded areas, and the movement of relief supplies and materials for reconstruction into the disaster areas.

**Construction**—New construction put in place in the nation during July totaled nearly \$2.8 billion, an increase of 3 per cent over both the June, 1951 and the July, 1950 figures. However, on a seasonally adjusted basis, construction activity decreased somewhat during July, thus continuing the downward movement prevailing since March. While the value of new construction is currently above that of last year, when adjustment is made for building cost increases of approximately 8 per cent in the past year, the physical volume of construction apparently is smaller this year than last.

The increasing effect of the mobilization program on construction was seen again in July as a less-than-normal seasonal increase took place in private home-building. Additional types of building which have declined are commercial and social and recreational facilities. On the other hand, more building of industrial plants, warehouses, and hospitals is currently in progress than a year ago. Military projects, defense plants, and the atomic energy construction program have increased in importance over the past year and are the chief factors in the 37 per cent gain over last year in public construction volume.

F. W. Dodge reports that total construction contracts awarded (value) for 37 states in July were 3 per cent under July, 1950 and 2 per cent under June, 1951. Residential contracts awarded in July were off 19 per cent from July, 1950 and were approximately the same as in June, 1951. In contrast, nonresidential contracts awarded were up 10 per cent over the same month a year ago.

In the Eighth District \$72 million in contracts were awarded during July as compared with \$94 million in contracts for June and \$94 million for July, 1950. Nonresidential contracts awarded in July were less than those in June by 35 per cent and were 30 per cent under July of last year.

In the St. Louis territory, as defined by the F. W. Dodge Corporation, the number of dwelling units included in contract awards for July was 1,838 as compared with 3,236 a year earlier and 2,113 in June, 1951.

**CONSTRUCTION**

(Cost in thousands)	BUILDING PERMITS Month of July				Repairs, etc.			
	New Construction							
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
	1951	1950	1951	1950	1951	1950	1951	1950
Evansville.....	94	170	\$ 241	\$ 1,222	95	93	\$ 58	\$ 43
Little Rock.....	36	99	5,994	2,171	191	253	100	227
Louisville.....	214	198	974	1,953	93	120	83	115
Memphis.....	2,088	2,723	3,774	7,170	201	220	166	258
St. Louis.....	240	388	1,966	11,795	244	299	800	839
July Totals.....	2,672	3,578	\$12,949	\$24,311	824	985	\$1,207	\$1,482
June Totals.....	2,448	3,234	\$ 7,265	\$11,265	924	1,012	\$ 956	\$1,660

**TRADE**

**DEPARTMENT STORES**

	Net Sales		7 mos.'51 to same period '50	Stocks on Hand July 31,'51 comp. with July 31,'50	Stock Turnover	
	July, 1951 compared with June,'51	July,'50			1951	Jan. 1, to July 31, 1950
8th F. R. District.....	-10%	-18%	+ 2%	+31%	1.80	2.26
Ft. Smith, Ark.....	8	-16	+ 8	+35	1.83	2.17
Little Rock, Ark.....	4	-23	- 2	+15	1.74	2.19
Quincy, Ill.....	-19	-20	+ 7	+29	1.74	1.90
Evansville, Ind.....	-16	-23	+ 2	+46	1.67	2.10
Louisville, Ky.....	-14	-20	+ 2	+22	2.11	2.48
St. Louis Area <sup>2</sup> .....	-11	-16	+ 2	+39	1.72	2.28
St. Louis, Mo.....	9	-17	+ 2	+38	1.66	2.22
Springfield, Mo.....	-18	-23	- 0	+34	1.60	2.03
Memphis, Tenn.....	3	-16	+ 2	+20	2.05	2.30
All Other Cities <sup>3</sup> .....	-13	-17	+ 6	+13	1.54	1.82

\*Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup>In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of July, 1951, were 35 per cent less than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding July 1, 1951, collected during July, by cities:

	Instalment Accounts		Excl. Instal. Accounts	Instalment Excl. Instal. Accounts	
	Accounts	Accounts		Accounts	Accounts
Fort Smith.....	19	45%	21%	57%	
Little Rock.....	19	48	17	51	
Louisville.....	20	46	14	51	
Memphis.....	19	38	18	47	

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	July, 1951	June, 1951	May, 1951	July, 1950
Sales (daily average), unadjusted <sup>3</sup> .....	269	282	323	326
Sales (daily average), seasonally adjusted <sup>3</sup> .....	344	313	330	418
Stocks, unadjusted <sup>4</sup> .....	372	389	403	295
Stocks, seasonally adjusted <sup>4</sup> .....	357	389	403	283

<sup>3</sup>Daily average 1935-39=100.

<sup>4</sup>End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales		7 mos.'51 to same period '50	Stocks on Hand July 31,'51 comp. with July 31,'50	Stock Turnover	
	July, 1951 compared with June,'51	July,'50			1951	Jan. 1, to July 31, 1950
Men's Furnishings.....	-23%	+ 1%	+ 3%	+35%	1.09	1.45
Boots and Shoes.....	-16	+14	+ 9	+29	2.36	2.51

Percentage of accounts and notes receivable outstanding July 1, 1951, collected during July:

Men's Furnishings.....	42%
Boots and Shoes.....	43%

Trading days: July, 1951—25; June, 1951—26; July, 1950—25.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	July, 1951 compared with June,'51	July,'50	July 30,'51	July 31,'50	July,'51	July,'50
8th Dist. Total <sup>1</sup> .....	7%	26%	- 3%	+18%	22%	22%
St. Louis Area <sup>2</sup> .....	5	-30	+ 4	+ 9	29	28
St. Louis.....	5	-30	- 4	+ 9	29	27
Louisville Area <sup>3</sup> .....	-16	-24	+ 4	+39	14	16
Louisville.....	-14	-23	+ 4	+38	13	15
Memphis.....	-18	-29	7	7	15	14
Little Rock.....	-11	-28	8	6	20	18
Springfield.....	+ 2	-22	- 2	+51	17	25
Fort Smith.....	+16	-19	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	July,'51	June,'51	July,'50
Cash Sales .....	15%	17%	14%
Credit Sales .....	85	83	86
Total Sales .....	100%	100%	100%

**AGRICULTURE**

Prospects for 1951 Eighth District crops on August 1 ranged from excellent to crop failure. Flooding of substantial areas along the Missouri River resulted in a complete failure, of course, in those areas. Some other areas not flooded were too wet to work, and corn frequently was not cultivated, or cultivated but once or twice. In other sections, and generally for the district as a whole, however, crop conditions were good. Nationally, too, prospects were good, with total crop production expected to be second largest of record.

Although a big corn crop of 3.2 billion bushels, 2 per cent above 1950, is still forecast, the August estimate was 88 million bushels below the July estimate. Much of the decline was due to the July floods. Among district states, production in Illinois and Indiana is expected to be 20 and 23 per cent, respectively, above 1950. In Missouri, however, the other important district corn state, production will be down 22 per cent. For the Eighth District proper the corn harvest is expected to be 4 per cent less than in 1950.

The cotton crop nationally was estimated on August 1 to be 17.3 million bales (the first estimate of the season), a 72 per cent increase over the 1950 crop. In district states, 42 per cent more cotton is expected to be grown than in 1950. Lint yields should be substantially higher in Mississippi, compared with a year earlier.

Soybean production in both district states and the nation is expected to be 6 per cent less than in 1950. Estimated production figures in Indiana, Kentucky, and Tennessee, however, all exceed last year's output. Rice production in Mississippi is expanding rapidly. The expected crop of 810,000 bags is more

**AGRICULTURE**

**CASH FARM INCOME**

(In thousands of dollars)	June, 1951 compared with		6 month total Jan. to June, 1951 compared with 1950	
	June, 1951	June, 1950	1951	1949
Arkansas.....	\$ 24,134	- 9%	+19%	\$ 164,945 +29% - 9%
Illinois.....	138,843	-11	+22	891,926 +11 +17
Indiana.....	78,360	-10	+31	493,674 +18 +22
Kentucky.....	35,555	+ 6	+21	250,216 + 5 + 7
Mississippi.....	17,409	- 4	+19	141,671 +59 -27
Missouri.....	84,337	- 4	+19	491,568 +25 +20
Tennessee.....	29,793	- 5	+14	188,886 +19 + 9
Totals.....	\$408,431	- 7%	+22%	\$2,622,886 +18% +11%

**RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS**

	Receipts		Shipments	
	July,'51	July,'50	July, 1951	July,'51 compared with July,'50
Cattle and calves.....	117,057	+50%	+10%	62,165 +78% +94%
Hogs.....	272,537	- 6	+31	115,222 +13 +38
Sheep.....	60,780	+ 8	-19	33,407 -11 - 3
Totals.....	450,374	+ 6%	+15%	210,794 +21% +41%

than four times the size of the 1950 crop. A record crop of 10,035,000 bags also is anticipated in Arkansas.

District tobacco production will be larger than in 1950. A 19 per cent increase in the size of the burley tobacco crop is expected. Smaller increases also are in prospect for the dark tobacco crops.

Prices received by farmers declined for the fifth consecutive month during the month ending July 15. The index of prices received was 2 per cent lower than in June and 6 per cent below the February, 1951 peak, but was 12 per cent above July, 1950. Prices of most agricultural products were lower in July than in the preceding month. Prices decreased for cotton, meat animals, oil-bearing crops, milk, eggs, most vegetables, and fruits. Prices paid by farmers remained unchanged. Thus, the parity ratio (ratio between prices received and paid) declined from 107 to 104.

Estimated Crop Production, August 1, 1951

	Corn		Oats		Soybeans	
	Estimated production Aug. 1, 1951	Per cent change from 1950	Estimated production Aug. 1, 1951	Per cent change from 1950	Estimated production Aug. 1, 1951	Per cent change from 1950
(1,000 bu.)						
Arkansas.....	28,990	-25%	4,760	-24%	11,020	-6%
Illinois.....	502,600	+20	148,006	-10	86,534	-9
Indiana.....	263,648	+23	55,692	+6	36,800	+5
Kentucky.....	83,070	+5	2,825	-0	2,680	+42
Mississippi.....	49,896	-18	5,845	-24	6,246	-8
Missouri.....	147,000	-22	30,337	-45	23,778	-13
Tennessee.....	68,541	-6	4,950	-17	3,520	+12
Eighth District <sup>1</sup> ..	408,014	-4	49,691	-33	170,578 <sup>2</sup>	-6
United States.....	3,206,992	+2	1,393,323	-5	270,064	-6

	Cotton (bales)		Rice (bags)	
	Estimated production Aug. 1, 1951	Per cent change from 1950	Estimated production Aug. 1, 1951	Per cent change from 1950
(1,000 units)				
Arkansas.....	1,500	+38%	10,035	+26%
Mississippi.....	2,000	+50	810	+329
Tennessee.....	590	+44	....	....
Missouri.....	320	+26	....	....
Eighth District...	3,823	+42	10,845 <sup>2</sup>	+33
United States.....	17,266	+72	43,109	+14

Source: Crop Production, USDA.  
<sup>1</sup>Board of Governors, Federal Reserve System.  
<sup>2</sup>District state totals.

**Flood Damage in Eighth District**—The impact of the recent floods in this district was mainly on agriculture. As the Missouri and Mississippi Rivers overflowed, approximately 6,000 farms, involving 680,000 acres, were flooded in the Eighth Federal Reserve District. More than 32,000 persons were affected (including some 3,000 to 5,000 residents of urban communities). Twenty-six counties in Missouri and six counties in Illinois were flooded in varying degrees.

Crop damage, as reported by local people to representatives of the Federal Reserve Bank who made a survey of flood damage in the Eighth District, will amount to approximately \$50 million. Some wheat was harvested prior to the floods but, for the most part, wheat, together with growing corn, soybeans, and vegetable crops were a total loss in the flooded areas. Little planting other than wheat will be done in these areas this year.

Not much loss was suffered because of damage to livestock or machinery, practically all of which had been moved to higher ground. Extremely heavy damage, however, was reported to farm buildings and fences throughout the heavily flooded area, and in some cases serious damage was done to land because of the cutting effect of the flood waters and because of heavy deposits of sand. No precise figures are available as to the dollar amount of such damages, but the figure is large.

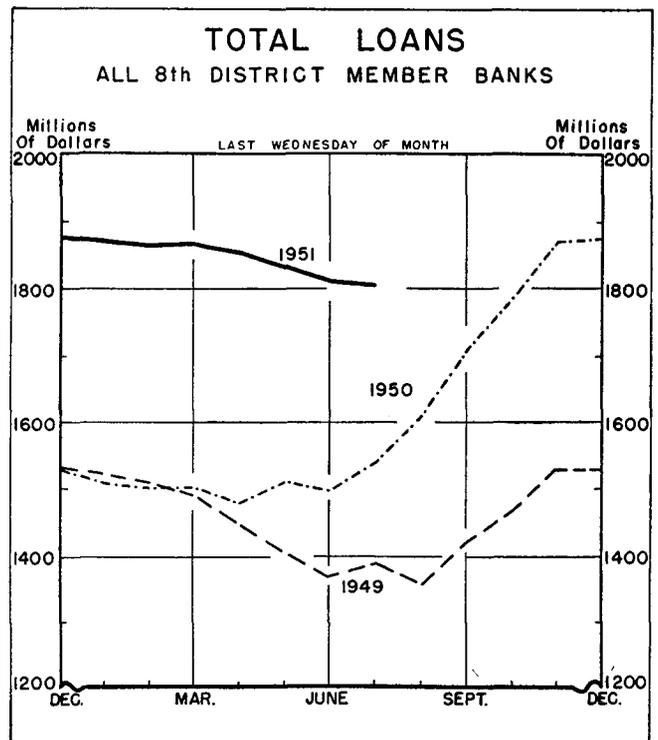
**BANKING AND FINANCE**

Loan volume declined at district banks in July and rose less than the usual amount in August. Savings increased in this period, as indicated by gains in time deposits and asset growth in other savings institutions.

**District Banking Developments**—Total loans at Eighth District member banks declined \$10 million in July. By comparison, in July a year ago loans rose \$40 million. The decrease in July, 1951, centered in the larger city banks. Banks in places under 15,000 population increased their loans in the month.

The loan decline at the larger city banks was primarily in loans to businesses. Normally business loans increase in July. Real estate loans continued to rise, although at a somewhat slower pace than a year ago.

In the first three weeks of August, loans at weekly reporting member banks in this district rose \$9 million, somewhat less than the usual increase in



## DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	July, 1951	June, 1951	July, 1950	July, 1951 compared with June, '51 July, '50	
El Dorado, Ark.....	\$ 25,976	\$ 25,519	\$ 22,548	+ 2%	+15%
Fort Smith, Ark.....	41,630	44,736	38,782	- 7	+ 7
Helena, Ark.....	7,282	6,827	6,099	+ 7	+19
Little Rock, Ark.....	136,705	143,997	123,269	- 5	+11
Pine Bluff, Ark.....	30,430	28,205	25,819	+ 8	+18
Texarkana, Ark.*.....	13,579	12,811	11,217	+ 6	+21
Alton, Ill.....	28,275	30,115	25,008	- 6	+13
E. St. L.-Nat. S. Y., Ill..	124,036	121,041	115,495	+ 2	+ 7
Quincy, Ill.....	31,235	35,512	29,890	-12	+ 4
Evansville, Ind.....	149,367	141,007	143,688	+ 6	+ 4
Louisville, Ky.....	633,838	644,293	535,054	- 2	+18
Owensboro, Ky.....	36,469	43,327	36,700	-16	- 1
Paducah, Ky.....	22,596	25,520	15,324	-12	+47
Greenville, Miss.....	20,087	18,233	17,063	+10	+18
Cape Girardeau, Mo.....	12,459	13,632	12,985	- 9	- 4
Hannibal, Mo.....	8,922	9,859	9,061	-10	- 2
Jefferson City, Mo.....	49,421	40,338	47,428	+23	+ 4
St. Louis, Mo.....	1,808,652	1,904,851	1,654,271	- 5	+ 9
Sedalia, Mo.....	9,567	10,430	10,860	- 8	-12
Springfield, Mo.....	65,962	71,462	63,180	- 8	+ 4
Jackson, Tenn.....	20,048	19,259	18,505	+ 4	+ 8
Memphis, Tenn.....	507,235	530,559	526,422	- 4	- 4
Totals.....	\$3,783,771	\$3,921,533	\$3,488,668	- 4%	+ 8%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$32,297.

this period. Roughly half the rise was in commercial loans, reflecting net increases in loans to sales finance companies, commodity dealers and soft goods manufacturers. At the same time there were large net repayments of loans by public utilities for financing both working capital and plant and equipment. Outstanding loans for financing defense and defense-supporting activities declined in the period.

Total investments increased \$31 million at member banks in the Eighth District in July. Enlargement of Government bond portfolios (mainly Treasury bills) at the larger city banks accounted for most of the gain.

**Banking Developments Nationally**—Condition statements from weekly reporting member banks in leading cities in the nation showed that earning assets and deposits contracted in July. Loans decreased \$370 million (roughly 1 per cent). As in the Eighth District, the major share of the decline was in commercial loans.

The Board of Governors relaxed Regulation W, effective August 1, in accordance with maximum terms allowed by the law enacted to extend the Defense Production Act. Now the consumer has a maximum of 18 months rather than 15 months to pay for automobiles, furniture and home appliances. For home repair and improvements, maximum time to pay was extended from 30 months to 36 months. Down payment requirements for household appliances were reduced from 25 per cent to 15 per cent. In addition trade-ins can now be used to meet down payment requirements for items other than automobiles.

**Savings**—In the second quarter of 1951, consumer disposable income increased and personal consumption expenditures declined. As a result personal savings were estimated at an annual rate of nearly \$20 billion, a postwar peak. As a percentage of disposable personal income, savings were 2.2 per cent in the quarter after Korea, 4.3 per cent in the first quarter of this year, and 8.9 per cent in the second quarter. Average percentage of disposable personal income saved in the five years, 1946-50, amounted to 4.8 per cent.

EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	July, 1951	June, 1951 to July, 1951	July, 1950 to July, 1951	July, 1951	June, 1951 to July, 1951	July, 1950 to July, 1951	July, 1951	June, 1951 to July, 1951	July, 1950 to July, 1951
<b>Assets</b>									
1. Loans and Investments.....	\$ 4,021	\$ +21	\$ +115	\$ 2,353	\$ +12	\$ + 92	\$ 1,668	\$ + 9	\$ + 23
a. Loans.....	1,803	-10	+265	1,184	-11	+198	619	+ 1	+ 67
b. U.S. Government Obligations.....	1,852	+29	-140	997	+25	- 88	855	+ 4	- 52
c. Other Securities.....	366	+ 2	- 10	172	- 2	- 18	194	+ 4	+ 8
2. Reserves and Other Cash Balances.....	1,321	+33	+160	815	+ 3	+ 98	506	+30	+ 62
a. Reserves with the F.R. bank.....	676	+ 5	+110	436	+ 2	+ 68	240	+ 3	+ 42
b. Other Cash Balances <sup>3</sup> .....	645	+28	+ 50	379	+ 1	+ 30	266	+27	+ 20
3. Other Assets.....	44	- 3	+ 2	28	- 1	+ 2	16	- 2	- 0-
4. Total Assets.....	\$ 5,386	\$ +51	\$ +277	\$ 3,196	\$ +14	\$ +192	\$ 2,190	\$ +37	\$ + 85
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$ 4,002	\$ +35	\$ +245	\$ 2,462	\$ + 4	\$ +173	\$ 1,540	\$ +31	\$ + 72
a. Deposits of Banks.....	640	+50	+ 77	598	+41	+ 67	42	+ 9	+ 10
b. Other Demand Deposits.....	3,362	-15	+168	1,864	-37	+106	1,498	+22	+ 62
6. Time Deposits.....	990	+ 9	+ 3	493	+ 2	- 5	497	+ 7	+ 8
7. Borrowings and Other Liabilities.....	42	- 3	+ 8	35	+ 1	+ 7	7	- 4	+ 1
8. Total Capital Accounts.....	352	+10	+ 21	206	+ 7	+ 17	146	+ 3	+ 4
9. Total Liabilities and Capital Accounts.....	\$ 5,386	\$ +51	\$ +277	\$ 3,196	\$ +14	\$ +192	\$ 2,190	\$ +37	\$ + 85

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

The recent increase in savings has taken many forms. A part of the increase is represented by enlarged equities in homes and durable goods, but much of it is in liquid assets. Time deposits of all member banks in the country rose over \$300 million in the second quarter of this year as compared with a \$150 million increase in the first quarter of 1951 and a \$300 million decline in the last half of 1950. Assets of insurance companies, mutual savings banks, and savings and loan associations have been increasing in recent months at a more rapid pace than in February and March. In July the Treasury reported \$106 million net sales of Treasury notes

compared with an average monthly net redemption of \$141 million in the first six months of the year.

Commencing the first week in July the Treasury began selling \$200 million more bills each week than it redeemed. The program has resulted in slightly higher yields on bills. In contrast, lower yields developed on long-term bonds. Non-bank investors purchased the major share of these new Treasury bills. In the seven weeks that the program lasted, while the Treasury raised an additional \$1,400 million, nonbank investors absorbed roughly 85 per cent of the increase.

## National Summary of Business Conditions

Industrial output in July and August was somewhat below earlier peak rates, reflecting in part the reduced rate of consumer buying earlier this year and consequent accumulation of business inventories. After the early part of July, consumer buying apparently increased more than seasonally. Defense expenditures continued to expand rapidly. Prices of raw materials generally changed little after mid-July, following substantial declines from earlier peak levels. Business loans at banks showed some expansion.

**Industrial production**—The Board's index of industrial production declined in July to 213 per cent of the 1935-39 average, as compared with a half-year plateau of around 222 and a year-ago level of 196 per cent. The decline from June was mainly due to plant-wide employee vacations in a number of industries, but there were also more than seasonal reductions in output of automobiles, textiles, and certain other goods. Preliminary indications are that output in August will be above July but still somewhat below the first-half level.

Passenger car assemblies in July were curtailed by about one-fifth from the June rate, reflecting mainly the cuts ordered by the National Production Authority for the third quarter. Production declines were less marked for furniture and other household durable goods. Output of producers equipment and of primary metals was generally maintained close to earlier peak levels. Production of lumber was reduced. Among the nondurable goods pronounced decreases occurred in the output of textile and leather products while chemicals production continued to rise slightly.

Mining output decreased from the high June level largely as a result of the coal miners' vacation in early July. Crude petroleum production continued in excess of 6 million barrels daily, as compared with about 5½ million a year ago.

**Construction**—Value of construction contract awards, according to the F. W. Dodge Corporation, showed little change in July as decreases in most types of privately financed awards were offset by increases in public awards. Value of work put in place, allowing for seasonal influences, continued to decline from the peak reached earlier this year, reflecting chiefly further declines in private residential building. Business construction activity continued to rise from already advanced levels.

**Employment**—Employment in nonagricultural establishments in July, after adjustment for seasonal influences, was maintained at about record June levels. The average work week in manufacturing industries declined somewhat; hourly earnings continued at a peak level of \$1.60 per hour. There were about 1.9 million persons unemployed in July, the lowest number for this month since 1945.

**Distribution**—Seasonally adjusted sales at department stores in July and the first three weeks of August were moderately above the level of the preceding three months, reflecting increases in the volume of apparel and household durable goods stimulated partly by extensive promotions. Consumer buying of new passenger cars also expanded moderately after declining in the early part of July. Value of stocks at department stores changed little during July, according to preliminary data, fol-

# Survey of Current Conditions

Eighth District economic activity in August and early September moved in about the same way as that for the nation. Industrial production picked up a little, and nonagricultural employment rose. Farm harvest time was here for some crops and sections and was approaching for others. Consumer buying moved up (more than seasonally) but failed to attain the volume of a year ago. Prices stayed fairly stable. The district, like the nation, was continuing to go through a "wait and see" period.

Production in this district during August was at a higher level than in July, although still somewhat below that prevailing during the first half of this year. Nationally, industrial production in August was 218 per cent of the 1935-39 average, an increase of approximately 2 per cent from July but still about 2 per cent below the level during the first half of the year.

Construction activity continued to lag behind 1950 records but, despite restrictions, remained at a higher level than in 1949. There was some gain between July and August but it was less than seasonal in amount. For the district, however, volume of contracts let (which is an indication of future work) pointed to continuation of substantial non-residential construction during the period ahead. Much of this will reflect military and other defense construction activity.

For the second consecutive month, district retail trade in August increased more than seasonally. The level reached, however, did not match that of the comparable period last year when scare buying was still going on. Nevertheless, sales volume

during July and August reduced stocks to more comfortable levels.

Despite flood damage, crop production in the Eighth District as a whole in 1951 will be larger than last year's total. And with prices received by farmers above last year's level, total farm income is expected to be appreciably higher this year than last.

## EMPLOYMENT

Total employment in the nation increased slightly to an all-time high of 62.6 million persons in early August. Nonagricultural employment rose 324,000 persons from the July figure, to a new peak, but there was some decline (220,000) in agricultural employment. Unemployment dropped to 1.6 million persons, a record low for the postwar period.

Throughout the Eighth District employment in August was generally ahead of July. Exceptions were Louisville and Vincennes where decreases were experienced during August. In Vincennes a large shoe plant employing 500 persons was closed down. In Louisville smaller employment in wood-working and textile plants more than offset the additional employment in cigarette production. In addition, seasonally slow retail activity and completion of some construction projects were responsible for a decline in nonmanufacturing employment.

In St. Louis, indicators showed employment increasing in August, but early September layoffs may have overbalanced hirings. The seasonal drop in brewing, completion of war contracts in some firms and material shortages have caused recent layoffs. Continued claims for unemployment compensation in St. Louis declined during August but rose in the first half of September. For the week ended August 18 there were 6,434 continued claims filed, down 943 from four weeks earlier. However, for the week ended September 15, continued claims had risen to 7,561.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Aug., '51	July, '51	Aug., '50	August, 1951 compared with	
				July, '51	Aug., '50
All Commodities.....	178.0	179.5	166.3	- 0.8%	+ 7.0%
Farm Products.....	190.6	194.0	177.5	- 1.8	+ 7.4
Foods.....	187.3	186.0	174.6	+ 0.7	+ 7.3
Other.....	167.3	168.7	155.3	- 0.8	+ 7.7

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	Aug. 15, 1951	July 15, 1951	Aug. 15, 1950	August 15, 1951 compared with	
United States.....	185.5	185.5	173.4	July 15, '51	Aug. 15, '50
				- 0 - %	+ 7.0%

RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	Aug. 15, 1951	July 15, 1951	Aug. 15, 1950	August 15, 1951 compared with	
U. S. (51 cities).....	227.0	227.7	209.9	July 15, '51	Aug. 15, '50
St. Louis.....	237.2	237.9	220.8	- 0.3	+ 7.4
Little Rock.....	222.9	223.1	210.7	- 0.1	+ 5.8
Louisville.....	214.8	216.0	197.8	- 0.6	+ 8.6
Memphis.....	234.7	232.3	219.4	+ 1.0	+ 7.0

\*New series.

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	Aug., 1951 compared with		August 31, 1951 compared with
Data furnished by Bureau of Census, U. S. Dept. of Commerce*	July, '51	Aug., '50	August 31, 1950
Automotive Supplies .....	+15%	+ 5%	+23%
Drugs and Chemicals.....	+10	+ 7	....
Dry Goods .....	+41	-27	+20
Groceries .....	+12	+ 2	+11
Hardware .....	+ 7	-23	+57
Tobacco and its Products.....	+ 4	+ 4	+ 7
Miscellaneous .....	+16	- 7	+42
**Total All Lines.....	+17%	-18%	+37%

\*Preliminary.  
\*\*Includes certain items not listed above.

In Evansville, unemployment compensation claims increased during August from July, but declined to the mid-July level by early September.

In the six largest cities in the Eighth District (St. Louis, Louisville, Memphis, Little Rock, Evansville, and Springfield) the current and prospective labor supply moderately exceeds labor requirements. This statement applies to overall supply; there are shortages of certain specific skills. Relative to the rest of the nation, this district has a more adequate supply of labor. As of July, six areas in the nation were classified as having a labor shortage, 62 areas were considered to have a balanced labor supply, while 84 areas, including those in the Eighth District, had moderate labor surpluses and 14 areas were considered to have substantial labor surpluses.

There has been a gradual decline in the average work week during the past few months. Whereas in August last year the average number of hours worked per week in all manufacturing was 41.2 hours, in July this year it stood at 40.4. The average worked in durable goods manufacturing in July was 41.0 as compared with 39.5 hours per week worked in nondurable goods manufacturing. The work week in nondurable goods was shorter in July than a year ago. The following table indicates the average hourly earnings and the average work week in manufacturing in selected Eighth District cities during July, 1951.

City	Average Hourly Earnings	Average Weekly Hours
Little Rock	\$1.11	42.0
St. Louis	1.55	39.8
Memphis	1.40	42.3
United States	1.60	40.4

INDUSTRY

Eighth District industry in August registered a somewhat larger output than in July, partly because of the longer work month and partly reflecting seasonal gains in some lines. Mining activity increased with coal production showing a strong seasonal upturn while oil output stayed the same. Construction activity also rose (slightly) but the gain was less than seasonally expected. Transportation operations stayed at about the same level. Manufacturing output in total apparently exceeded July's volume, but the daily rate of operations showed some decline.

**Manufacturing**—Total industrial power consumption in the district's major cities in August was 4 per cent ahead of July and 9 per cent above that of August, 1950. Among industries the major gains were scored by the paper products, apparel, and transportation equipment lines. On a daily average

basis, power consumption declined 6 per cent from the July rate.

Steel mill operations in the Eight District during August were scheduled at 86 per cent of capacity, two points less than in July and only three points higher than in August, 1950.

Lumber mill operations, which have been slow recently due to slackened demand and excessive stocks, showed little change during August. Southern pine mills operated at a weekly average of 193,000 feet during August, only 2,000 feet per week above the July operations and substantially below August, 1950 activities. Southern hardwood operations in August were at 98 per cent of capacity, unchanged from July, but below the operating rate in August, 1950. The outlook for the remainder of the year is brighter than during the past few months due to increasing demands from both civilian and military sources and the adjustment of inventories which have been effected with the past two months.

The shoe industry increased its operations during August as is normal at that season but did not reach the level of output in August last year or earlier this year. National shoe production in August was estimated at 38.3 million pairs or 21 per cent below August last year. Total production during the first eight months of 1951 was off approximately 5 per cent from a year ago. When adjustment is made for the large increase in military shoe production this year, civilian shoe output is estimated to be off about 9 per cent. Most of this decline has taken place since April.

Livestock slaughter in the St. Louis metropolitan area in August totaled 390,000 head, an increase of

INDUSTRY

CONSUMPTION OF ELECTRICITY							
(K.W.H. in thous.)	Aug., 1951	July, 1951	Aug., 1950	August, 1951 compared with			
	K.W.H.	K.W.H.	K.W.H.	July, '51	Aug., '50		
Evansville.....	17,186	16,135	16,736R	+ 6.5%	+ 2.7%		
Little Rock.....	12,217	12,014	9,992R	+ 1.7	+ 22.3		
Louisville.....	86,241	82,649	76,863	+ 4.3	+ 12.2		
Memphis.....	29,681	31,170	28,205	- 4.8	+ 5.2		
Pine Bluff.....	10,103	9,395	7,463	+ 7.5	+ 35.4		
St. Louis.....	108,377	104,057	103,256R	+ 4.2	+ 5.0		
Totals.....	263,805	255,420	242,515R	+ 3.3%	+ 8.8%		
Work Days	23	21	23				
r—Revised.							
LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS							
First Nine Days							
Aug., '51	July, '51	Aug., '50	Sept., '51	Sept., '50	8 mos. '51	8 mos. '50	
117,952	117,779	126,713	31,178	33,290	935,871	884,334	
Source: Terminal Railroad Association of St. Louis.							
CRUDE OIL PRODUCTION—DAILY AVERAGE							
(In thousands of bbls.)	Aug., 1951	July, 1951	Aug., 1950	August, 1951 compared with			
				July, '51	Aug., '50		
Arkansas.....	76.7	76.1	82.0	+ 1%	- 7%		
Illinois.....	165.4	169.3	174.8	- 2	5		
Indiana.....	32.0	30.1	31.4	+ 6	+ 2		
Kentucky.....	30.6	29.4	27.9	+ 4	+ 10		
Total.....	304.7	304.9	316.1	- 0%	- 4%		

24 per cent from July and 3 per cent from August, 1950. Slaughter of all kinds of livestock, including cattle, was greater during August than in July. But cattle slaughter was 20 per cent less than in August, 1950, while hog slaughter was up 21 per cent over a year ago.

Earlier this year whiskey production was stepped up in anticipation of a possible grain shortage which led to the accumulation of large stocks of bulk whiskey. When shortages did not appear and sales lagged, operations were reduced during July and August, with only 17 of the 62 distilleries in Kentucky in operation at the end of each month.

**Mining**—Crude oil production in the Eighth District in August was unchanged from July but was 4 per cent less than in August, 1950. Increasing production in Indiana and Kentucky fields and to some extent in Arkansas was offset by a decrease in production in Illinois. New drilling operations in the Illinois-Indiana-Kentucky area totaled 624 during August as compared with 482 in July. New pools have been opened in Illinois and Kentucky recently.

Coal production in the Eighth District increased seasonally about 30 per cent from July and was about 3 per cent higher than August, 1950. Nationally, coal production in August increased 43 per cent from July and was equal to output a year earlier.

**Transportation**—Railroad freight interchanges at St. Louis during August were unchanged in number from July but were 7 per cent less than in August last year. For the first nine days of September, loads interchanged numbered approximately 6 per cent less than in the same period a year ago.

**Construction**—Expenditures for new construction in the nation during August totaled approximately \$2.8 billion, an increase of about 1 per cent over July, but slightly below expenditures in August, 1950. The amount of new construction in August increased less than seasonally expected, thus continuing the trend evident since March. The physical

volume of work put in place now is significantly smaller than a year ago although higher costs this year bring total outlays close to last year's level.

Private residential building normally increases in August but this year it declined 2 per cent, and together with previous declines, brought private home building activity down about one-third below last year's level of activity. Construction of commercial stores, restaurants and garages also has dropped. The decrease in private construction has been more than offset by the increase in publicly financed construction, mainly military projects and atomic energy facilities. Building activity in industrial plants, electric power projects and other essential facilities for the mobilization program continued to increase during August.

Construction contracts awarded in the 37 states covered by the F. W. Dodge Corporation reports in August were down 8 per cent (dollar value) from July and were off 18 per cent from August, 1950. Residential construction contracts showed a slight increase from July but were 25 per cent lower than in August last year. Nonresidential construction contracts awarded during August were off 11 per cent from July and 12 per cent lower than in August last year.

In contrast in the Eighth District, \$117 million in construction contracts were awarded during August as against \$75 million awarded in July and \$103 million in August, 1950. Nonresidential contracts awarded in August were up by 64 per cent from July and 10 per cent over August of last year.

**TRADE**

Except at men's wear stores, August sales of reporting retail lines throughout the district totaled larger than in July. The increases were mainly seasonal in character although some gains were more substantial than might be expected from seasonal changes alone. The increases, however, were not large enough to bring dollar volume up to the heavy consumer buying of last year and sales generally totaled less than in August, 1950.

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Aug., '51	July, '51	Aug., '50	Aug., '51	July, '51	Aug., '50
144*	109*	140	146*	124*	142
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
June, '51	May, '51	June, '50	June, '51	May, '51	June, '50
132	133	139	129	137	135
*Preliminary.					

**CONSTRUCTION**

(Cost in thousands)	BUILDING PERMITS Month of August							
	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
1951	1950	1951	1950	1951	1950	1951	1950	
Evansville.....	86	126	\$ 185	\$ 320	98	78	\$ 72	\$ 87
Little Rock.....	53	105	480	1,790	227	234	136	168
Louisville.....	236	260	1,778	1,336	101	108	93	110
Memphis.....	2,228	2,589	2,495	5,346	186	226	130	234
St. Louis.....	320	390	2,874	2,745	256	285	781	659
Aug. Totals.....	2,923	3,470	\$ 7,812	\$11,537	868	931	\$1,212	\$1,258
July Totals.....	2,672	3,578	\$12,949	\$24,311	824	985	\$1,207	\$1,482

**Department Stores**—Sales volume during August in the district totaled 20 per cent larger than in July but was 5 per cent less than that in August, 1950. The more-than-seasonal gains from the previous month placed adjusted daily sales at 350 per cent of the 1935-1939 average. In comparison they were 344 per cent in July and 370 per cent in August, 1950.

Cumulative 1951 sales during the first eight months for the district as a whole were slightly larger than in the like period a year ago. Except in Little Rock (where cumulative sales have dropped 3 per cent below those in 1950) sales volume in major district cities equaled or exceeded 1950 volume. The largest average gains from 1950 occurred in Evansville, Quincy and several smaller shopping centers.

The lag in sales from last year reflected in large part, but not wholly, the result of lessened buying of hard goods. Soft goods sales also were off. At St. Louis department stores, for example, sales volume of the home furnishings division in the upstairs store during August dropped 24 per cent below that last year. But also in the main store, piece goods and household textile division sales averaged 21 per cent less than in the like month last year. Upstairs women's apparel and accessory sales averaged about one-tenth less than a year ago while men's wear sales declined 9 per cent.

There were indications that prices were a growing consideration to buyers. August sales in the basement store as a whole totaled slightly larger than a year ago in contrast to the decline of 14 per cent for the upstairs divisions. Basement store home furnishing division sales totaled less than last year but the decline was smaller than in the upstairs store. Women's apparel and accessory sales downstairs equaled those last year and basement men's wear sales registered a substantial gain (40 per cent).

The retail value of inventories held by district department stores on August 31 was reported as being 5 per cent larger than a month earlier and 19 per cent above August 31, 1950. Outstanding orders at the end of August were valued one-sixth less than those a month earlier and almost one-half below those a year ago.

**Specialty Stores**—In St. Louis women's specialty stores, August sales volume was substantially larger than in July but was off one-fifth from that in August, 1950. The value of inventories on August 31 was 3 per cent above that at the end of July but was 11 per cent larger than a year ago.

District men's wear store volume dropped 4 per cent under that in July and was 5 per cent less than last year. Inventories on August 31 were one-tenth

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover
	Aug., '51 compared with July, '51		8 mos. '51 to same period '50	Aug. 31, '51 comp. with Aug. 31, '50	Jan. 1, to Aug. 31, 1951
	Aug., '51	Aug., '50			1950
8th F. R. District...	+20%	- 5%	+ 1%	+19%	2.07 2.61
Ft. Smith, Ark. <sup>1</sup> .....	+20	- 4	+ 6	+33	2.10 2.53
Little Rock, Ark.....	+26	- 5	- 3	+ 5	2.02 2.50
Quincy, Ill.....	+26	-10	+ 5	+21	2.00 2.22
Evansville, Ind.....	+25	+ 6	+ 6	+27	1.93 2.45
Louisville, Ky.....	+17	- 9	+ 1	+17	2.40 2.87
St. Louis Area <sup>2</sup> .....	+19	- 6	+ 1	+23	1.98 2.63
St. Louis, Mo.....	+19	- 8	- 0-	+22	1.91 2.57
Springfield, Mo.....	+16	- 3	- 0-	+16	1.85 2.34
Memphis, Tenn.....	+25	- 0-	+ 2	+12	2.36 2.65
All Other Cities*....	+14	+ 3	+ 5	+16	1.78 2.11

\*Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup>In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of August, 1951, were 48 per cent less than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding August 1, 1951, collected during August, by cities:

	Instalment Accounts		Excl. Instal. Accounts	Instalment Accounts		Excl. Instal. Accounts
	.....%	48%	Quincy.....	22%	60%	
Fort Smith.....	20	47	St. Louis.....	21	51	
Little Rock.....	21	49	Other Cities..	15	54	
Louisville.....	19	38	8th F.R. Dist	20	48	

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

	8th Federal Reserve District			
	Aug., 1951	July, 1951	June, 1951	Aug., 1950
Sales (daily average), unadjusted <sup>3</sup> .....	301	269	282	318
Sales (daily average), seasonally adjusted <sup>3</sup> ..	350	344	313	370
Stocks, unadjusted <sup>4</sup> .....	392	372	389	322
Stocks, seasonally adjusted <sup>4</sup> .....	359	357	389	295

<sup>3</sup>Daily average 1935-39=100.

<sup>4</sup>End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales			Stocks on Hand	Stock Turnover
	Aug., 1951 compared with July, '51		8 mos. '51 to same period '50	Aug. 31, '51 comp. with Aug. 31, '50	Jan. 1, to Aug. 31, 1951
	Aug., 1951	Aug., '50			1950
Men's Furnishings.....	+ 4%	- 5%	+ 2%	+27%	1.20 1.60
Boots and Shoes.....	+ 1	+ 6	+ 9	+23	2.63 2.83

Percentage of accounts and notes receivable outstanding August 1, 1951, collected during August:

Men's Furnishings .....	43%	Boots and Shoes.....	43%
Trading days: August, 1951—27; July, 1951—25; August, 1950—27.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections
	August, 1951 compared with July, '51		August 31, 1951 compared with July 31, Aug. 31, 1950		
	July, '51	Aug., '50	1951	1950	
8th Dist. Total <sup>1</sup> .....	+25%	-20%	- 5%	+ 5%	24% 22%
St. Louis Area <sup>2</sup> ....	+29	-28	- 2	+ 4	33 30
St. Louis.....	+28	-29	- 2	+ 4	33 30
Louisville Area <sup>3</sup> ..	+28	- 7	- 6	+18	15 15
Louisville.....	+29	- 7	- 6	+17	13 14
Memphis.....	+26	-12	- 2	- 6	15 13
Little Rock.....	+15	-20	- 2	-17	20 16
Springfield.....	+17	-10	- 8	+25	17 16
Fort Smith.....	+ 1	-16	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Aug., '51	July, '51	Aug., '50
Cash Sales .....	14%	15%	13%
Credit Sales .....	86	85	87
Total Sales .....	100%	100%	100%

larger than on July 31 and about one-fourth larger than on August 31, 1950.

**Furniture Stores**—During August sales at district stores totaled 25 per cent larger than in July but were 20 per cent under those in the like month last year. The retail value of inventories held by district furniture stores on August 31 was 5 per cent under that on July 31 and 5 per cent larger than a year ago.

**AGRICULTURE**

August brought improved conditions of the important district cotton, soybean, and rice crops. On the other hand, prospects became slightly less bright for corn and tobacco. On balance, however, crop production in district states this year will be above last year's total. Nationally, the 1951 crop will be exceeded in size only by the 1948 crop.

The cotton crop improved in the Eighth District during the month of August as a result of weather favorable to rapid development. Some areas, however, were too dry and premature opening of bolls resulted. The crop in Arkansas on September 1 was estimated at 1,640,000 bales, an increase of 140,000 bales over the August 1 estimate, and 550,000 bales more than the 1950 crop. Estimated production in Tennessee was 35,000 bales above the August 1 forecast. Prospects for Mississippi and Missouri remained the same as a month earlier.

The national crop was estimated on September 1 at 17,291,000 bales, an increase of only 25,000 bales over the August 1 estimate. Reductions in prospects between August 1 and September 1 in Texas, Oklahoma, and Louisiana totaled 280,000 bales. Ginnings on September 1 totaled more than 2 million running bales, compared with 859,401 bales at the same time in 1950.

Soybean crop prospects also improved during the month. Estimated production for the nation was

**AGRICULTURE**

CASH FARM INCOME						
(In thousands of dollars)	July, 1951			7 month total Jan. to July, 1951		
	July, 1951	compared with		1951	1951	
		June, 1951	July, 1950		compared with	1949
Arkansas.....	\$ 27,735	+15%	+24%	\$ 192,680	+29%	-6%
Illinois.....	200,991	+45	+28	1,092,917	+14	+21
Indiana.....	98,554	+26	+17	592,228	+18	+22
Kentucky.....	39,800	+12	+8	290,016	+6	+7
Mississippi.....	19,258	+11	+37	160,929	+56	-24
Missouri.....	114,980	+36	+13	606,548	+22	+22
Tennessee.....	31,140	+5	+14	220,026	+18	+8
Totals.....	\$532,458	+30%	+20%	\$3,155,344	+18%	+13%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	Receipts			Shipments		
	Aug., 1951	August, '51 compared with		Aug., 1951	August, '51 compared with	
		July, '51	Aug., '50		July, '51	Aug., '50
Cattle and calves...	140,143	+20%	+13%	76,034	+22%	+101%
Hogs.....	263,610	-3	+21	93,642	-19	+29
Sheep.....	72,887	+20	-10	48,761	+46	+15
Totals.....	476,640	+6%	+13%	218,437	+4%	+43%

273 million bushels on September 1, a 3 million bushel increase over August—about the increase estimated for district states.

Prospects for the 1951 corn crop declined nationally and in the district during August. The national crop was estimated at 3,131 million bushels, a decline of 76 million bushels in the month. The September estimate was lower than August in all district states except Illinois. In Missouri the crop was estimated at 140 million bushels, which compares with crops of 187 million bushels in 1950 and a 142 million bushel average for the 1940-49 period. An estimated 536,000 acres have been abandoned, 300,000 acres being flooded.

Burley tobacco production was estimated at 553 million pounds on September 1, a 4 per cent reduction from the August estimate. However, a crop of this size would be 11 per cent larger than the 1950 crop. Both dark fire-cured and dark air-cured tobacco production estimates were less on September 1 than August 1, but 3 and 10 per cent larger, respectively, than the 1950 crop.

Between March and July, 1951, farm land prices increased 3 to 6 per cent in district states.

**CHANGES IN DOLLAR VALUE OF FARM LAND**

	Per cent change from:	
	March to July, 1951	July, 1950 to July, 1951
Arkansas .....	+4%	+19%
Illinois .....	+3	+20
Indiana .....	+3	+20
Kentucky .....	+6	+20
Mississippi .....	+5	+22
Missouri .....	+5	+20
Tennessee .....	+5	+14
United States .....	+5	+17

Source: B.A.E. The Farm Real Estate Market, July, 1951.

The percentage of nonfarmer purchasers increased from 28 to 32 per cent of the total. In general, a smaller proportion of the purchase price was being financed by credit and all-cash transactions were a little more frequent. Size of farm mortgages recorded, however, increased for all classes of lenders.

Prices received by farmers declined for the sixth straight month. The index of prices received was 292 on August 15, 7 per cent lower than the February, 1951 peak. The parity ratio (ratio between prices received and prices paid) was 104, the same as in July, 1951 and August, 1950.

**BANKING**

Banking trends showed little net change during August and early September. Loans at weekly reporting banks in the district did not rise as much as usual at this time and investments declined slightly. Both demand and time deposits increased.

**District Banking Developments**—Total loans at weekly reporting member banks in the Eighth District rose \$11 million in August and early Septem-

ber. Normally loans increase about \$30 million at this time. The increase which took place in loans largely reflected advances to businesses and consumers. Real estate loans continued their slow climb at all reporting cities except Evansville and Little Rock. Loans on securities declined, as did loans to banks.

The business loan expansion centered in inventory and working capital loans, largely to food manufacturers and commodity dealers. At the same time, public utilities and wholesalers made sizable net repayments. Loans for defense purposes showed only a small gain, nearly all of which went to metal and metal products manufacturers. This reflects, of course, the relative lightness of defense contracts in this district. Loans for defense-supporting activities declined in the period.

Consumer loans gained more than usual at this time sharply reversing the downward trend of recent months. This rise occurred at all reporting centers except Memphis.

Investments at the district's weekly reporting banks declined slightly (\$4 million) in the six-week period. Treasury bill holdings, however, were increased \$13 million shortening average portfolio maturities somewhat.

**Banking Developments Nationally**—Earning assets of weekly reporting banks in leading cities of the nation rose \$400 million in August to a total of \$70.5 billion. The increase centered in commercial loans, but unlike the district, roughly half the com-

mercial loan expansion nationally was made for defense and defense-supporting activities. Banks in the New York district made over half of the defense and defense-supporting loans.

**Debits to Deposit Accounts**—Dollar volume of checks cashed in a given period is one indicator of the level of business activity. Debits to deposit accounts at 22 district cities in August were up contraseasonally (1 per cent) from July. On an adjusted basis, district debits in August were up 5 per cent from the 1951 low in June but down 4 per cent from the all-time peak last January.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Aug., 1951	July, 1951	Aug., 1950	August, 1951 compared with	
				July, '51	Aug., '50
El Dorado, Ark.....	\$ 27,993	\$ 25,976	\$ 24,117	+ 8%	+ 16%
Fort Smith, Ark.....	43,418	41,630	41,905	+ 4	+ 4
Helena, Ark.....	6,517	7,282	6,131	-11	+ 6
Little Rock, Ark.....	135,708	136,705	130,844	- 1	+ 4
Pine Bluff, Ark.....	29,653	30,430	25,167	- 3	+ 18
Texarkana, Ark.*.....	14,271	13,579	10,796	+ 5	+ 32
Alton, Ill.....	29,355	28,275	25,871	+ 4	+ 13
E. St. L.-Nat. S. Y., Ill.....	145,908	124,036	126,890	+ 18	+ 15
Quincy, Ill.....	33,207	31,235	31,767	+ 6	+ 5
Evansville, Ind.....	150,096	149,367	144,305	- 0-	+ 4
Louisville, Ky.....	678,887	633,838	637,109	+ 7	+ 7
Owensboro, Ky.....	41,139	36,469	40,935	+ 13	- 0-
Paducah, Ky.....	26,296	22,596	16,555	+ 16	+ 59
Greenville, Miss.....	19,723	20,087	18,362	- 2	+ 7
Cape Girardeau, Mo.....	12,494	12,459	12,514	- 0-	- 0-
Hannibal, Mo.....	9,534	8,922	9,099	+ 7	+ 5
Jefferson City, Mo.....	49,425	49,421	47,354	- 0-	+ 4
St. Louis, Mo.....	1,775,148	1,808,652	1,718,468	- 2	+ 3
Sedalia, Mo.....	10,635	9,567	10,979	+ 11	- 3
Springfield, Mo.....	73,406	65,962	68,889	+ 11	+ 7
Jackson, Tenn.....	19,667	20,048	19,106	- 2	+ 3
Memphis, Tenn.....	491,795	507,235	646,815	- 3	- 24
Totals.....	\$3,824,275	\$3,783,771	\$3,813,978	+ 1+	- 0%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$33,941.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>			
	Assets	Change from:		Change from:		Change from:		Aug., 1951	Aug., 1951	Aug., 1951
		July, 1951 to Aug., 1951	Aug., 1950 to Aug., 1951	July, 1951 to Aug., 1951	Aug., 1950 to Aug., 1951	July, 1951 to Aug., 1951	Aug., 1950 to Aug., 1951			
1. Loans and Investments.....	\$4,033	\$+ 12	\$+107	\$2,343	\$- 10	\$+ 64	\$1,690	\$+ 22	\$+ 43	
a. Loans .....	1,807	+ 4	+190	1,183	- 1	+130	624	+ 5	+ 60	
b. U.S. Government Obligations.....	1,868	+ 16	- 62	992	- 5	- 39	876	+ 21	- 23	
c. Other Securities .....	358	- 8	- 21	168	- 4	- 27	190	- 4	+ 6	
2. Reserves and Other Cash Balances.....	1,304	- 17	+147	805	- 10	+ 83	499	- 7	+ 64	
a. Reserves with the F.R. bank.....	680	+ 4	+109	445	+ 9	+ 75	235	- 5	+ 34	
b. Other Cash Balances <sup>3</sup> .....	624	- 21	+ 38	360	- 19	+ 8	264	- 2	+ 30	
3. Other Assets .....	53	+ 9	+ 5	31	+ 3	+ 3	22	+ 6	+ 2	
4. Total Assets .....	\$5,390	\$+ 4	\$+259	\$3,179	\$- 17	\$+150	\$2,211	\$+ 21	\$+109	
<b>Liabilities and Capital</b>										
5. Gross Demand Deposits.....	\$3,988	\$- 14	\$+237	\$2,432	\$- 30	\$+148	\$1,556	\$+ 16	\$+ 89	
a. Deposits of Banks.....	623	- 17	+ 87	588	- 10	+ 83	35	- 7	+ 4	
b. Other Demand Deposits.....	3,365	+ 3	+150	1,844	- 20	+ 65	1,521	+ 23	+ 85	
6. Time Deposits .....	995	+ 5	+ 10	494	+ 1	- 3	501	+ 4	+ 13	
7. Borrowings and Other Liabilities.....	54	+ 12	- 10	44	+ 9	- 13	10	+ 3	+ 3	
8. Total Capital Accounts.....	353	+ 1	+ 22	209	+ 3	+ 18	144	- 2	+ 4	
9. Total Liabilities and Capital Accounts....	\$5,390	\$+ 4	\$+259	\$3,179	\$- 17	\$+150	\$2,211	\$+ 21	\$+109	

<sup>1</sup> Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.



# Survey of Current Conditions

At mid-October the district economy, like the national economy, continued to hold in a state of uneasy balance. Industrial output was slightly higher than in late summer, partly reflecting seasonal factors, partly expanding defense activity. The latter factor, however, was not operating as strongly in this region as elsewhere since the district's share of defense contracts is still small relative to its industrial capacity. Employment was holding steady, retail sales were up (seasonally) a little.

These district experiences fairly well paralleled those for the nation as a whole. The Federal Reserve index of industrial production (adjusted) in September was 219 per cent of 1935-39, up just two points from August. September nonagricultural employment dropped slightly as students returned to school, but unemployment showed practically no change. Sales in the nation showed results similar to those in the district.

The state of balance, described as "uneasy", in the economy at present implies that the future may see activity levels either rising or declining from those currently prevailing. The major factor which could lead to a rising trend is the defense program, if it continues to grow as projected. Future Government expenditures are expected to be considerably higher than current expenditures. Growing defense activity would indicate continued high and perhaps growing levels of employment and production. In turn these would mean continued high or growing income.

A major factor on the other side is the continued high level of saving on the part of consumers and the consequent failure of consumer spending to show the gains which might be expected to accompany income growth. Limitations on certain types of civilian goods, particularly housing and durables, could operate to increase the volume of savings relative to income. Bank loans have been showing a smaller increase than occurred in the like period last year and interest rates have strengthened.

The strength of either of these major factors depends to a very marked degree upon the influence of forces external to the district and, in fact, external to the nation. In other words, developments outside the district and outside the nation as a whole probably will be decisive in directing district business activity up or down from its present balanced state during the next few months.

## EMPLOYMENT

The number of persons employed in nonagricultural industries, after allowances for seasonal fluctuations, has shown little change over the past six months. With the return of student workers to school, employment decreased as usual in September, primarily in non-agricultural industries. However, the number of jobless in September remained close to the postwar minimum of 1.6 million persons.

Manpower has been in adequate supply generally. There have been very few lags in defense production resulting from manpower shortages which have developed in only a few localities, industries, and occupations. The six major labor market areas in this district (St. Louis, Louisville, Memphis, Little Rock, Evansville, and Springfield) were classified as having moderate labor surpluses in September, the same as in July. Two smaller areas (Crab Orchard, Illinois, and Vincennes, Indiana) were con-

## PRICES

WHOLESALE PRICES IN THE UNITED STATES						
Bureau of Labor Statistics (1926=100)	Sept., '51	Aug., '51	Sept., '50	Sept., 1951 compared with		
				Aug., '51	Sept., '50	
All Commodities....	177.6	178.0	169.5	- 0.2%	+ 4.8%	
Farm Products...	189.2	190.6	180.4	- 0.7	+ 4.9	
Foods.....	188.0	187.3	177.2	+ 0.4	+ 6.1	
Other.....	166.9	167.3	159.2	- 0.2	+ 4.8	

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1951	June 15, 1951	Sept. 15, 1950	Sept. 15, 1951 compared with	
				June 15, '51	Sept. 15, '50
United States.....	186.6	185.2	174.6	+ 0.8%	+ 6.9%
St. Louis.....	186.2	185.0	174.0	+ 0.6	+ 7.0
Memphis.....	189.9	187.8	179.2	+ 1.1	+ 6.0

RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1951	Aug. 15, 1951	Sept. 15, 1950	Sept. 15, 1951 compared with	
				Aug. 15, '51	Sept. 15, '50
U. S. (51 cities).....	227.3	227.0	210.0	+ 0.1%	+ 8.2%
St. Louis.....	238.8	237.2	220.4	+ 0.7	+ 8.3
Little Rock.....	223.0	222.9	211.5	-0-	+ 5.4
Louisville.....	215.6	214.8	199.4	+ 0.4	+ 8.1
Memphis.....	237.4	234.7	221.5	+ 1.2	+ 7.2

\*New series.

## WHOLESALE

Line of Commodities	Net Sales		Stocks
	Sept., 1951 compared with		
Data furnished by Bureau of Census U.S. Dept. of Commerce*	Aug., '51	Sept., '50	Sept. 30, 1951 compared with Sept. 30, 1950
Automotive Supplies.....	- 1%	+ 1%	+25%
Drugs and Chemicals.....	- 5	+ 2	+ 9
Dry Goods.....	-15	-19	- 9
Groceries.....	-0-	+ 1	- 9
Hardware.....	-12	-17	+42
Tobacco and its Products.....	- 7	-0-	+ 8
Miscellaneous.....	-0-	+ 1	+32
**Total All Lines.....	- 8%	-12%	+27%

\*Preliminary.  
\*\*Includes certain items not listed above.

sidered to have substantial labor surpluses in September.

One indication of the general sufficiency of manpower resources in this district is shown by the fact that the construction of the Atomic Energy Commission plant and the two allied electric generating plants in the Paducah area have progressed so far without a serious labor shortage. Approximately 17,000 workers, primarily in construction, are now employed on the three projects, and the peak employment to be reached in December is expected to be about 20,000 persons.

In the St. Louis area employment increased during September in defense plants and retail trade establishments but these gains were offset by layoffs in construction, apparel manufacturing, shoe plants, and automobile assembly and parts plants. Total nonagricultural employment was unchanged from August but was up 2 per cent over the September, 1950, level. Opening of new branch department stores has added to the normal seasonal increase in trade employment.

Employment in Louisville remained close to the peak attained in June. However, manufacturing employment was down about 8 per cent from the maximum reached last winter. Layoffs in textiles, metal working, wood working, and trade and service establishments have occurred in the past two months. However, additional workers were needed by tobacco firms, construction, railroad shops, and governmental ordnance establishments. The increased employment in construction and defense-connected government establishments nearly absorbed the layoffs in manufacturing.

## INDUSTRY

CONSUMPTION OF ELECTRICITY							
(K.W.H. in thous.)	Sept., 1951 K.W.H.	Aug., 1951 K.W.H.	Sept., 1950 K.W.H.	Sept., 1951 compared with			
				Aug., '51	Sept., '50		
Evansville.....	15,058	17,186	13,277 <sub>R</sub>	-12.4%	+13.4%		
Little Rock.....	12,236	12,217	10,396 <sub>R</sub>	+ 0.2	+17.7		
Louisville.....	82,540	86,241	73,993	- 4.3	+11.6		
Memphis.....	30,891	29,681	25,321	+ 4.1	+22.0		
Pine Bluff.....	10,103	10,103	7,348	-0-	+37.5		
St. Louis.....	101,059	108,377	96,016 <sub>R</sub>	- 6.8	+ 5.3		
Totals.....	251,887	263,805	226,351 <sub>R</sub>	- 4.5%	+11.3%		
r. Revised.							
LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS							
	Sept., '51	Aug., '51	Sept., '50	First Nine Days			
				Oct., '51	Oct., '50	9 mos. '51	9 mos. '50
	112,312	117,952	118,541	35,322	35,407	1,048,183	1,002,286
Source: Terminal Railroad Association of St. Louis.							
CRUDE OIL PRODUCTION—DAILY AVERAGE							
(In thousands of bbls.)	Sept., 1951	Aug., 1951	Sept., 1950	Sept., 1951 compared with			
				Aug., '51	Sept., '50		
Arkansas.....	76.6	76.7	81.7	-0-%	- 6%		
Illinois.....	167.0	165.4	177.3	+ 1	- 6		
Indiana.....	31.2	32.0	31.1	- 3	-0-		
Kentucky.....	31.7	30.6	27.9	+ 4	+14		
Total.....	306.5	304.7	318.0	+ 1%	- 4%		

In the seven district states, the volume of insured unemployment in mid-September was down 9 per cent from the amount in August but up 3 per cent from the volume a year ago. In all of the district states except Missouri insured unemployment was down from mid-August to mid-September. The rise in Missouri was attributed primarily to the shoe and garment industries.

## INDUSTRY

Eighth District industry in September showed some improvement in rate of output from the previous month and continued to hold above the year-ago level. Relative to a month earlier diverse trends were in evidence as defense production increased and some civilian goods production decreased. Manufacturing output in general was up from August, partly reflecting seasonal factors. Some lines, however, notably steel and lumber, showed declines. Mining activity also increased with coal production rising seasonally while crude oil output remained unchanged. Construction activity declined at about the normal seasonal rate.

**Manufacturing**—Industrial electric power consumed in the district's major cities in September was up 16 per cent from August on a daily average basis and was 17 per cent above that of September, 1950. Principal contributors to the large gain over the month of a year ago were the nonelectrical machinery, paper and allied products, and rubber industries.

Steel mills operated at 81 per cent of capacity in September—down 5 per cent from August. But operations were 5 per cent above September a year ago.

Lumber production continued the decreasing trend it has shown in recent months. Southern pine mill operations were reduced to a weekly average of 183,000 feet in September from 193,000 feet in August and 215,000 feet in September, 1950. Demand for yellow pine boards was strong. Short and narrow pine boards, however, were in over-supply.

Southern hardwood operators again reduced production slightly in September, as they had the previous month. In comparison with September, 1950, output was down 12 per cent. Low grade hardwoods were still being produced in excess of market demand.

Production of shoes continued at levels below those of 1950. For September, it is estimated that national production declined 3 per cent from the same month last year. For the nine months ended September 30, total production of footwear also is estimated to have declined 3 per cent. Excluding

military shoes, however, the decline probably was at least 7 per cent. Recently, manufacturers have announced wholesale price reductions on many lines, following a period of lower hide costs and reduced sales.

Livestock slaughter in the St. Louis metropolitan area failed to make the substantial increase in September characteristic of that month over the past four years. Instead, it remained at practically the same volume as last month, and was 5 per cent under a year ago. Farmers were apparently holding cattle off the market to build up their herds and to take advantage of the good condition of fall pastures for further feeding and fattening operations. Cattle slaughter was down 1 per cent from August and 21 per cent under that of September, 1950. Hog slaughter, however, increased 8 per cent over the prior month and was up 11 per cent in comparison with last year.

Only 26 of the 62 Kentucky whiskey distilleries in the district were in operation at the end of September. This number compared with 17 at the end of the previous month, but with 50 for September, 1950. Most distilleries are limiting production of new whiskey because of accumulated stocks. Bottling lines, however, are operating at full schedule, in many cases, to meet dealer orders in anticipation of fall and winter consumer demand.

**Mining**—Crude oil production in the Eighth District again showed little change in September, but was 4 per cent under production in September, 1950. Percentagewise, Kentucky fields showed the most marked production change, with a 4 per cent increase over August, and a 14 per cent gain over a year ago.

In September, district coal production increased on a daily average basis. It was 5 per cent above that of August and some 7 per cent above that of September, 1950. Despite the daily average increase, a shorter work month resulted in considerably reduced total production for the month in the district and nation.

### PRODUCTION INDEXES

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Sept., '51	Aug., '51	Sept., '50	Sept., '51	Aug., '51	Sept., '50
161.2*	144.1*	151.2	153.5*	145.6*	144.0
SHOE PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Aug., '51	July, '51	Aug., '50	Aug., '51	July, '51	Aug., '50
122	107 R	157	125	111 R	162
*—Preliminary. R—Revised.					

**Transportation**—Railroad freight interchanges at St. Louis in September were down 5 per cent compared with August and were also slightly less than in September, 1950. The downward trend continued during the first nine days of October.

**Construction**—Construction activity declined slightly during September as a result of Federal restrictions on certain types of building activity and material shortages. Nationally, the total value of construction put in place during September was \$2.8 billion, down 1 per cent from both the preceding month and September, 1950. On a seasonally adjusted basis construction activity changed very little during September.

Private construction continued to decline in September as it has for the past six months, largely as a result of the reduction in home building activity. Private residential construction activity is now about two thirds of the 1950 record levels. Commercial building also continued to drop off in September, reflecting, as it has over the past few months, restrictions on this type of construction. On the other hand, factory building, military construction, and public housing construction activity continued to expand.

Expenditures on new plant and equipment for this year apparently will approximate \$24.8 billion as compared with \$18.6 billion last year. Capital outlays this year are expected to be about 35 per cent higher than in 1950 in dollar values and about 25 per cent more in physical volume. Some slackening in investment in the fourth quarter, however, may result from declining expenditures of nondefense industries, offset only partially by investment in those expanding industries connected with the mobilization program.

While construction activity on projects under way changed but little during September, new projects started, indicated by construction contracts awarded, dropped off considerably. F. W. Dodge Corporation reports for September indicate that contracts awarded in 37 Eastern states were down 16 per cent from the same month a year ago, and

### CONSTRUCTION

BUILDING PERMITS Month of September									
(Cost in thousands)	New Construction				Repairs, etc.				
	Number		Cost		Number		Cost		
	1951	1950	1951	1950	1951	1950	1951	1950	1950
Evansville.....	100	83	\$ 322	\$ 158	114	96	\$ 305	\$ 135	
Little Rock...	61	79	596	1,380	211	224	112	773	
Louisville.....	152	227	1,557	1,585	88	70	124	51	
Memphis.....	2,542	2,436	5,483	4,643	192	197	183	221	
St. Louis.....	373	347	4,991	3,126	262	280	766	1,002	
Sept. Totals..	3,228	3,172	\$12,949	\$10,892	867	867	\$1,490	\$2,182	
Aug. Totals..	2,923	3,470	\$ 7,812	\$11,537	868	931	\$1,212	\$1,258	

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	Sept., 1951 compared with Aug., '51	9 mos. '51 to same period '50	Sept. 30, '51 comp. with Sept. 30, '50	1951	1950	
8th F. R. District...	+ 7%	- 5%	+ 1%	+ 9%	2.36	2.95
Ft. Smith, Ark. <sup>1</sup> .....	+18	+ 6	+ 6	+25	2.41	2.89
Little Rock, Ark.....	+11	- 5	- 3	- 3	2.33	2.83
Quincy, Ill.....	+11	- 8	+ 3	+18	2.26	2.52
Evansville, Ind.....	- 4	+ 5	+ 6	+28	2.17	2.78
Louisville, Ky.....	+12	- 4	- 0-	- 1	2.74	3.21
St. Louis Area <sup>1 2</sup> ....	+ 6	- 8	- 0-	+17	2.24	2.98
Springfield, Mo.....	+ 7	+ 9	+ 1	+ 6	2.12	2.61
Memphis, Tenn.....	+ 8	- 1	+ 1	- 2	2.71	2.99
All Other Cities*....	+ 5	+ 9	+ 6	+ 9	2.03	2.38

\*Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup>In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of Sept., 1951, were 43 per cent smaller than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding Sept. 1, 1951, collected during Sept., by cities:

	Instalment Accounts			Excl. Instal. Accounts	
	Accounts	Instal. Accounts		Accounts	Excl. Instal. Accounts
Fort Smith.....	18	46%	Quincy.....	28%	65%
Little Rock.....	21	46	St. Louis.....	20	48
Louisville.....	20	40	Other Cities....	16	51
Memphis.....	20	40	8th F.R. Dist.	20	46

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

**8th Federal Reserve District**

	Sept., 1951	Aug., 1951	July, 1951	Sept., 1950
Sales (daily average), unadjusted <sup>3</sup> .....	349	301	269	363
Sales (daily average), seasonally adjusted <sup>3</sup> ....	346	350	344	360
Stocks, unadjusted <sup>4</sup> .....	385	392	372	361
Stocks, seasonally adjusted <sup>4</sup> .....	347	359	357	325

<sup>3</sup>Daily average 1935-39=100.

<sup>4</sup>End of Month Average 1935-39=100.

**SPECIALTY STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	Sept., 1951 compared with Aug., '51	9 mos. '51 to same period '50	Sept. 30, '51 comp. with Sept. 30, '50	1951	1950	
Men's Furnishings.....	+35%	- 8%	+ 1%	+15%	1.35	1.77
Boots and Shoes.....	+26	+ 4	+ 8	+16	3.00	3.24

Percentage of accounts and notes receivable outstanding Sept. 1, 1951, collected during September:

Men's Furnishings .....	43%	Boots and Shoes.....	39%
Trading days: Sept., 1951—24; August, 1951—27; Sept., 1950—25.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	September, 1951 compared with Aug., '51	Sept., '50	September 30, 1951 compared with Aug. 31, '51	Sept. 30, '50	Sept., '51	Sept., '50
8th Dist. Total <sup>1</sup> .....	-10%	-23%	- 4%	- 6%	22%	21%
St. Louis Area <sup>2</sup> ....	9	-27	- 4	- 6	30	28
St. Louis.....	-10	-27	- 4	- 6	30	27
Louisville Area <sup>3</sup> ....	-10	-18	- 9	- 5	14	15
Louisville.....	-10	-17	- 9	- 6	13	14
Memphis.....	-13	-18	- 0-	-20	14	15
Little Rock.....	8	-32	+ 7	-13	21	18
Springfield.....	+ 3	- 4	- 4	+14	14	17
Fort Smith.....	-13	-21	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Sept., '51	Aug., '51	Sept., '50
Cash Sales .....	14%	14%	13%
Credit Sales .....	86	86	87
Total Sales .....	100%	100%	100%

down 14 per cent from August, 1951. However, partly as a result of the easier credit terms inaugurated September 1, and partly due to builders' efforts to get construction under way before stiffer material controls are imposed, the number of new homes started in September increased from 85 thousand units in August to 91 thousand units in September.

In the Eighth District construction contracts awarded in the third quarter decreased 11 per cent from the like period of 1950. Residential construction contracts showed a decline of 11 per cent, while nonresidential construction contracts awarded were off 10 per cent.

**TRADE**

Retail sales during September did not measure up to retailers' anticipations. They had hoped, after suffering sales declines during July and August from a year ago volume, that seasonal buying during the month would place them in a better comparative position. But the weather did little to encourage purchase of seasonal items. And last year sales were heavy during the first-half of the month as buyers tried to get their purchases in ahead of instalment credit controls. The result was that sales for this September were down compared to those of September, 1950.

Except at men's wear stores, the retail value of inventories held by reporting retail lines on September 30 was not much changed from either a month earlier or a year ago. The volume of buy-orders outstanding on the retailers books was sharply below that of a year ago, however.

**Department Stores**—Sales volume during September for the district as a whole increased 7 per cent from that in August but was 5 per cent smaller than in September, 1950\*. One less trading day during September 1951 than a year ago placed the seasonally adjusted index of daily sales at 346 per cent of the 1935-39 average. In comparison the index was 350 per cent in August and 360 per cent in the comparable month last year. Cumulative district sales for the first nine months of 1951 as compared to 1950 showed volume slightly larger this year than last.

\* Interpretation of department store sales figures has been complicated somewhat in recent months by a fairly widespread movement to establish suburban branches of downtown stores. This movement is national in scope. In this district it affects primarily St. Louis area sales.

A newly-opened branch department store obtains sales from three sources: 1) existing department stores, 2) non-department stores in the area of the newly opened branch, and 3) to some extent, by increasing the percentage of consumer income spent. To include all such sales volume at newly opened branches, tends to exaggerate the amount of total retail buying insofar as department store sales are taken as a first approximation of such buying. To adjust for the factor of sales gain at the expense of non-department stores, not all of the total sales at newly-opened branch stores are included at present. This percentage of "relocated sales volume" is derived by estimate. When the new branch has been in operation for a year, total sales figures will be included in area aggregates.

Except in the St. Louis metropolitan area and in Little Rock, cumulative 1951 sales gains ranged from slightly larger than last year in Louisville and Memphis to an average gain of 12 per cent in several small district cities.

The retail value of inventories held by reporting district department stores on September 30 was not much changed from a month previous but was 9 per cent above that of last year. The value of outstanding orders at the end of September was slightly below that on August 31 and was sharply below that on September 30, 1950.

**Specialty Stores**—St. Louis womens' apparel stores reported sales during September were 16 per cent larger than in August but were 18 per cent below those in September 1950. Inventories at the end of September were valued 6 per cent less than a month previous and were slightly below those a year ago.

Men's wear stores sales in the district were substantially larger in September than in August but were 8 per cent below those last year. Inventories at the end of September were 7 per cent larger than on August 31 and 15 per cent larger than on September 30, 1950.

**Furniture Stores**—September sales volume of reporting furniture stores throughout the district averaged 10 per cent below August and 23 per cent under September 1950. The decline from last year was partly the result of heavy buying prior to reimposition of installment credit controls at mid-September 1950. The retail value of inventories held by district stores on September 30 was 4 per cent less than a month earlier and 6 per cent less than a year ago.

### AGRICULTURE

The October 1 forecast for total outturn of crops for the nation was slightly lower than a month earlier. The estimate of the cotton crop on October 1 was 16,931,000 bales, a decline of 360,000 bales from September 1. The decrease was concentrated in the central part of the cotton belt and included a 200,000-bale decline in Mississippi, 40,000 bales in Arkansas, and 10,000 in Tennessee. An increase of 10,000 bales was reported for Missouri.

Rains during September increased the prospects for burley tobacco by about 2 per cent; the October 1 estimate being 566 million pounds. Increases also were reported for fire-cured and dark air-cured tobacco.

Estimated corn production was 26 million bushels less than on September 1. Declines occurred largely in the northern corn belt where frosts in late Sep-

tember caused considerable damage. Corn in the Eighth District, for the most part, was not damaged. The national crop of 3.1 billion bushels forecast is 126 million bushels less than in 1950, but 124 million bushels larger than the 10-year average.

The October estimate of production for other feed and food grains, with the exception of rice and grain sorghums, was lower than that of September. Hay production in 1951 was at record levels for the nation, and pastures generally in the district states were in good condition for the fall grazing season.

Generally favorable weather throughout the Eighth district for the past month sped the harvesting of 1951 crops. Cotton harvesting, for example, was well advanced as a result of the best cotton picking weather in recent years. The 1952 wheat crop, however, was reported at mid-October to need surface moisture in some areas.

Prices received for agricultural products were lower in mid-September than in August. The decline marked the seventh consecutive month of the downward movement in the index of prices received. However, prices of several important agricultural commodities strengthened during the latter part of September and early October, including prices for cotton and hogs. As prices received were lower and prices paid were unchanged for September, the parity ratio (ratio of prices received to prices paid) narrowed 1 point to 103 on September 15.

### BANKING

Banks in both the district and the nation expanded their loans during September. In both cases the expansion was roughly the expected seasonal amount and was centered in loans to business. Most of the new loans in the Eighth District went to finance the marketing and processing of farm

### AGRICULTURE

(In thousands of dollars)	August, 1951 compared with			8 month total Jan. to Aug., 1951 compared with 1950		
	August, 1951	July, 1951	Aug., 1950	1951	1950	1949
Arkansas.....	\$ 26,621	— 4%	+ 49%	\$ 219,301	+31%	+ 4%
Illinois.....	156,634	—22	+ 14	1,249,551	+14	+15
Indiana.....	102,348	+ 4	+ 21	694,576	+18	+17
Kentucky.....	36,287	— 9	+ 20	326,303	+ 7	+ 5
Mississippi.....	29,712	+54	+116	190,641	+63	—12
Missouri.....	104,669	— 9	+ 20	711,217	+22	+21
Tennessee.....	34,066	+ 9	+ 26	254,092	+19	+14
Totals.....	\$490,337	— 8%	+ 23%	\$3,645,681	+19%	+13%

	RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS					
	Receipts			Shipments		
	Sept., 1951	September, '51 compared with		Sept., 1951	September, '51 compared with	
	Aug., '51	Sept., '50		Aug., '51	Sept., '50	
Cattle and calves.....	143,766	+ 3%	+ 9%	81,448	+ 7%	+59%
Hogs.....	235,613	—11	+13	67,349	—28	+19
Sheep.....	49,174	—33	—20	29,070	—40	+20
Totals.....	428,553	—10%	+ 7%	177,867	—19%	+35%

products. For the country as a whole about half the loan expansion went for this purpose, but in addition metal manufacturers, mining concerns, and public utilities substantially increased their borrowings reflecting the growth in loans for defense and defense-supporting purposes.

**District Banking Developments**—Earning assets rose \$61 million at all district member banks during September. Most of the increase (\$57 million) was in loans, roughly the normal seasonal expansion at this time. As usual in September the loan expansion was primarily at the larger city banks, and reflected in large measure the movement of cotton and other crops off the farm. "Other" (largely consumer) loans also were up somewhat in the month.

Deposits rose \$142 million in the month. A large net inflow of funds permitted banks, both large and small, to build up their cash balances and reduce borrowings.

**Business Loan Expansion Since June**—From June 27 to October 10 (approximate seasonal low point to latest date reported) business loans rose less than \$60 million at the weekly reporting member banks. By comparison, these loans rose almost \$150 million in the same period last year and averaged about a \$75 million gain in the comparable periods of 1946-49. The smaller expansion this year reflects the Voluntary Credit Restraint Program and the tight money market over most of the period.

At Evansville and Little Rock commercial and industrial loans declined from the end of June to mid-October. At St. Louis, Memphis, and Louisville the rate of expansion was less than usual at this time.

The bulk of the \$60 million loan expansion at weekly reporting banks from June 27 to October 10 went to finance the marketing and processing of farm produce. Over half the increase in loans went to commodity dealers, mostly on cotton at Memphis. The second largest increase went to food manufacturers. By contrast, sales finance companies, wholesalers, retailers, and "other" businesses reduced their outstanding loans in the period. Defense loans, going largely to metal and metal products manufacturers, showed only a slight gain (\$3.5 million) in the period, reflecting the relative lack of defense work in this area. Similarly loans to finance defense-supporting activities rose only \$5 million.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Sept., 1951	Aug., 1951	Sept., 1950	Sept., 1951 compared with	
				Aug., '51	Sept., '50
El Dorado, Ark.....	\$ 26,950	\$ 27,993	\$ 24,645	- 4%	+ 9%
Fort Smith, Ark.....	44,877	43,418	45,809	+ 3	- 2
Helena, Ark.....	9,119	6,517	7,518	+40	+21
Little Rock, Ark.....	135,219	135,708	144,415	-0-	- 6
Pine Bluff, Ark.....	34,028	29,653	29,869	+15	+14
Texarkana, Ark.*.....	15,465	14,271	11,790	+ 8	+31
Alton, Ill.....	27,839	29,355	26,035	- 5	+ 7
E. St. L.-Nat. S. Y., Ill..	132,722	145,908	125,791	- 9	+ 6
Quincy, Ill.....	32,116	33,207	31,449	- 3	+ 2
Evansville, Ind.....	125,318	150,096	133,782	-17	- 6
Louisville, Ky.....	602,547	678,887	568,454	-11	+ 6
Owensboro, Ky.....	43,824	41,139	42,659	+ 7	+ 3
Paducah, Ky.....	26,724	26,296	15,756	+ 2	+70
Greenville, Miss.....	23,298	19,723	22,679	+18	+ 3
Cape Girardeau, Mo.....	12,746	12,494	12,856	+ 2	- 1
Hannibal, Mo.....	10,030	9,534	9,195	+ 5	+ 9
Jefferson City, Mo.....	52,816	49,425	61,659	+ 7	-14
St. Louis, Mo.....	1,702,651	1,775,148	1,659,331	- 4	+ 3
Sedalia, Mo.....	11,018	10,635	11,946	+ 4	- 8
Springfield, Mo.....	74,583	73,406	69,362	+ 2	+ 8
Jackson, Tenn.....	21,353	19,667	19,345	+ 9	+10
Memphis, Tenn.....	571,366	491,795	764,709	+16	-25
Totals.....	\$3,736,609	\$3,824,275	\$3,839,054	- 2%	- 3%

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$36,117.

**EIGHTH DISTRICT  
MEMBER BANK ASSETS AND LIABILITIES  
BY SELECTED GROUPS**

(In Millions of Dollars)	All Member <sup>4</sup>			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Sept. 1951	Change from:		Sept. 1951	Change from:		Sept. 1951	Change from:	
		Aug. 1951	Sept. 1950		Aug. 1951	Sept. 1950		Aug. 1951	Sept. 1950
<b>Assets</b>									
1. Loans and Investments.....	\$4,075	\$+ 61	\$+166	\$2,362	\$+ 38	\$+ 94	\$1,713	\$+ 23	\$+ 72
a. Loans .....	1,853	+ 57	+155	1,222	+ 50	+101	631	+ 7	+ 54
b. U.S. Government Obligations.....	1,853	- 8	+ 16	966	- 19	+ 7	887	+ 11	+ 9
c. Other Securities .....	369	+ 12	- 5	174	+ 7	- 14	195	+ 5	+ 9
2. Reserves and Other Cash Balances.....	1,395	+ 96	+205	876	+ 76	+129	519	+ 20	+ 76
a. Reserves with the F.R. bank.....	684	+ 7	+112	443	+ 1	+ 73	241	+ 6	+ 39
b. Other Cash Balances <sup>3</sup> .....	711	+ 89	+ 93	433	+ 75	+ 56	278	+ 14	+ 37
3. Other Assets .....	48	- 15	+ 5	29	- 2	+ 2	19	- 13	+ 3
4. Total Assets .....	\$5,518	\$+142	\$+376	\$3,267	\$+112	\$+225	\$2,251	\$+ 30	\$+151
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,120	\$+141	\$+332	\$2,534	\$+111	\$+213	\$1,586	\$+ 30	\$+119
a. Deposits of Banks.....	657	+ 34	+102	618	+ 30	+ 95	39	+ 4	+ 7
b. Other Demand Deposits.....	3,463	+107	+230	1,916	+ 81	+118	1,547	+ 26	+112
6. Time Deposits .....	982	+ 1	+ 16	481	+ 1	+ 1	501	-0-	+ 15
7. Borrowings and Other Liabilities.....	51	- 3	- 4	43	- 1	- 6	8	- 2	+ 2
8. Total Capital Accounts.....	365	+ 3	+ 32	209	+ 1	+ 17	156	+ 2	+ 15
9. Total Liabilities and Capital Accounts....	\$5,518	\$+142	\$+376	\$3,267	\$+112	\$+225	\$2,251	\$+ 30	\$+151

<sup>1</sup>Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup>Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup>Items "other assets" and "Total Capital Accounts" for smaller banks revised for Aug. 1951.  
<sup>4</sup>Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.  
<sup>5</sup>All member banks as of end of month. Change from month ago and year ago, however, are for identical group of banks.

taken out, and out of which family living expenses had to come. Thus, even in a prosperous year for agriculture there were many farms on which a reasonable standard of living was practically unattainable, and from which the nonfarm population obtained very little food or fiber.

***Few had sales in excess of \$5,000.***

Despite the fact that farm prices have risen in recent years, and despite the fact that average size of farm has increased, few farms had annual sales of crops and livestock of \$5,000 or more in 1949. This varied considerably from state to state. In Mississippi, for example, only 4 per cent of the farms had sales above \$5,000. Sales were more than \$5,000 on 36 per cent of Illinois farms, 21 per cent of Missouri farms, 13 per cent of Kentucky farms, and 9 per cent of Tennessee farms. Although small in number, an important part of total farm output comes from the larger farms.

***The changes of recent years are good evidence that district agriculture will do its share in meeting production needs.***

The Census record indicates that great progress has been achieved. It also points up the fact that much more progress is needed.

The progress achieved in this district's agriculture during the past few years is the best evidence that the region's farmers will be able to make a substantial contribution to the demand for American farm production over the next few years. The farm plant simply has more capacity than it had ten or even five years ago.

It is a known fact that many individual farmers have added far more to their farm productive capacity and have achieved levels of production far greater than the average used in this article. This Bank has done considerable field work in investigating such performances and publicizing the records of these most progressive farms. The problem of economic lag in this district's agriculture largely could be solved if more district farmers merely carried out the good farm management practices already known and carried out on the better farms. To obtain a completely efficient farm plant in this region, of course, would require substantially more capital input and some change in structure. Adoption of better farming techniques alone, however, would result in production increases and bring about generally improved economic conditions.

Donald L. Henry

## Survey of Current Conditions

Some quickening in the economic pulse of the Eighth District was noticeable at mid-November. Industrial employment and production increased somewhat over previous months, extending the gradual improvement from last summer's lull. Department store sales were running ahead of last year, according to preliminary reports through mid-November. Bank loans were up and the dollar volume of checks cashed during October was at record levels. But some soft spots were still apparent in the district economy.

The same picture of mixed trends with overall slow improvement apparent in the district was seen nationally. Industrial production as measured by the Federal Reserve Board's index in October remained unchanged from September at 219 per cent of the 1935-39 average. Employment in the nation

remained unchanged during October despite the shifting pattern of manufacturing employment. Retail sales in the nation, as in the district, were more favorable in early November. Nationally, the private money supply has risen since midyear at a fairly rapid rate.

To some extent the quickening pulse represents stimulation from the approaching holiday buying and movement into the Christmas season. Partly it reflects the expanding military preparedness program. The defense effort now takes roughly 10 per cent of our national output; at its peak as now scheduled it may take twice that amount of goods while still pumping increased amounts of consumer income into the economy. Many defense projects are currently getting under way and others are yet to begin active production.

Another important factor in the present economic situation is the abnormally high and vulnerable rate of saving. Reduced consumer spending and increased saving relieved inflationary pressures somewhat in the second and third quarters of the year. Future developments will depend to a great extent on whether consumers elect to continue their current high rate of saving or to spend more than they do now. It should be noted that consumer savings habits may be adversely influenced by the steadily mounting pressure of "money in hand".

### EMPLOYMENT

Employment conditions in the Eighth District improved slightly from September to October, but nationally there was little change. The diverse trends which have been apparent in previous months continued. Reduced employment in consumer goods industries was offset by increases in other industries and in trade and service. Unemployment was little changed from September. The proportion of jobless in the nation in October was 2.5 per cent, as compared with 3 per cent in October, 1950.

As a result of the shifting pattern of economic activity in the Eighth District, there has been a considerable movement of workers to locate better job opportunities during the past year. In addition, labor has moved from those areas where job opportunities are limited to those areas where they are more plentiful. For instance, employers in the St. Louis area report that many of their applicants are from the small towns and rural areas in the Eighth District. When job opportunities are listed, as they have been in some of the areas in the Eighth District, workers at least temporarily seek jobs in those areas. This is indicated by the fact that unemployment compensation claims do not increase as greatly as the lay-offs which have occurred in some areas would seem to occasion.

In Louisville, October registered a postwar peak with an estimated 213,700 persons employed in the metropolitan area. Increases in bottling of distilled liquors and production of cigarettes during October required the addition of approximately 1,600 persons. Material shortages in the metal-working establishments and reduced output in furniture plants caused some lay-offs.

In Memphis October non-farm employment increased slightly over that of September. A decrease in workers at manufacturing plants was more than offset by increases at retail trade establishments and some other non-manufacturing industries.

Evansville also showed employment increases over the month, but some reduction in comparison

with October 1950. There were temporary layoffs at month's end in refrigerator plants due to inventory and model changeover.

Employment in the St. Louis area during October held steady despite seasonal layoffs in the shoe and garment industries. Defense plants increased employment considerably and retail stores added workers for the holiday season.

Employment in Little Rock rose for the third consecutive month to a post-war peak. Factory employment increased to a new high of 7 per cent over the level a year earlier. Construction employment showed the only decline.

### INDUSTRY

Industrial activity in October was ahead of September as the district economy continued its gradual improvement from the summer lull. Industrial power consumption in the district's major cities in October was up 6 per cent from September and 9 per cent from October, 1950.

Manufacturing activity in general was at a higher rate in October than a month earlier. Steel and lumber output increased over the previous month; livestock slaughter was up more than seasonally and whiskey production increased. Some soft spots were

### WHOLESALE

Line of Commodities Data furnished by Bureau of Census, U.S. Dept. of Commerce*	Net Sales October, 1951 compared with		Stocks Oct. 31, 1951 compared with Oct. 31, 1950
	Sept., '51	Oct., '50	
Automotive Supplies.....	+ 4%	+17%	+21%
Drugs and Chemicals.....	+ 8	+ 8	+ 7
Dry Goods.....	-0-	-10	+ 1
Groceries.....	+ 8	+14	-13
Hardware.....	+23	- 4	+24
Tobacco and its Products.....	+17	+14	+ 5
Miscellaneous.....	+15	+15	+28
**Total All Lines.....	+17%	+ 5%	+11%

\*Preliminary.  
\*\*Includes certain items not listed above.

### PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Oct., '51	Sept., '51	Oct., '50	Oct., 1951 compared with	
				Sept., '51	Oct., '50
All Commodities....	178.2	177.6	169.1	+ 0.3%	+ 5.4%
Farm Products....	192.4	189.2	177.8	+ 1.7	+ 8.2
Foods.....	189.5	188.0	172.5	+ 0.8	+ 9.9
Other.....	166.7	166.9	161.5	- 0.1	+ 3.2

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	Oct. 15, 1951	Sept. 15, 1951	Oct. 15, 1950	Oct. 15, 1951 compared with	
				Sept. 15, '51	Oct. 15, '50
United States.....	187.4	186.6	175.6	+ 0.4%	+ 6.7%

\*New series.

RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	Oct. 15, 1951	Sept. 15, 1951	Oct. 15, 1950	Oct. 15, 1951 compared with	
				Sept. 15, '51	Oct. 15, '50
U. S. (51 cities)....	229.2	227.3	210.6	+ 0.8%	+ 8.8%
St. Louis.....	239.3	238.8	220.2	+ 0.2	+ 8.7
Little Rock.....	224.4	223.0	210.9	+ 0.6	+ 6.4
Louisville.....	216.7	215.6	198.0	+ 0.5	+ 9.4
Memphis.....	238.0	237.4	220.1	+ 0.3	+ 8.1

\*New series.

still apparent, however, with shoe and furniture production continuing at reduced levels. District coal mines and oil wells produced more in October than in September. Transportation activity also was higher but construction fell off more than seasonally reflecting some material shortages and also government restrictions.

**Manufacturing**—Industrial electric power consumption in six cities in the district continued to increase in October in comparison with the previous month and the same month last year. Among the cities, Little Rock and Pine Bluff showed the largest increases with respective gains of 18 and 13 per cent over the previous month and 16 and 45 per cent over October, 1950. Among industry groups, increases were shown in comparison with September in almost every case. Compared with October a year ago, however, lumber and wood products, textiles, and stone, clay and glass producers used considerably less power.

Steel production at mills in the St. Louis area continued at a high level of operations in October. By early November, however, some weakness had developed in demand for products which ordinarily go into civilian goods production so that a few furnaces were closed down. October operations, at 98 per cent of capacity, showed a 3 per cent gain over those for September, but a slight drop from October last year.<sup>1</sup>

Southern pine lumber production increased 9 per cent on a weekly average basis during October compared with September. It was still, however, substantially under that of October, 1950. Southern hardwood mills operated at practically the same

level in both September and October, but likewise produced less lumber than during October last year.

District shoe production is below that of last year but increased output is expected to respond quickly to any improvement in consumer demand.

**Livestock Slaughter**—In October, livestock slaughter in the St. Louis metropolitan area not only experienced the usual seasonal gain, but made up for last month's relatively poor record. The over-all total of 508,700 head slaughtered represented an increase over September of 45 per cent in number of sheep, 32 per cent in number of hogs, 23 per cent in number of cattle, and 10 per cent in number of calves.

**Whiskey Production**—Judging from the number of distilleries in operation at the end of October, whiskey production is continuing at a rather moderate level. At that time, 32 of the 62 Kentucky distilleries were in operation as compared with 26 at the end of September. High stocks and a shortage of warehouse space were immediate factors retarding production. On August 31, for example, whiskey in bonded warehouses in Kentucky was reported to be 16 per cent higher than a year previously.

**Mining**—Crude oil production continued to show a moderate upward daily average production rate in October. The rate, however, was 3 per cent below that of October, 1950, since reduced flow from the large fields in Arkansas and Illinois more than offset substantial percentage gains in the performance of smaller Kentucky and Indiana fields.

More coal was mined during October than September this year, though total production was 9 per cent under that of October, 1950.

**INDUSTRY**

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	Oct., 1951	Sept., 1951	Oct., 1950	Oct., 1951 compared with		
	K.W.H.	K.W.H.	K.W.H.	Sept., '51	Oct., '50	
Evansville.....	15,629	15,058	13,681	+ 3.8%	+14.2%	
Little Rock....	14,440	12,236	12,500R	+18.0	+15.5	
Louisville.....	84,191	82,540	75,378	+ 2.0	+11.7	
Memphis.....	33,366	30,891	29,119	+ 8.7	+15.3	
Pine Bluff.....	11,440	10,103	7,870	+13.2	+45.4	
St. Louis.....	107,544	101,059	105,344R	+ 6.4	+ 2.1	
Totals.....	266,810	251,887	243,892	+ 5.9%	+ 9.4%	
R—Revised.						

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
Oct., '51	Sept., '51	Oct., '50	Nov., '51	Nov., '50	10 mos. '51	10 mos. '50
121,009	112,312	126,548	32,659	36,138	1,169,192	1,128,834
Source: Terminal Railroad Association of St. Louis.						

CRUDE OIL PRODUCTION—DAILY AVERAGE						
(In thousands of bbls.)	Oct., 1951	Sept., 1951	Oct., 1950	Oct., 1951 compared with		
				Sept., '51	Oct., '50	
Arkansas.....	77.3	76.6	82.1	+ 1%	— 6%	
Illinois.....	168.9	167.0	178.1	+ 1	— 5	
Indiana.....	33.1	31.2	31.1	+ 6	+ 6	
Kentucky.....	32.8	31.7	28.9	+ 3	+13	
Total.....	312.1	306.5	320.2	+ 2%	— 3%	

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
Oct., '51	Sept., '51	Oct., '50	Oct., '51	Sept., '51	Oct., '50
162.7*	165.3	158.5	152.1*	157.4	148.1

SHOE PRODUCTION INDEX					
1935-39=100					
Unadjusted			Adjusted		
Sept., '51	Aug., '51	Sept., '50	Sept., '51	Aug., '51	Sept., '50
114	122	159	113	125	157
*Preliminary.					

<sup>1</sup> The index of steel production (per cent of capacity) has been revised to take account of changes in steel making capacity here. The new figures, appearing above, are not comparable with those published previously.

**Transportation**—Railroad freight interchanges at St. Louis increased 8 per cent in October in comparison with September. They were considerably below those of a year ago, however, for both October and early November.

**Construction**—With the combination of material shortages and the restrictions imposed by the Controlled Materials Plan, construction activity in the nation during October declined more than seasonally. The total value of construction put in place in October was about \$2.7 billion, off about 5 per cent from the September total and 3 per cent less than in October, 1950. During September and October the value of construction put in place dropped below corresponding months last year, and the physical amount of construction has been lower than last year since June.

According to *Engineering News Record*, the total amount of construction put in place during this year is expected to be about \$29.5 billion, as compared with a little less than \$28 billion for all of 1950. Construction activity next year is expected to total only about \$27 billion. However, it is expected that controls will channel materials to projects which have high priority in the defense program. Chief among these projects are the basic steel, electric power, aluminum, and oil refinery expansion programs. A large increase in construction of military and naval facilities also is expected next year. Residential construction is expected to be off about 20 per cent from 1951.

In the Eighth District construction contracts awarded during October decreased 11 per cent from October, 1950; residential construction contracts increased 11 per cent; while nonresidential construction contracts awarded were off 24 per cent.

**TRADE**

District retailers have anticipated for some time a last-quarter upturn in sales. October's total sales were not quite as high as had been hoped for, however, despite the cool weather boost to sales of seasonal items.

In the important department store and furniture store lines, October sales were ahead of September

**CONSTRUCTION**

(Cost in thousands)	BUILDING PERMITS Month of October				Repairs, etc.			
	New Construction							
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
Evansville.....	119	78	157	170	78	69	36	175
Little Rock.....	84	92	7,312	1,058	240	218	361	142
Louisville.....	149	223	883	1,828	105	86	296	118
Memphis.....	2,516	2,432	2,897	4,023	191	290	127	273
St. Louis.....	315	346	1,280	3,147	260	265	849	638
Oct. Totals.....	3,183	3,171	\$12,529	\$10,226	874	928	\$1,669	\$1,346
Sept. Totals.....	3,228	3,172	\$12,949	\$10,892	867	867	\$1,490	\$2,182

**TRADE**

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	Oct., 1951 compared with Sept., '51	Oct., '50	10 mos. '51 to same period '50	Oct. 31, '51 comp. with Oct. 31, '50	Jan. 1, to Oct. 31, 1951	
8th F. R. District.....	+12%	+15%	+ 2%	- 3%	2.68	3.22
Ft. Smith, Ark. A.....	+ 3	+19	+ 8	+ 9	2.71	3.15
Little Rock, Ark.....	+ 3	+16	- 1	-11	2.62	3.05
Quincy, Ill.....	+ 9	+ 6	+ 3	+19	2.57	2.83
Evansville, Ind.....	+ 4	+14	+ 7	+ 9	2.43	3.01
Louisville, Ky.....	+10	+ 9	+ 1	- 7	3.09	3.50
St. Louis Area <sup>1, 2</sup> .....	+17	+17	+ 2	+ 1	2.57	3.24
Springfield, Mo.....	+13	+33	+ 4	+ 3	2.41	2.82
Memphis, Tenn.....	+ 7	+14	+ 3	- 8	3.06	3.27
All Other Cities <sup>3</sup> .....	+12	+30	+ 8	- 1	2.31	2.61

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

<sup>3</sup> Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

Outstanding orders of reporting stores at the end of October, 1951, were 21 per cent smaller than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding October 1, 1951, collected during October, by cities:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
	.....%	.....%		.....%	.....%
Fort Smith.....	48%	48%	Quincy.....	24%	62%
Little Rock.....	19	48	St. Louis.....	23	52
Louisville.....	23	48	Other Cities.....	16	55
Memphis.....	22	43	8th F.R. Dist.....	22	50

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	Oct., 1951	Sept., 1951	Aug., 1951	Oct., 1950
Sales (daily average), unadjusted <sup>3</sup> .....	352	349	301	326
Sales (daily average), seasonally adjusted <sup>3</sup> .....	329	346	350	305
Stocks, unadjusted <sup>4</sup> .....	384	385	392	409
Stocks, seasonally adjusted <sup>4</sup> .....	343	347	359	365

<sup>3</sup> Daily average 1935-39=100.

<sup>4</sup> End of month average 1935-39=100.

**SPECIALTY STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	October, 1951 compared with Sept., '51	Oct., '50	10 mos. '51 to same period '50	Oct. 31, '51 comp. with Oct. 31, '50	Jan. 1, to Oct. 31, 1951	
Men's Furnishings.....	+22%	+ 3%	+ 1%	+12%	1.52	1.96
Boots and Shoes.....	+ 5	+26	+10	+ 5	3.40	3.57

Percentage of accounts and notes receivable outstanding Oct. 1, 1951, collected during October:

Men's Furnishings.....	46%	Boots and Shoes.....	43%
Trading days: Oct., 1951—27; Sept., 1951—24; Oct., 1950—26.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio	
	Oct., 1951 compared with Sept., '51	Oct., '50	Oct. 31, 1951 compared with Sept. 30, '51	Oct. 31, '50	Oct., '51	Oct., '50
8th Dist. Total <sup>1</sup> .....	+18%	+ 1%	+ 3%	- 7%	25%	21%
St. Louis Area <sup>2</sup> .....	+24	- 2	+ 1	- 9	35	27
St. Louis.....	+26	- 2	+ 1	- 9	35	26
Louisville Area <sup>3</sup> .....	+ 7	+ 7	+ 5	- 2	15	15
Louisville.....	+ 5	+ 5	+ 5	- 2	14	14
Memphis.....	+28	+22	- 1	-18	16	13
Little Rock.....	+10	- 3	+ 4	-18	19	19
Springfield.....	-13	- 8	+ 6	+16	20	17
Fort Smith.....	+24	- 5	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Oct., '51	Sept., '51	Oct., '50
Cash Sales.....	14%	14%	15%
Credit Sales.....	86	86	85
Total Sales.....	100%	100%	100%

and were above those of October, 1950. Sales at women's specialty stores were not quite up to year-ago figures but were favorable relative to September totals.

Except at men's wear shops, inventories held by district retailers on October 31 were reported as slightly larger than a month earlier but somewhat smaller than on October 31, 1950. Their outstanding orders were also below those of a year ago.

**Department Stores**—October sales volume throughout the district totaled 12 per cent higher than in September and 15 per cent above that in October, 1950. On a seasonally adjusted basis, however, daily-average sales in October this year were 329 per cent of the 1935-39 base in comparison with 346 per cent in September. In October, 1950, the index was 305. Sales gains from the previous month were general throughout the major district cities. In comparison with last year, sales gains ranged from 6 per cent in Quincy to 33 per cent in Springfield.

The retail value of inventories held by district department stores on October 31 was reported 2 per cent larger than a month earlier but 3 per cent under a year ago. The value of outstanding orders at the end of the month was about one-twelfth larger than a month earlier but about one-fifth less than last year.

**Specialty Stores**—St. Louis women's specialty store sales during October were 10 per cent above those in September. In comparison to last year they declined 4 per cent. Inventories at the end of the month were slightly larger than on September 30, but were about one-tenth below those on October 31, 1950.

Men's wear store sales in the district were substantially larger than in September and were slightly above those last year. Inventory on October 31 was slightly larger than a month earlier and about one-eighth larger than last year.

**Furniture Stores**—October furniture store sales throughout the district were almost one-fifth larger than in September and were slightly larger than in October, 1950.

The ratio of credit sales to total sales, despite somewhat easier instalment credit regulations, did not show much change in October from that twelve months ago. In October, 1951, the ratio of credit sales was 86 per cent; a year ago the ratio was 85 per cent.

Inventories held by reporting stores on October 31 were 3 per cent above those on September 30 but 7 per cent below a year ago.

**AGRICULTURE**

Cotton prospects in the three southern district states deteriorated from October 1 to November 1. November 1 estimated production was less than a month earlier in Tennessee, Mississippi, and Arkansas by 65,000, 150,000 and 250,000 bales respectively. The 3.8 million bale estimate for all district states was 11 per cent lower than the October 1 forecast. This would still be 22 per cent larger, however, than their 1950 crop. Large declines also were forecast in Texas and Oklahoma, in addition to district states, bringing the national production estimate down to 15.8 million bales, nearly 7 per cent less than forecast as of October 1.

Prospects for other important crops in district states brightened some during October. Estimated corn production on November 1 was 8 million bushels higher as a result of increases expected in Kentucky and Tennessee. Estimates for other district states were unchanged. Nationally, however, the estimate of corn production was 17 million bushels less than that of October. Estimated soybean production nationally was 6 million bushels higher in November than a month earlier. Four million bushels of this increase was indicated for district states. The 398.8 million pound burley tobacco estimate for Kentucky in November also was higher (3 per cent) than a month earlier. On the other hand, rice production prospects declined in Arkansas. The estimated 9.5 million bag crop was 8 per cent under the estimate a month earlier.

The wheat crop was seeded under generally favorable conditions. Although the seeding was later than usual, the crop is considered to be in good condition for winter. Growth during October was retarded in some district areas, as well as in the

**AGRICULTURE**

CASH FARM INCOME						
(In thousands of dollars)	Sept., 1951		9 month total Jan. to Sept., 1951		1951 compared with 1949	
	Sept., 1951	Aug., 1951 compared with Sept., 1950	1951	1950	1951	1949
Arkansas.....	\$ 62,557	+135%	\$ 281,858	+38%	+ 1%	
Illinois.....	157,360	-0-	1,406,911	+14	+15	
Indiana.....	113,966	+ 11	808,542	+20	+17	
Kentucky.....	38,040	+ 5	364,343	+ 7	+ 5	
Mississippi.....	57,604	+ 94	248,245	+44	- 7	
Missouri.....	112,063	+ 7	823,280	+23	+20	
Tennessee.....	41,500	+ 22	295,592	+22	+ 9	
Totals.....	\$583,090	+ 19%	\$4,228,771	+19%	+12%	

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	Receipts			Shipments		
	Oct., '51	Oct., 1951 compared with Sept., '51	Oct., '50	Oct., '51	Oct., 1951 compared with Sept., '51	Oct., '50
Cattle and calves....	158,821	+10%	+14%	80,154	- 2%	+42%
Hogs.....	290,658	+23	+13	71,798	+ 7	+40
Sheep.....	55,709	+13	- 1	24,531	-16	+37
Horses.....						
Totals.....	505,188	+18%	+11%	176,483	- 1%	+41%

Great Plains, due to lack of surface moisture. Estimated wheat acreages will not be available until December 19.

The index of prices received by farmers on October 15 was 296 (1910-14=100), an increase of 5 points during the month. This arrested the downward swing of prices received by farmers begun in March. Increases in prices of cotton and dairy products more than offset declines in prices of cattle, corn, chickens, and fruit. Prices paid by farmers also were higher by one point and equaled the all-time high index of 283. The parity ratio (ratio of prices received to prices paid) widened from 103 to 105.

**BANKING AND FINANCE**

Reflecting higher levels of production, district member bank loans rose about seasonally in October and early November. Nationally growth also was about seasonal during this period.

Since mid-year the private money supply of the country has risen at a fairly sharp rate. Both nationally and districtwise the expanding money supply is being used at a rapid rate.

**District Banking Developments**—Loans rose \$56 million at district member banks in October. The gain was occasioned by a \$59 million increase in large city banks offset in part by net repayments at smaller banks. The loan increase at the larger banks, normal at this time, centered in loans to finance the marketing and processing of farm produce. On the other hand, outstanding loans to textile, apparel and leather manufacturers, trade (wholesale and retail) and sales finance companies showed de-

clines in the period. In contrast with the entire nation, where defense loans are steadily rising, defense loans in the district showed slight declines in October. The loan contraction at the smaller banks centered in banks in places under 15,000 population and reflected primarily net repayment of loans by farmers.

Deposits rose substantially in the month at both the large and smaller banks. The \$9 million increase in time deposits indicates that the high rate of individual saving continued during October.

**Changes in Business Loans**—The following table compares the principal changes in commercial loans from the end of June through the end of October this year with a comparable period last year at large banks in leading cities of the country.

**PRINCIPAL CHANGES IN COMMERCIAL AND INDUSTRIAL LOANS. REPORTING MEMBER BANKS**  
(In Millions of Dollars)

	Mid-year thru October	
	1951	1950
<b>Business of Borrower</b>		
Manufacturing and mining:		
Food, liquor, and tobacco.....	+ 521	+ 413
Textiles, apparel, and leather.....	— 217	+ 130
Metals and metal products.....	+ 537	— 17
Petroleum, coal, chemicals, and rubber.....	+ 68	+ 19
Other manufacturing and mining.....	+ 75	+ 17
Trade—wholesale and retail.....	+ 40	+ 272
Commodity dealers .....	+ 394	+ 690
Sales finance companies.....	— 104	+ 324
Public utilities and transportation.....	+ 318	+ 50
Construction .....	— 61	+ 55
All other types of business.....	— 6	+ 112
Classified changes .....	+1,565	+2,065
Unclassified changes .....	— 214	+ 809
Net changes in commercial, industrial, and agricultural loans .....	+1,351	+2,874

The expansion of commercial loans from mid-year through October was less than half that of the comparable period of 1950. In both years, increase in loans to processors of food and com-

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

(In Millions of Dollars)	All Member <sup>4</sup>			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Sept., 1951	Oct., 1951	Oct., 1950	Sept., 1951	Oct., 1951	Oct., 1950	Sept., 1951	Oct., 1951	Oct., 1950
<b>Assets</b>									
1. Loans and Investments.....	4,187	+112	+206	2,460	+ 98	+129	1,727	+ 14	+ 77
a. Loans .....	1,909	+ 56	+132	1,281	+ 59	+ 89	628	— 3	+ 43
b. U. S. Government Obligations.....	1,911	+ 58	+ 75	1,006	+ 40	+ 48	905	+ 18	+ 27
c. Other Securities .....	367	— 2	— 1	173	— 1	— 8	194	— 1	+ 7
2. Reserves and Other Cash Balances.....	1,516	+121	+243	939	+ 63	+141	577	+ 58	+102
a. Reserves with the F.R. bank.....	727	+ 43	+132	479	+ 36	+ 92	248	+ 7	+ 40
b. Other Cash Balances <sup>3</sup> .....	789	+ 78	+111	460	+ 27	+ 49	329	+ 51	+ 62
3. Other Assets .....	51	+ 3	+ 7	31	+ 2	+ 3	20	+ 1	+ 4
4. Total Assets .....	5,754	+236	+456	3,430	+163	+273	2,324	+ 73	+183
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	4,345	+225	+389	2,686	+152	+241	1,659	+ 73	+148
a. Deposits of Banks.....	794	+137	+131	745	+127	+123	49	+ 10	+ 8
b. Other Demand Deposits.....	3,551	+ 88	+258	1,941	+ 25	+118	1,610	+ 63	+140
6. Time Deposits .....	991	+ 9	+ 24	485	+ 4	+ 3	506	+ 5	+ 21
7. Borrowings and Other Liabilities.....	53	+ 2	+ 10	47	+ 4	+ 9	6	— 2	+ 1
8. Total Capital Accounts.....	365	— 0	+ 33	212	+ 3	+ 20	153	— 3	+ 13
9. Total Liabilities and Capital Accounts....	5,754	+236	+456	3,430	+163	+273	2,324	+ 73	+183

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.  
<sup>4</sup> All member banks as of end of month. Change from month ago, and year ago, however, are for identical group of banks.

modity dealers accounted for over one-half the total classified loan expansion. Expansion of these loans is normal at this season. In most other respects, however, the patterns of the two periods are quite different. Outstanding loans to manufacturers of metal and metal products rose substantially this year compared with a decline last year, indicative of the present defense effort. In the same connection, loans to petroleum, coal, chemical, rubber and "other" industries expanded much more this year than last as did loans to public utilities and transportation concerns.

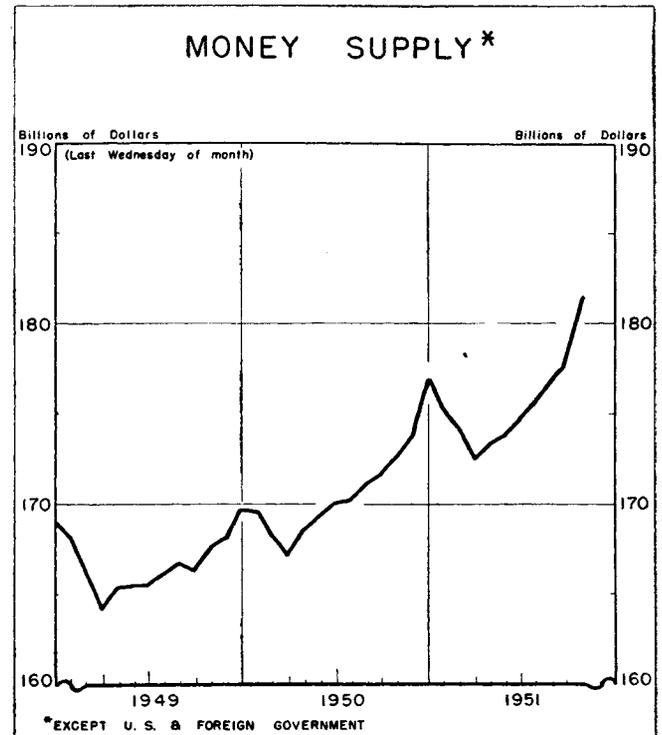
On the other hand, outstanding loans to textile, apparel and leather manufacturers, wholesale and retail trade and commodity dealers were up sharply in the four months last year as inventories were accumulated by these businesses. In the comparable period this year these borrowers either reduced inventories or expanded them at a substantially reduced rate. Sales finance companies and construction industries made net repayments in the period this year compared to net borrowings last year, reflecting the different trends in consumer credit and construction.

**Money Supply**—Despite the smaller increase in bank loans this fall than last, the private money supply in this country has risen sharply in the past several months. In fact the increase since the end of June has been substantially larger than in the like period of 1950.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Oct., 1951	Sept., 1951	Oct., 1950	Oct., 1951 compared with	
				Sept., '51	Oct., '50
El Dorado, Ark.....	\$ 28,040	\$ 26,950	\$ 25,309	+ 4%	+11%
Fort Smith, Ark.....	51,119	44,877	46,016	+14	+11
Helena, Ark.....	14,131	9,119	13,755	+55	+ 3
Little Rock, Ark.....	176,007	135,219	158,542	+30	+11
Pine Bluff, Ark.....	49,235	34,028	48,217	+45	+ 2
Texarkana, Ark.*.....	18,930	15,465	12,992	+22	+46
Alton, Ill.....	29,797	27,839	27,125	+ 7	+10
E. St. L.-Nat. S. Y., Ill...	166,382	132,722	138,844	+25	+20
Quincy, Ill.....	40,078	32,116	34,389	+25	+17
Evansville, Ind.....	147,762	125,318	146,150	+18	+ 1
Louisville, Ky.....	726,651	602,547	621,820	+21	+17
Owensboro, Ky.....	46,718	43,824	41,095	+ 7	+14
Paducah, Ky.....	30,184	26,724	16,054	+13	+88
Greenville, Miss.....	34,843	23,298	32,843	+50	+ 6
Cape Girardeau, Mo.....	13,930	12,746	12,627	+ 9	+10
Hannibal, Mo.....	11,516	10,030	9,632	+15	+20
Jefferson City, Mo.....	65,501	52,816	54,991	+24	+19
St. Louis, Mo.....	2,046,665	1,702,651	1,756,112	+20	+17
Sedalia, Mo.....	12,630	11,018	11,710	+15	+ 8
Springfield, Mo.....	82,991	74,583	69,712	+11	+19
Jackson, Tenn.....	29,069	21,353	31,708	+36	- 8
Memphis, Tenn.....	823,921	571,366	920,340	+44	-10
Totals.....	\$4,646,100	\$3,736,609	\$4,229,983	+24%	+10%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$42,394.



**Use of Money Supply**—Volume of checks cashed during October was at record levels. Debits to deposit accounts (except interbank) at 22 cities in the Eighth District reached an all-time monthly high of over \$4.6 billion in October, up 24 per cent from September. Each of the 22 reporting centers had more debits in October than in September. District cities with largest percentage gains from September to October were Helena, Arkansas (55 per cent); Greenville, Mississippi (50 per cent); Pine Bluff, Arkansas (45 per cent); and Memphis, Tennessee (44 per cent).

Nationally, at the 342 reporting centers, debits were \$139 billion in October. This compares with \$121 billion debits in September.

***Purchasing power comes from income, savings and credit.***

Second, purchasing power comes from current income, from the use of past savings and from increased credit. To bring the level of purchasing power down, if it needs to be reduced, action can be taken to limit current income (through higher taxes), to inhibit the use of past savings, and perhaps to increase the savings rate (through programs aimed at promoting savings habits and practices), and to curtail credit growth (through restrictive action on the part of the monetary authorities).

***Federal Reserve action is taken in the credit field and permits much freedom for individual lenders.***

Third, the Federal Reserve System is charged with the responsibility of influencing the supply, cost and availability of credit in the interests of stable values, high employment and a rising standard of living. In a period of inflation or of potential inflationary danger, Federal Reserve policy aims at restricting credit growth. Basic Federal Reserve action in this field takes the form of making bank reserves less available and more costly. By so doing it sets a sort of over-all ceiling on credit expansion. Under that ceiling individual lenders determine how and where their credit flows. Ideally the credit flows to the more essential uses and the more efficient users. The important fact is that this kind of arrangement meets the basic issue and

maintains a high degree of individual freedom of action.

***This freedom of action is the cornerstone of our political system and has resulted in an efficient economic system.***

Fourth, our democratic capitalistic system possesses two major virtues. It leads to a high degree of individual freedom, the cornerstone of our political system, and it has met the test of time as a most efficient economic system. Free choice has resulted in having more to choose from.

The major issue which divides the free nations of the world from the remainder is the degree of freedom permitted the individual. In periods of stress, individuals in free nations are willing to give up certain freedoms in the common interest, but it is of the highest importance that the maximum degree of freedom be maintained in the philosophical interest of preserving our kind of political system and in the more materialistic interest of maintaining long-run dynamic economic strength.

1952 will be a difficult year. To make it a successful year will call for continuation of the efforts which were made in 1951 and perhaps intensification of those efforts. It is vital that everyone realize that continued restraint is needed. We did a fairly good job in 1951; we should continue to do an equally good job in 1952 when the pressures may well be greater.

## Survey of Current Conditions

At mid-December business activity in the Eighth District appeared to have leveled off after showing improvement in recent months. The current rate of activity remained high but, allowing for seasonal factors, no over-all improvement was displayed over a month ago. While retail trade increased moderately and production of shoes and certain garments showed signs of recovering from their recent low levels, construction volume was down and industrial production was off slightly.

To some extent early winter weather probably was responsible for the leveling off. But to a large extent the hesitation in the recovery of business activity mirrors the "wait and see" attitude of a great many people and businesses. This caution

stems principally from the fact that there is a growing area of uncertainty over what is ahead. Presently the question of armistice or more and bigger war still hangs fire in Korea and the future of the Government's economic stabilization program hinges to a large degree on the solution to the steel wage negotiations. These key factors—one in the process of development for over five months, the other for almost a full month—are still unfinished business. But because solutions of one kind or another to both appear to be not far away, because the manner in which they may be settled will have an important bearing on our economic future, there has been a growing disposition on the part of consumers and most businesses to

make only immediately necessary decisions until the situation clears. The net result appears to be an arresting of the gradual uptrend evident in district business during the months ending about mid-October and mid-November.

The national economy in early December appeared to have extended for another month the rough high-level balance between diverse trends in various activities. The Federal Reserve Board's index of industrial production for October and November was 218 per cent of the 1935-39 average as compared with 219 per cent for September. Employment in the nation decreased seasonally between October and November largely as a result of declining farm operations. Retail sales in November showed a more than seasonal increase, but in terms of physical units were probably still below last year. Loans increased less than seasonally in November and early December and bank interest rates increased again in December, reflecting the tight reserve position of member banks. Weekly wholesale prices remained steady in the first part of December. Since mid-July this price index has fluctuated within a very narrow range.

**EMPLOYMENT**

Total employment in the nation decreased seasonally between October and November. A drop in the number of workers on farms, construction projects and in seasonal manufacturing industries more than offset additional employment in defense manufacturing, trade and service employment. Unemployment did not increase as much as the reduction in employment since many of the

**PRICES**

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	Nov., '51	Oct., '51	Nov., '50	Nov., 1951 compared with	
				Oct., '51	Nov., '50
All Commodities.....	178.3	178.2	171.6	+ 0.1%	+ 3.9%
Farm Products.....	195.2	192.4	183.7	+ 1.5	+ 6.3
Foods.....	188.8	189.5	175.2	- 0.4	+ 7.8
Other.....	166.9	166.7	163.5	+ 0.1	+ 2.1

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	Nov. 15, 1951	Oct. 15, 1951	Nov. 15, 1950	Nov. 15, 1951 compared with	
United States.....	188.6	187.4	176.4	Oct. 15, '51	Nov. 15, '50
				+ 0.6%	+ 6.9%

\* New series.

RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	Nov. 15, 1951	Oct. 15, 1951	Nov. 15, 1950	Nov. 15, 1951 compared with	
U. S. (51 cities)....	231.4	229.2	210.8	Oct. 15, '51	Nov. 15, '50
St. Louis.....	242.2	239.3	221.2	+ 1.2	+ 9.5
Little Rock.....	225.4	224.4	211.7	+ 0.4	+ 6.5
Louisville.....	218.6	216.7	198.0	+ 0.9	+10.4
Memphis.....	237.7	238.0	218.3	- 0.1	+ 8.9

\* New series.

laid-off workers temporarily left the labor market. Unemployment in November was estimated at 1.8 million, up some 200,000 from the previous month, but still about 400,000 below the level of a year earlier.

The average work week, 40.3 hours at mid-November, dropped slightly from October and was nearly one hour less than a year ago. Durable goods industries were working longer hours than other industries.

Some temporary unemployment in certain areas of the district has been caused recently by curtailed production resulting from lagging demand or from restricted supplies of critical materials. So far these dislocations have not been corrected by increased employment in defense work. Many district defense production lines still are in process of being tooled up, and expansion of others has yet to be accomplished.

Two smaller areas in the Eighth District, Vincennes, Indiana, and Crab Orchard, Illinois, still have a substantial surplus of labor. The surplus in the Crab Orchard area is one of long standing due to the decline in the basic industry—coal mining. However, recent plant locations in the area should be helpful in reducing dependence on coal mining. And the steam electric power plants being constructed by TVA and Electric Energy, Inc., should help revive the coal mines in this area. The Vincennes area has been affected by the closing of a coal mine upon exhaustion of its working seams and the shutting down of a shoe factory. In a third area, Bedford, Indiana, a greater than seasonal decline in limestone quarries and a temporary shut down of a large aluminum foundry, recently caused a large increase in unemployment.

In St. Louis, November employment was off from October, largely as a result of fewer construction and government jobs and seasonal layoffs in shoe manufacturing. Gains in trade and defense jobs were not large enough to offset the decreases.

In Louisville, employment during 1951 has been stable, fluctuating less than one per cent from

**WHOLESALE**

Line of Commodities	Net Sales		Stocks Nov. 30, 1951 compared with Nov. 30, 1950
	November, 1951 compared with Oct., '51	Nov., '50	
Automotive Supplies.....	+ 5%	+ 2%	+19%
Drugs and Chemicals.....	- 4	+ 6	+ 6
Dry Goods.....	-11	-0	+ 7
Groceries.....	- 4	+ 4	+ 2
Hardware.....	- 4	+ 3	+16
Tobacco and its Products.....	-12	+ 4	- 5
Miscellaneous.....	- 6	+23	- 7
**Total All Lines.....	- 7%	+ 4%	+14%

\*Preliminary.  
\*\*Includes certain items not listed above.

month to month. November employment was at a peak for the year, 3 per cent over November 1950.

**INDUSTRY**

Over-all industrial activity in the Eighth District in November was about the same as in previous months, allowing for usual seasonal change. Industrial electric power consumption and coal production was greater in November than in October. Construction activity also improved slightly. Other important industrial activities, steel, lumber, and shoes, showed decreases from October.

**Manufacturing**—Industrial consumption of electric power on a daily average basis increased 5 per cent in major district manufacturing centers during November from both October, 1951 and November, 1950. Every center, except Evansville, showed an increase over October.

Production of steel ingot in the St. Louis area was down to 91 per cent of capacity in November, the lowest monthly production in over a year, and continued at an even lower rate in early December. The decline reflected the shutdown of furnaces producing primarily for nondefense markets. Defense production continued full-blast with mills using scrap faster than it was being received.

Lumber production showed a moderate decline from October to November and was about 10 per cent lower for both soft and hardwoods than in November, 1950. Some improvement was reported in the hardwood market which has been weak in recent months. December, generally a quiet month in production and sales, was expected to follow that pattern this year.

District production of shoes has continued to lag according to latest reports.

Livestock slaughter in the St. Louis area in November increased 9 per cent over October and was 7 per cent over that of November, 1950. The monthly gain was in line with past seasonal experience. The gain over November a year ago was due to a large increase in hog slaughter, which was expected to peak in early December.

Virtually no change in the volume of whiskey production during November was indicated by the fact that only one less distillery was operating at month's end than 30 days earlier. Late fall and

holiday sales of whiskey are reported as satisfactory. There is usually a decline in sales after the first of the year. It may be more than seasonal in 1952 because of the pinch of higher taxes and prices on consumers and due to consumer reserve stocks accumulated to beat the November 1 liquor tax hike.

**Mining**—The daily average production rate of crude oil in November and the first week of December showed very little change from that of the prior month or the month a year ago. New drilling activity continued vigorously in the four district oil producing states.

Coal production, according to the preliminary November adjusted index for the district, was at its highest level since last April. On a total production basis, district production was also high, showing an absolute gain of 4 per cent over the prior month, though slightly lower than November, 1950.

**Transportation**—Railroad freight interchanges at St. Louis during November declined 12 per cent from October and were down 4 per cent compared with November, 1950.

**Construction**—The value of new construction put in place during November in the nation was \$2.5 billion, reflecting a slightly less than seasonal decline from October. The total value of work contracted for in the district in November amounted to \$64.8 million, compared with \$67.9 million in October and \$54.8 million in November, 1950.

The value of construction contracts in the district awarded in the first eleven months of 1951 were \$1.2 billion, or 51 per cent higher than in the comparable period of 1950.

**PRODUCTION INDEXES**

COAL PRODUCTION INDEX 1935-39=100					
Unadjusted			Adjusted		
Nov., '51	Oct., '51	Nov., '50	Nov., '51	Oct., '51	Nov., '50
186.1*	162.7*	164.8	169.2*	152.1*	149.8

\*Preliminary.

**INDUSTRY**

CONSUMPTION OF ELECTRICITY					
(K.W.H. in thous.)	Nov., 1951 K.W.H.	Oct., 1951 K.W.H.	Nov., 1950 K.W.H.	Nov., 1951 compared with	
				Oct., '51	Nov., '50
Evansville.....	13,948	15,629	14,057	-10.8%	- 0.8%
Little Rock....	14,013	14,440	14,292 <sup>R</sup>	- 3.0	- 2.0
Louisville.....	82,737	84,191	77,757	- 1.7	+ 6.4
Memphis.....	32,145	33,566	30,159	- 4.2	+ 6.6
Pine Bluff.....	11,075	11,440	8,815	- 3.2	+25.6
St. Louis.....	101,401	107,544	99,938 <sup>R</sup>	- 5.7	+ 1.5
Totals.....	255,319	266,810	245,018	- 4.3%	+ 4.2%

<sup>R</sup>—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
First Nine Days						
Nov., '51	Oct., '51	Nov., '50	Dec., '51	Dec., '50	11 mos. '51	11 mos. '50
110,176	121,009	115,346	34,407	35,200	1,279,368	1,244,180

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE					
(In thousands of bbls.)	Nov., 1951	Oct., 1951	Nov., 1950	Nov., 1951 compared with	
				Oct., '51	Nov., '50
Arkansas.....	76.5	77.3	81.5	- 1%	- 6%
Illinois.....	164.8	168.9	173.9	- 3	- 5
Indiana.....	32.0	33.1	30.1	- 3	+ 6
Kentucky.....	33.9	32.8	29.9	+ 3	+13
Total.....	307.2	312.1	315.4	- 2%	- 3%

**TRADE**

**DEPARTMENT STORES**

	Net Sales		11 mos.'51 to same period '50	Stocks on Hand Nov. 30,'51 comp. with Nov. 30,'50	Stock Turnover	
	Nov., 1951 compared with Oct., '51	Nov., '50			1951	Jan. 1, to Nov. 30, 1950
8th F. R. District...	+ 8%	+ 7%	+ 3%	- 3%	3.05	3.56
Ft. Smith, Ark. <sup>1</sup> .....	+ 6	+12	+ 8	+ 3	3.06	3.50
Little Rock, Ark.....	+18	+10	- 0-	- 7	3.00	3.37
Quincy, Ill.....	+ 5	+ 3	+ 3	+14	2.89	3.15
Evansville, Ind.....	+26	+14	+ 7	- 2	2.82	3.37
Louisville, Ky.....	+17	+12	+ 2	-10	3.53	3.85
St. Louis Area <sup>2</sup> .....	+ 5	+ 4	+ 2	+ 1	2.91	3.59
Springfield, Mo.....	-14	+ 5	+ 4	+ 2	2.68	3.07
Memphis, Tenn.....	+11	+ 7	+ 3	- 6	3.46	3.62
All Other Cities*....	- 1	+18	+ 9	- 7	2.59	2.84

\* Fayetteville, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup>In order to permit publication of figures for this city, a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of November, 1951, were 8 per cent smaller than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding November 1, 1951, collected during November, by cities:

	Instalment Accounts		Excl. Instal. Accounts		Instalment Accounts		Excl. Instal. Accounts
	.....%	.....%			.....%	.....%	
Fort Smith.....	20	53	24	64	22	53	50
Little Rock.....	22	48	15	56	21	43	50
Louisville.....	21	43	22	50			
Memphis.....							

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	Nov., 1951	Oct., 1951	Sept., 1951	Nov., 1950
	Sales (daily average), unadjusted <sup>3</sup> .....	130	111	111
Sales (daily average), seasonally adjusted <sup>3</sup> .....	109	105	105	106
Stocks, unadjusted <sup>4</sup> .....	125	134	135	137
Stocks, seasonally adjusted <sup>4</sup> .....	114	119	127	124

<sup>3</sup>Daily average 1947-49=100.  
<sup>4</sup>End of month average 1947-49=100.

**SPECIALTY STORES**

	Net Sales		11 mos.'51 to same period '50	Stocks on Hand Nov. 30,'51 comp. with Nov. 30,'50	Stock Turnover	
	Nov., 1951 compared with Oct., '51	Nov., '50			1951	Jan. 1, to Nov. 30, 1950
Men's Furnishings.....	+14%	+ 3%	+ 2%	+ 9%	1.72	2.18
Boots and Shoes.....	-17	+11	+10	+ 5	3.72	3.87

Percentage of accounts and notes receivable outstanding Nov. 1, 1951, collected during November:

Men's Furnishings.....	48%	Boots and Shoes.....	45%
Trading days: Nov., 1951—25; Oct., 1951—27; Nov., 1950—25.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	Nov., 1951 compared with Oct., '51	Nov., '50	Nov. 31,'51	Nov. 30,'50	Nov., '51	Nov., '50
8th Dist. Total <sup>1</sup> .....	+ 6%	+ 4%	+ 1%	- 8%	24%	21%
St. Louis Area <sup>2</sup> .....	- 7	- 1	- 0-	- 9	33	26
St. Louis.....	- 9	- 2	- 0-	- 9	33	26
Louisville Area <sup>3</sup> .....	-15	+15	+ 4	- 3	14	13
Louisville.....	-12	+14	+ 5	- 3	13	13
Memphis.....	+ 3	+33	- 4	-18	15	13
Little Rock.....	+ 2	+ 3	+14	-12	20	19
Springfield.....	-13	- 6	+ 3	+12	17	17
Fort Smith.....	- 4	+10	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.  
<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Nov., '51	Oct., '51	Nov., '50
Cash Sales .....	15%	14%	16%
Credit Sales .....	85	86	84
Total Sales .....	100%	100%	100%

The migration to defense centers and military establishments has created housing problems in several areas in the Eighth District. To help meet this problem, credit restrictions of Regulation X have been relaxed for a specified number of home units to be erected by private builders in these areas. The areas of critical housing so far announced are: Fort Leonard Wood, Rolla, Sedalia, Missouri; Benton-Bauxite, Camden-Shumaker, and Pine Bluff, Arkansas; Fort Campbell, Fort Knox, and Paducah, Kentucky.

Public Housing in the Eighth District is active—5,411 dwelling units were under construction as of September 30, 1951, and 7,030 more were being planned.

**TRADE**

Reporting retail lines, with the exception of furniture stores, registered greater sales volume during November than in October. In comparison with November, 1950, all reporting lines except women's specialty stores experienced greater sales. Adverse shopping weather early in the month probably limited the increase of consumer spending. In the St. Louis area, for example, an extremely heavy snow early in the month impeded transportation for several days.

The fact that consumers would, and could, spend money was demonstrated by the success of special and seasonal promotions. In St. Louis, sales of television sets at department stores through the first nine months of 1951 were more than one-fifth below those in 1950. In October, extensive promotion with price cuts lifted sales about one-eighth over those in the like month of 1950. In November sales of television sets were 58 per cent larger than in November, 1950.

Inventories held by reporting retail lines on November 30 did not show much change from either a month or a year earlier. With inventory replacement problems at a minimum the value of outstanding orders at department stores on November 30 were not much different than on October 31 or November 30, 1950.

**CONSTRUCTION**

**BUILDING PERMITS**

(Cost in thousands)	Month of November				Repairs, etc.			
	New Construction				Repairs, etc.			
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
Evansville.....	48	54	\$ 61	\$ 188	31	36	\$ 16	\$ 61
Little Rock.....	37	91	737	1,042	142	131	126	104
Louisville.....	159	133	1,135	663	50	57	59	66
Memphis.....	1,807	1,898	1,713	3,560	115	180	123	129
St. Louis.....	196	301	1,210	1,953	196	184	526	539
Nov. Totals.....	2,247	2,477	\$ 4,856	\$ 7,406	534	588	\$ 847	\$ 899
Oct. Totals.....	3,183	3,171	\$12,529	\$10,226	874	928	\$1,669	\$1,346

**Department Stores**—For the district as a whole, department store sales in November totaled 8 per cent larger than in October and were 7 per cent above those in November, 1950. Seasonally adjusted daily average sales in the month were 109 per cent of the 1947-1949 average in comparison with 105 per cent in October and 106 per cent a year ago. Through November cumulative 1951 sales for the district were 3 per cent larger than in 1950. Preliminary reports through mid-December indicate that this rate of gain from last year may be maintained throughout the month.

Sales in all major district cities increased in November. As compared with October, sales gains, except in Springfield, ranged from 5 per cent in Quincy and the St. Louis area to 26 per cent in Evansville. As compared with November, 1950, sales increases ranged from 3 per cent in the St. Louis area to an average gain of 18 per cent in several small cities.

The retail value of inventories held by reporting department stores in the district on November 30 was 3 per cent less than October 31 and was 3 per cent below that on November 30, 1950. The dollar volume of outstanding orders at the end of the month was 8 per cent less than a month earlier but was 2 per cent larger than a year ago.

In St. Louis, women's specialty stores sales during November were slightly larger than a month ago but dropped about one-tenth below those last year. The retail value of inventories on November 30 was slightly larger than at the end of the previous month and a year ago.

At district men's wear stores November sales volume was 14 per cent larger than in October and was 3 per cent larger than in November, 1950. The value of inventories held on November 30 dropped 3 per cent below that on October 31, but was 9 per cent above that on November 30, 1950.

District furniture stores reported that November sales declined 6 per cent below those in October but were 4 per cent above those during November, 1950. The level of inventories on November 30 was not much different than a month ago, but was 8 per cent below that a year ago.

**AGRICULTURE**

Recently announced Department of Agriculture production goals for major crops highlight efforts to increase production of most crops and particularly of feed crops in 1952. In order to achieve this level of production, an additional three or four million acres will need to be planted. Three million acres of cropland remained idle in 1951 which it is hoped will be utilized in 1952.

The national acreage goal for corn is 89 million acres, or 3 per cent larger than the 1951 acreage. With normal yields this would result in a crop of 3,375 million bushels, 15 per cent more than the 2,941 million bushels produced in 1951. Corn acreage goals for Indiana, Illinois and Missouri all are 1 per cent above those of 1951 with somewhat larger percentage increases for other district states. The acreage goals established for district states for two other feed crops, oats and barley, exceed the acreage planted to these crops in 1951. But, nationally, the oats acreage goal is the same as for 1951.

Slightly larger wheat acreage goals are indicated for district states, although there is no increase nationally. The acreage goal for rice is higher in Mississippi but lower in Arkansas, compared with 1951 acreage. Increased acreages of cotton are asked for in district states but the national acreage goal remains approximately the same as the 1950 acreage. Less soybeans are called for in Illinois, Indiana, and Missouri than in 1951, but increases are called for in other district states.

**ACREAGE GOALS FOR 1952  
EIGHTH DISTRICT STATES**

	Eighth District States		United States	
	1952 acreage goals (in thousands)	% change from 1951	1952 acreage goals (in thousands)	% change from 1951
Corn .....	26,390	+ 3%	89,000	+ 3%
Oats .....	7,685	+ 2	42,900	-0-
Barley .....	364	+21	12,865	+14
Wheat .....	5,903	+ 2	78,850	-0-
Rice .....	485	+ 1	1,950	- 1
Cotton .....	6,290	+ 3	28,000	-0-
Soybeans .....	7,610	- 1	13,000	- 1

Source: 1952 Production Goals Program (Preliminary) USDA Nov. 1951.

Final crop estimates for the 1951 crops reduced further expected production of two major crops. The cotton crop on December 1 was estimated at 15.3 million bales, a reduction of 481,000 bales during the month. The Arkansas crop was reduced 95,000 bales during the same period. Similarly, the

**AGRICULTURE**

**CASH FARM INCOME**

(In thousands of dollars)	Oct., 1951 compared with		10 month total Jan. to Oct. 1951 compared with	
	Oct., 1951	Sept., 1951	1951	1950 1949
Arkansas.....	\$130,983	+109%	\$ 412,841	+27% + 8%
Illinois.....	264,249	+ 68	1,671,160	+16 +15
Indiana.....	149,367	+ 31	957,909	+21 +19
Kentucky.....	49,573	+ 30	413,916	+ 9 + 8
Mississippi.....	141,829	+146	390,074	+40 + 7
Missouri.....	165,592	+ 48	988,872	+23 +22
Tennessee.....	77,551	+ 87	373,143	+19 +12
Totals.....	\$979,144	+ 68%	\$5,207,915	+20% +15%

**RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS**

	Receipts			Shipments		
	Nov., 1951	Nov., 1951 compared with Oct., '51 Nov., '50		Nov., 1951	Nov., 1951 compared with Oct., '51 Nov., '50	
Cattle and calves.....	100,966	-37%	- 6%	37,285	-54%	- 2%
Hogs.....	334,163	+15	+15	75,272	+ 5	+36
Sheep.....	36,159	-35	+10	8,254	-66	+86
Totals.....	471,288	- 7%	+ 9%	120,811	-32%	+23%

corn crop estimate for the nation was reduced 147 million bushels during November. The crop is now estimated at 2,941 million bushels. However, the feeding value of part of this amount is reduced due to frosting and high moisture content.

A bumper winter wheat crop has been estimated for 1952. The 918 million bushels estimate was 273 million bushels higher than 1951 production, and if realized, would be the third largest crop on record. Seeded acreage is slightly higher than for the crop year 1951. Although the prospective yield of 16.3 bushels per acre is substantially higher than the 11.6 bushel yield per seeded acre realized in 1951, this prospective yield has been exceeded in four years (1942, 1946, 1947, and 1948) out of the past ten.

#### BANKING AND FINANCE

In November loans rose less than seasonally in both district and nation. In both instances the increase went largely to finance marketing and processing of farm produce. Defense loans rose more rapidly in the nation than in the district. In early December the loan expansion at district weekly reporting banks was more than normal.

Our monetary gold stock increased substantially in the last half of 1951 reflecting such factors as larger net exports and reduction in foreign economic aid at a more rapid rate than foreign defense aid was expanded. About \$750 million of gold flowed into this country, July to December 1951, reversing the sizable outflow in the nine months following Korea.

**District Banking Developments—Loans rose \$27**

#### DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Nov., 1951	Oct., 1951	Nov., 1950	Nov., 1951 compared with	
				Oct., '51	Nov., '50
El Dorado, Ark.....	\$ 27,633	\$ 28,040	\$ 23,075	- 1%	+ 20%
Fort Smith, Ark.....	46,668	51,119	41,869	- 9	+ 11
Helena, Ark.....	13,938	14,131	14,245	- 1	- 2
Little Rock, Ark.....	150,674	176,007	149,716	-14	+ 1
Pine Bluff, Ark.....	48,099	49,235	48,266	- 2	-0-
Texarkana, Ark.*.....	16,108	18,930	11,102	-15	+ 45
Alton, Ill.....	28,896	29,797	26,508	- 3	+ 9
E. St. L.-Nat. S. Y., Ill..	138,155	166,382	129,227	-17	+ 7
Quincy, Ill.....	35,429	40,078	32,130	-12	+ 10
Evansville, Ind.....	139,638	147,762	137,459	- 6	+ 2
Louisville, Ky.....	666,605	726,651	581,706	- 8	+ 15
Owensboro, Ky.....	42,515	46,718	40,746	- 9	+ 4
Paducah, Ky.....	32,808	30,184	15,609	+ 9	+110
Greenville, Miss.....	31,969	34,843	38,676	- 8	- 17
Cape Girardeau, Mo.....	12,866	13,930	12,676	- 8	+ 1
Hannibal, Mo.....	9,906	11,516	9,435	-14	+ 5
Jefferson City, Mo.....	57,034	65,501	48,779	-13	+ 17
St. Louis, Mo.....	1,873,676	2,046,665	1,786,980	- 8	+ 5
Sedalia, Mo.....	11,421	12,630	10,937	-10	+ 4
Springfield, Mo.....	66,706	82,991	63,354	-20	+ 5
Jackson, Tenn.....	24,287	29,069	24,773	-16	- 2
Memphis, Tenn.....	833,825	823,921	850,753	+ 1	- 2
Totals.....	\$4,308,856	\$4,646,100	\$4,098,021	- 7%	+ 5%

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$37,374.

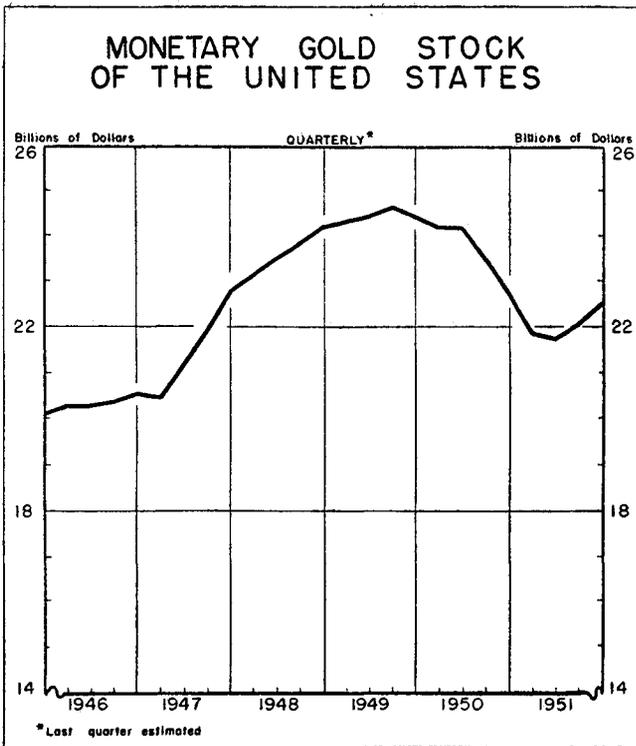
million at member banks in the Eighth District during November. Normally loans increase much more than this in November. By comparison loans rose \$75 million in the same month last year. The increase this year resulted from a \$34 million gain at the larger city banks offset in part by a net contraction at the smaller banks. The increase in loans at the larger banks went principally to commodity dealers and food manufacturers. Outstanding loans to textile, apparel and leather manufacturers, however declined substantially in the month. The decline in loans at smaller banks reflected repayments of agricultural loans. Investments jumped \$55 million in November at all member banks, with three-fifths of the gain at the smaller banks.

In the first two weeks of December loans at the weekly reporting banks rose \$26 million. Types of borrowers accounting for most of the increase were food manufacturers, sales finance companies and commodity dealers (largely to finance cotton at Memphis and tobacco at Louisville).

**Gold Flows**—The flow of funds between countries is the resultant of many factors. In addition to trade such transactions as investments, tourist spending and gifts (both private and governmental) shift ownership of funds across national borders. Furthermore, the exporting of gold provides a way of obtaining funds to spend, while the importing of gold is a way of investing surplus foreign funds. Thus, countries can build their balances in foreign centers or can help offset a net outflow of funds by exporting gold, and countries with surplus monetary balances abroad can choose between allowing these balances to accumulate or exchanging them for gold.

For four years after the end of the war, foreign governments sold gold to us on balance in order to buy goods in this country. However, by early 1950, the outside world had made large strides toward economic recovery, assisted in part by U. S. aid. Most foreign currencies were devalued to more realistic levels in September, 1949, and dollar earnings in world trade picked up. As a result governments abroad found themselves in a position to buy back a little of the gold they had previously sold to us.

After Korea, United States' trade surplus dwindled rapidly. Exports rose, but imports increased faster with a program of heavy stock-piling and re-armament driving prices of basic commodities up sharply. Therefore, foreign dollar earnings, particularly by less industrialized countries, ran



high. Sizable grants of foreign aid funds added further to dollar holdings abroad.

Many countries with improved dollar holdings took the opportunity to restock their monetary reserves by exchanging dollars for gold. Also, rumors of upward valuation of foreign currencies led specu-

lators (both foreign and domestic) to transfer funds out of United States dollars into these foreign currencies. Ultimately, these transactions necessitated some residual settlement in gold.

In total our monetary gold stock declined \$2.4 billion (10 per cent) in the nine month period. Over half of our gold decline went to the sterling area and most of the remainder was split between other European and Western Hemisphere countries.

Early in 1951, United States exports rose, as foreigners with larger dollar earnings and fewer currency restrictions abroad found it easier to acquire our goods. Also European countries in order to meet the requirements of re-armament, stock-piling and increasing production had to increase their imports, sharply. Furthermore, prices came down on items imported by the United States, partly due to cutbacks in our stock-piling program.

As a result, the gold outflow slackened in the second quarter of 1951. Since June, gold has again been flowing into the country. In the last half of 1951 this gold inflow amounted to roughly \$750 million. Most of the inflow of gold in this period came from the sterling area.

At the end of 1951, the country's gold stock stood at roughly \$22.5 billion, far in excess of legal requirements for monetary purposes, and comprising about two-thirds of the world's monetary gold supply outside Russia.

#### EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)

	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Nov., 1951	Oct., 1951 to Nov., 1951	Nov., 1950 to Nov., 1951	Nov., 1951	Oct., 1951 to Nov., 1951	Nov., 1950 to Nov., 1951	Nov., 1951	Oct., 1951 to Nov., 1951	Nov., 1950 to Nov., 1951
<b>Assets</b>									
1. Loans and Investments.....	\$4,276	\$+ 89	\$+207	\$2,518	\$+ 58	\$+116	\$1,758	\$+ 31	\$+ 91
a. Loans .....	1,936	+ 27	+ 84	1,315	+ 34	+ 45	621	- 7	+ 39
b. U. S. Government Obligations.....	1,966	+ 55	+116	1,028	+ 22	+ 75	938	+ 33	+ 41
c. Other Securities .....	374	+ 7	+ 7	175	+ 2	- 4	199	+ 5	+ 11
2. Reserves and Other Cash Balances.....	1,445	- 73	+183	885	- 54	+107	560	- 19	+ 76
a. Reserves with the F. R. bank.....	716	- 11	+119	467	- 12	+ 80	249	+ 1	+ 39
b. Other Cash Balances <sup>3</sup> .....	729	- 62	+ 64	418	- 42	+ 27	311	- 20	+ 37
3. Other Assets .....	53	+ 1	+ 4	31	- 0-	+ 2	22	+ 1	+ 2
4. Total Assets .....	<u>\$5,774</u>	<u>\$+ 17</u>	<u>\$+394</u>	<u>\$3,434</u>	<u>\$+ 4</u>	<u>\$+225</u>	<u>\$2,340</u>	<u>\$+ 13</u>	<u>\$+169</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,346	\$- 3	\$+327	\$2,671	\$- 15	\$+194	\$1,675	\$+ 12	\$+133
a. Deposits of Banks.....	785	- 9	+ 82	736	- 9	+ 77	49	- 0-	+ 5
b. Other Demand Deposits.....	3,561	+ 6	+245	1,935	- 6	+117	1,626	+ 12	+128
6. Time Deposits .....	990	- 2	+ 30	483	- 2	+ 6	507	- 0-	+ 24
7. Borrowings and Other Liabilities.....	75	+ 23	+ 8	68	+ 21	+ 7	7	+ 2	+ 1
8. Total Capital Accounts.....	363	- 1	+ 29	212	- 0-	+ 18	151	- 1	+ 11
9. Total Liabilities and Capital Accounts.....	<u>\$5,774</u>	<u>\$+ 17</u>	<u>\$+394</u>	<u>\$3,434</u>	<u>\$+ 4</u>	<u>\$+225</u>	<u>\$2,340</u>	<u>\$+ 13</u>	<u>\$+169</u>

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

ally are more volatile than time deposits, it would be expected that a bank with a high percentage of demand deposits would have a larger percentage of its assets in secondary reserves than a bank with a high percentage of time deposits.

Similarly, of district member banks reporting monthly on debits to deposit accounts, those with the highest deposit turnover figures in 1951 (ranging from 18 to 33 times per year) had an average ratio of short-term Government securities to total assets of 14 per cent at the end of 1951. By comparison, those with low deposit turnover ratios (ranging from 4 to less than 8 times per year) had an average ratio of 11 per cent. Not only did the banks with the highest turnover have more secondary reserves but they also had more cash assets (over 29 per cent of total resources) than the banks with the slowest turnover (less than 19 per cent of total resources).

**. . . to size of capital accounts, . . .**

In addition, analysis of call report balance sheets for 1951 indicates an inverse, but not necessarily a causal, relationship between size of capital accounts and size of secondary reserves. For instance, district member banks with high capital-total asset ratios (averaging 15 per cent) had an average of 11 per cent of total assets in secondary reserves. However, banks with low ratios of net worth to total resources (averaging 4 per cent) had an average of 29 per cent of total assets in secondary reserves.

**. . . and to volume of cash assets.**

Another major factor considered when determining the size of secondary reserves is the amount of the bank's primary reserve. A bank with large cash assets has less need for secondary reserves than one with a minimum of cash (assuming all other factors equal). District banks with high ratios of cash assets to total assets (ranging from 37 to 51 per cent) had an average of 11.5 per cent of their

assets in short-term Governments. On the other hand, banks with small amounts of cash assets (ranging from 13 to 15 per cent) had an average of 19 per cent of their assets in short-term Government securities.

***Individual characteristics of the loan portfolio . . .***

Another factor influencing the size of secondary reserves is the volume, stability, trend and composition of the loan portfolio. Analysis of condition reports indicates that banks with large amounts of real estate loan tend to have a larger percentage of their assets in secondary reserves than banks with a smaller ratio of real estate loans to total resources. Also, where loans tend to fluctuate irregularly, banks tend to have more secondary reserves than where there is little fluctuation in their loan accounts.

***. . . and numerous other factors, such as tax changes and anticipated interest rate changes, also influence both secondary reserve and over-all investment policies.***

There are, of course, numerous other factors bearing on individual bank management of secondary reserves. Anticipation of increased (or decreased) reserve requirements seems to influence bank investment policies. Similarly, changes in tax laws, such as the increased normal and surtax rates or reinstatement of excess profits taxes, bear on investment policies of banks, making tax-exempt earnings more attractive and putting some pressure on banks to increase earnings before taxes in order to minimize the shrinkage in earnings after taxes.

Finally, idiosyncracies of individual bank management, persuasion of investment counsellors, peculiarities of geographic location, and a host of other factors also bear on the handling of individual banks' secondary reserves and over-all investment policies. Few, however, escaped the influence of the investment trends noted in the postwar period.

Norman N. Bowsher

# Survey of Current Conditions

The first six weeks of 1952 have brought some signs of increase in Eighth District economic activity from the high plateau prevailing throughout most of 1951. In some lines activity increased absolutely—for example, manufacturing employment and production rose reflecting growing defense and defense-supporting output and a more than seasonal revival in industries which have been

undergoing inventory adjustment. In other lines where activity normally is low in the first part of the year, the drop from late 1951 was somewhat less than seasonal—for example, in construction and trade. The money supply also contracted less than usual, although net repayment of bank loans was fairly extensive. Wholesale prices, however, continued to drift gently downward.

The record for the district was paralleled in the nation. The Federal Reserve index of industrial production for January showed manufacturing output up, and total industrial production about the same as in December. Retail sales were down about the usual amount. Construction activity seasonally adjusted, was sharply higher.

The level and timing of defense expenditures, the volume of business spending for plant and equipment and consumer attitudes toward spending and saving constitute three factors of strategic importance in the outlook for 1952. In January, the mobilization officials made known a decision to stretch out the period of time in which peak defense operations are to be reached. A \$65 billion annual rate is now the goal for first quarter 1953 instead of the close of 1952. (In December, 1951 the annual rate was \$45 billion). A slower rise in defense spending should lead to less pressure on supplies of critical materials and smaller-than-anticipated Government expenditures in general.

New plant and equipment expenditures planned for the first quarter of 1952, as indicated by extensive surveys, are about 18 per cent ahead of the comparable period of 1951. Apparently high level activity also will continue into the second quarter.

So far in 1952 consumer spending has been fairly stable and a high level of saving has continued. Neither scarce supplies nor substantially higher prices apparently are anticipated by most consumers.

Thus the opening weeks of 1952 give no indication of any major change in prospects for the immediate future. Activity in the aggregate apparently is higher, after allowance for seasonal movements, but the gain is slight.

**EMPLOYMENT**

Employment in the Eighth District and in the nation decreased about the normal seasonal amount from December, 1951 to January, 1952. As usual, most of the reduction took place in wholesale and retail trade establishments and in agriculture and construction. Unemployment failed to show an increase equal to the decline in the number of employed persons, because many temporary workers withdrew from the labor force. Unemployment was estimated at 2 million persons (3.3 per cent of the total civilian labor force) in January, an increase of 400,000 over December, but substantially below the 2.5 million estimated to be unemployed in January, 1951.

In Louisville non-agricultural employment dropped seasonally as a result of lower activity in construction, trade, and distilleries. Total non-

agricultural employment decreased about two per cent from December, but remained above the January, 1951 level. Manufacturing employment remained about the same as in December, and was five per cent below the level in January, 1951. Employment in ordnance work increased by 500 persons from December to January.

In Evansville employment increased from December to January in contrast to the seasonal drop in other areas. A large gain in manufacturing employment, primarily at refrigerator plants which have partially converted to defense work, more than offset decreases in trade and construction employment. Unemployment showed a decrease of 13 per cent as a result of the improvement in employment conditions in this area.

In Little Rock both manufacturing and non-manufacturing employment declined. Retail trade employment was down seasonally. The decline in construction employment was due to bad weather conditions and the completion of several projects. Manufacturing employment decreased in January due to a temporary layoff in an apparel plant but by February had regained the December level.

In St. Louis total non-agricultural employment decreased seasonally as a result of curtailment of construction activity and post-holiday layoffs in trade establishments. Manufacturing employment increased slightly. Seasonal increases in garment and shoe manufacturing and a sharp increase in defense production more than offset the decreases in food, chemical, and construction materials production.

The recently announced Government policy of awarding Government contracts to firms in areas of heavy unemployment may have a bearing on employment trends in two smaller areas in this district. As has been noted previously, Vincennes, Indiana, and the Herrin-Murphysboro-West Frankfort, Illinois, area have had substantial labor sur-

**PRICES**

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	Jan. 15, 1952	Dec. 15, 1951	Jan. 15, 1951	Jan. 15, 1952 compared with	
United States.....	189.1	189.1	181.5	Dec. 15,'51	Jan. 15,'51
				-0-%	+ 4%
*New series.					
RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	Jan. 15, 1952	Dec. 15, 1951	Jan. 15, 1951	Jan. 15, 1952 compared with	
U. S. (51 cities).....	232.4	232.2	221.9	Dec. 15,'51	Jan. 15,'51
St. Louis.....	244.0	243.9	234.0	-0-	+ 4
Little Rock.....	229.7	229.9	222.7	-0-	+ 3
Louisville.....	218.4	219.1	210.0	-0-	+ 4
Memphis.....	237.8	238.9	227.6	-0-	+ 4
*New series.					
Wholesale price indexes were not available as this went to press. Figures are being revised by the Bureau of Labor Statistics and will be published next month.					

pluses for some time. The United States Department of Labor has designated these two areas, along with 18 other large areas and three smaller ones in the rest of the nation, as having unemployment of six per cent or more of the labor force or where the level of unemployment is expected to reach six per cent within the next two or four months. Government contracts may be awarded to firms in these areas of heavy unemployment even though contractors there could not bid as low as firms in other parts of the nation. Since both of these areas in the Eighth District have plant facilities and labor skills which could be quickly converted to output of military items, their employment prospects have brightened.

**INDUSTRY**

Industrial activity in the Eighth District in January appeared to be somewhat higher after adjustment for seasonal factors than it was a month earlier. Production of steel ingots, coal, and whiskey were important exceptions to the over-all trend. Defense production continued to give industry a strong underlying support.

**Manufacturing**—Daily average consumption of electric power by selected industrial firms in six major district cities was up slightly (3 per cent) this January compared with a year earlier. But since

many defense plants are not represented in the sample, the full effect of defense production is not reflected in the industrial power consumption data. Principal groups contributing to the gain were wood and paper products manufacturers who used over one-fifth more power this January than a year earlier. But metal fabricators and transportation equipment and stone-clay-glass products manufacturers used less power than in January last year.

A marked decline in the steel ingot production rate in the St. Louis area occurred in December and was continued in January. Current operations were at only 74 per cent of capacity, down from 78 per cent in December, and 91 in November. January operations last year were over 100 per cent of capacity. Mild weather had a favorable effect on accumulation of scrap stock piles, but the cold-rolled sheet market was dull.

Lumber production improved moderately during January. Gains in average weekly production of Southern Pine more than offset some decrease in rate of hardwood operations. Weakening prices in Southern Pine, and a sagging flooring market for hardwoods at the end of January, did little to encourage lumber production. A spotty improvement of the market had developed by mid-February.

Shoe production in the St. Louis area increased more than seasonally on the basis of preliminary estimates. United States output was estimated by the Tanners' Council to be off 13 per cent from January, 1951 and 6 per cent from January, 1950. Not adding any brightness to the picture is the estimate by the National Production Authority that military orders for 1952 will only be one-half the amount ordered last year.

Whiskey production in Kentucky was not high in January and sales were reported as slow. On January 31, thirty of the 63 Kentucky distilleries were in operation. This compared with 27 at the end of December, and 51 at the end of January, 1951. The December production of distilled spirits in Kentucky was the lowest for that month in the last four years.

**Mining**—Crude oil production in the Eighth District during January was at a rate of 312,000 barrels per day, practically the same as during December and just two per cent above that of January a year earlier. This current rate, however, equals the best production rate attained during any month in the preceding year.

Total coal mined in Western Kentucky and the four producing district states during January was 11 per cent less than a year earlier, but 13 per cent over that of December, a period marked by holidays.

**INDUSTRY**

**CONSUMPTION OF ELECTRICITY\***

(K.W.H. in thous.)	Jan., 1952		Jan., 1951		January, 1952 compared with	
	K.W.H.	Dec., 1951 K.W.H.	K.W.H.	K.W.H.	Dec., '51	Jan., '51
Evansville.....	17,194	14,354	15,874	15,874	+20%	+ 8%
Little Rock.....	13,746	14,192r	13,487	13,487	- 3	+ 2
Louisville.....	82,494	84,923	81,314	81,314	- 3	+ 1
Memphis.....	30,677	30,774	28,089	28,089	- 0	+ 9
Pine Bluff.....	11,417	11,286	9,182	9,182	+ 1	+24
St. Louis.....	102,835	97,291	102,690r	102,690r	+ 6	- 0
Totals.....	258,363	252,820	250,636	250,636	+ 2%	+ 3%

\*Selected Industrial Customers.  
r—Revised.

**LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS**

First Nine Days					
Jan., '52	Dec., '51	Jan., '51	Feb., '52	Feb., '51	1 mo. '52
110,584	105,332	121,922	35,189	9,703	110,584
					121,922

Source: Terminal Railroad Association of St. Louis.

**CRUDE OIL PRODUCTION—DAILY AVERAGE**

(In thousands of bbls.)	Jan., 1952		Jan., 1951		January, 1952 compared with	
	Jan., '52	Dec., '51	Jan., '51	Dec., '51	Dec., '51	Jan., '51
Arkansas.....	78.3	76.9	80.8	80.8	+ 2%	- 3%
Illinois.....	168.9	168.8	165.1	165.1	- 0	+ 2
Indiana.....	30.7	32.0	29.4	29.4	- 4	+ 4
Kentucky.....	34.2	33.9	30.2	30.2	+ 1	+13
Total.....	312.1	311.6	305.5	305.5	- 0%	+ 2%

**COAL PRODUCTION INDEX**  
1935-39=100

Unadjusted		Adjusted	
Jan., '52	Dec., '51	Jan., '51	Dec., '51
181.7 P	169.2 P	203.2	156.6 P
			162.7 P
			175.2

**SHOE PRODUCTION INDEX**  
1935-39=100

Unadjusted		Adjusted	
Dec., '51	Nov., '51	Dec., '50	Dec., '51
121.2 P	102.1	152.6	123.6 P
			103.1
			155.7

P—Preliminary.

Domestic demand was slow due to mild weather and industrial stocks were fat.

**Transportation**—Railroad freight interchanges at St. Louis in January were 6 per cent more than during December, although volumes continued to run below the year-earlier levels.

**CONSTRUCTION**

Construction activity declined less than seasonally in January, primarily as a result of expanding industrial and commercial building and construction of military and naval facilities. Nationally, the total value of new construction put in place during January was \$2.1 billion, a four per cent drop from December but about two per cent above the January, 1951 total. Reductions in housing, commercial building, highway and some other types of construction have been offset in part by increases over the year in military, industrial and public utility construction.

Residential construction activity, after allowance for seasonal changes, remained at about the same level as in the last half of 1951 and about 20 per cent below the 1950 average. Non-farm housing starts in January totaled 68,000 dwelling units, an increase of 10 per cent above the number started in December but substantially less than the 85,900 units started in January, 1951. The increase may reflect in part builders' efforts to start construction before any possible further curbs are put on residential activity. Continued strength in housing activity for February was indicated by an increase in building permits in January over December.

In the Eighth District construction contracts awarded during January totaled less than those of December, 1951, but were 19 per cent ahead of the value of contracts awarded in January, 1951. The increase over January, 1951 was primarily the result of large public works contracts awarded during January, which more than offset declines in new residential construction. Private non-residential construction also increased somewhat in the Eighth District during January.

**CONSTRUCTION**

(Cost in thousands)	BUILDING PERMITS									
	Month of January									
	New Construction					Repairs, etc.				
	Number		Cost		Number		Cost			
1952	1951	1952	1951	1952	1951	1952	1951	1952	1951	
Evansville.....	44	28	\$ 118	\$ 94	26	50	\$ 18	\$ 76		
Little Rock.....	51	91	434	2,758	164	140	157	147		
Louisville.....	95	192	658	2,290	58	49	131	79		
Memphis.....	1,609	1,868	2,659	3,642	165	178	157	575		
St. Louis.....	176	225	1,418	3,964	156	196	379	657		
Jan. Totals.....	1,975	2,404	\$5,287	\$12,748	569	613	\$842	\$1,534		
Dec. Totals.....	1,709	2,502	\$4,191	\$18,196	479	410	\$785	\$1,563		

Backlogs of proposed construction projects are greater than ever before. The large military construction programs and industrial expansions facilitated by certificates of necessity should help keep construction expenditures at a high level throughout 1952. Recent surveys indicate that private companies plan to increase their capital expenditures, much of it for construction, in 1952 over 1951. The supply of labor, except in small areas such as Paducah, Kentucky, where labor must be imported, is generally adequate. Some metals and metal items are short and expected to remain short. Construction materials, other than metals, are expected to be in good supply.

**TRADE**

District retail sales in January were down sharply from December levels and also were below those of January, 1951 when the second post-Korea buying wave was in full swing. The decreases from December totals were primarily seasonal in character, in fact in some lines January figures were off less than usual from December. Special and seasonal promotions helped reduce the normal seasonal decline. Generally speaking, sales of hard goods dropped relatively more than did sales of soft goods.

The level of inventories held by district retailers at the end of January reflected the ease with which inventory may currently be replaced. Both furniture stores and department stores held slightly less inventory on January 31 than a year ago. Outstanding orders at the end of January were at a minimum except for seasonal items. There was apparently little necessity of forward buying of either hard goods lines or soft goods merchandise.

**Department Stores**—Throughout the district, sales during January declined somewhat less than seasonally from December. On a seasonally adjusted basis daily sales in January were 111 per cent of the 1947-49 average. In comparison, they were 107 per cent in December and 128 per cent in January, 1951. "White sales" during the month

**WHOLESALE**

Line of Commodities	Net Sales		Stocks Jan. 31, 1952 compared with Jan. 31, 1951
	Jan., 1952 compared with Dec., '51	Jan., '51	
Automotive Supplies.....	- 7%	-12%	+20%
Drugs and Chemicals.....	+17	- 2	-
Dry Goods.....	+58	-27	-15
Groceries.....	+17	- 3	- 8
Hardware.....	+ 3	-30	+16
Tobacco and its Products.....	- 3	+ 4	+ 3
Miscellaneous.....	- 4	+ 7	+ 1
<b>Total All Lines**.....</b>	<b>+ 2%</b>	<b>-16%</b>	<b>-0-%</b>

\*Preliminary.  
\*\*Includes certain items not listed above.

**TRADE**

**DEPARTMENT STORES**

	Net Sales		Stocks	Stock
	Jan., 1952 compared with Dec., '51		on Hand Jan. 31, '52 comp. with Jan. 31, '51	Turnover Jan. 1, to Jan. 31, 1951
	Jan., '51	Jan., '51	Jan. 31, '51	1952 1951
8th F. R. District...	-51%	-11%	-6%	.30 .32
Ft. Smith, Ark. <sup>1</sup> ....	-59	-8	+ 3	.27 .29
Little Rock, Ark....	-55	-13	-14	.27 .28
Quincy, Ill.....	-52	-19	- 4	.29 .33
Evansville, Ind.....	-58	-10	+ 2	.22 .26
Louisville, Ky.....	-60	-12	+ 1	.30 .32
St. Louis Area <sup>2</sup> ..	-45	-12	- 7P	.32 .35
Springfield, Mo.....	-53	- 3	- 5	.22 .23
Memphis, Tenn.....	-51	- 6	- 2	.33 .34
All Other Cities*....	-59	- 6	-0-	.21 .23

\*Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Paducah, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup>In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of January, 1952, were 32 per cent less than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding January 1, 1952, collected during January, by cities:

	Instalment Accounts		Excl. Instal. Accounts		Instalment Accounts		Excl. Instal. Accounts
	Accounts	Accounts			Accounts	Accounts	
Fort Smith.....	47%	44	25%	57%	Quincy .....	25%	57%
Little Rock.....	17	44	21	50	St. Louis .....	21	50
Louisville .....	21	60	14	46	Other Cities....	14	46
Memphis .....	25	45	21	49	8th F.R. Dist.	21	49

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS.**  
8th Federal Reserve District

	Jan., 1952	Dec., 1951	Nov., 1951	Jan., 1951
Sales (daily average), unadjusted <sup>3</sup> .....	81	168	130	93
Sales (daily average), seasonally adjusted <sup>3</sup> .....	111	107	109	128
Stocks, unadjusted <sup>4</sup> .....	92	105	125	110
Stocks, seasonally adjusted <sup>4</sup> .....	106	119	114	127

<sup>3</sup>Daily average 1947-49=100.

<sup>4</sup>End of Month Average 1947-49=100.

**SPECIALTY STORES**

	Net Sales		Stocks	Stock
	Jan., 1952 compared with Dec., '51		on Hand Jan. 31, '52 comp. with Jan. 31, '51	Turnover Jan. 1, to Jan. 31, 1951
	Jan., '51	Jan., '51	Jan. 31, '51	1952 1951
Men's Furnishings.....	-52%	-12%	-1%	.19 .22
Boots and Shoes.....	-48	- 3	- 3	.29 .30

Percentage of accounts and notes receivable outstanding Jan. 1, 1952, collected during January:

Men's Furnishings ..... 44% Boots and Shoes..... 46%  
Trading days: Jan., 1952—26; December, 1951—25; January, 1951—26.

P—Preliminary.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	Jan., 1952 compared with Dec., '51		Jan., 1952 compared with Dec., '51		Jan., '52	Jan., '51
	Dec., '51	Jan., '51	Dec., '51	Jan., '51	Jan., '52	Jan., '51
8th Dist. Total <sup>1</sup> ....	-46%	- 8%	- 8%	-21%	22%	24%
St. Louis Area <sup>2</sup> ..	-44	-17	+ 3	-10	30	32
St. Louis.....	-45	-17	+ 3	-10	30	32
Louisville Area <sup>3</sup> ..	-45	-18	+ 4	- 7	14	17
Louisville.....	-46	-17	+ 4	- 8	13	16
Memphis.....	-42	- 1	*	*	13	14
Little Rock.....	-32	+ 7	- 7	-11	20	24
Springfield.....	-41	-29	- 2	+ 6	17	15

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville, Pine Bluff, Fort Smith, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Jan., '52	Dec., '51	Jan., '50
Cash Sales .....	16%	18%	17%
Credit Sales .....	84	82	83
Total Sales .....	100%	100%	100%

proved moderately successful and shopping was not limited by the adverse weather experienced during January, 1951 and 1950.

At the end of January, 1952, the retail value of department store inventories was 6 per cent below that on January 31, 1951. The value of orders outstanding on January 31 was substantially below a year ago.

**Specialty Stores**—Women's specialty store sales volume during January was down about seasonally from December. Although women's specialty shops did not share to any large extent in consumer "scare buying" a year ago, sales this year were about one-sixth under those in January, 1951. The value of inventories held on January 31, was reported at about the same level as a month ago and a year ago.

Men's wear store sales in the district during January were also about one-eighth below those in January, 1951. The retail value of inventories on January 31 was slightly below that of a year ago.

**Furniture Stores**—January sales at reporting district furniture stores totaled 8 per cent less than in January, 1951. Sales were slow in nearly all lines with least interest shown in major appliances.

The retail value of inventories at reporting stores in the district on January 31 was somewhat less than a month earlier and was 21 per cent lower than on January 31, 1951.

**AGRICULTURE**

In district states and the nation, livestock numbers on farms increased during 1951. A national increase of 6 million head of cattle during the year brought their numbers to an all-time high. Numbers of hogs, sheep, poultry, and turkeys were moderately higher than a year earlier, and numbers of milk cows, sows, and horses were somewhat lower.

A 7 per cent increase in cattle numbers in district states for the year ending January, 1952 was the same as the national rate. But numbers at the outset of this year had increased in district states by a greater percentage from the 1941 to 1950 average number than for the nation.

Although cattle numbers increased during 1951, the number of milk cows declined in both district

**LIVESTOCK ON FARMS IN EIGHTH**

(In thousands)	All cattle and calves		
	Jan. 1, 1952	1951	Per cent change from 1941-50 Ave.
Arkansas.....	1,381	+12%	+ 9%
Illinois.....	3,550	+ 8	+12
Indiana.....	1,886	+ 4	+ 4
Kentucky.....	1,722	+ 4	+18
Mississippi.....	1,686	+ 7	+12
Missouri.....	3,658	+ 9	+17
Tennessee.....	1,658	+ 5	+17
District States.....	15,541	+ 7	+13
United States.....	88,062	+ 7	+11

Source: U.S.D.A. Livestock on Farms, January 1, 1952.

states and the nation and was greater percentage-wise for district states than for the nation. Compared with the average for 1941 to 1950, however, the district states rate was less than that nationally. The decline in milk cow numbers may be nearing an end, since more heifers one to two years old were being kept for milk cows on January 1, 1952 than a year earlier. Heifer calves being kept for milk cows increased 6 per cent during the year both in district states and nationally.

Crop conditions were favorable for the development of 1952 crops in most areas during the month of January. Winter wheat generally was in good to excellent condition. Exception to this was in Texas and Oklahoma, where droughts have persisted. Soil blowing and insect infestation was small.

Prices received by farmers slumped during the month ending January 15. On the latter date the index of prices received was 300, (1910-14=100), the same level as a year earlier. The index declined 5 points from December, 1951 to January, 1952, in contrast to an increase of 14 points during the same month a year earlier. Some further declines occurred after January 15.

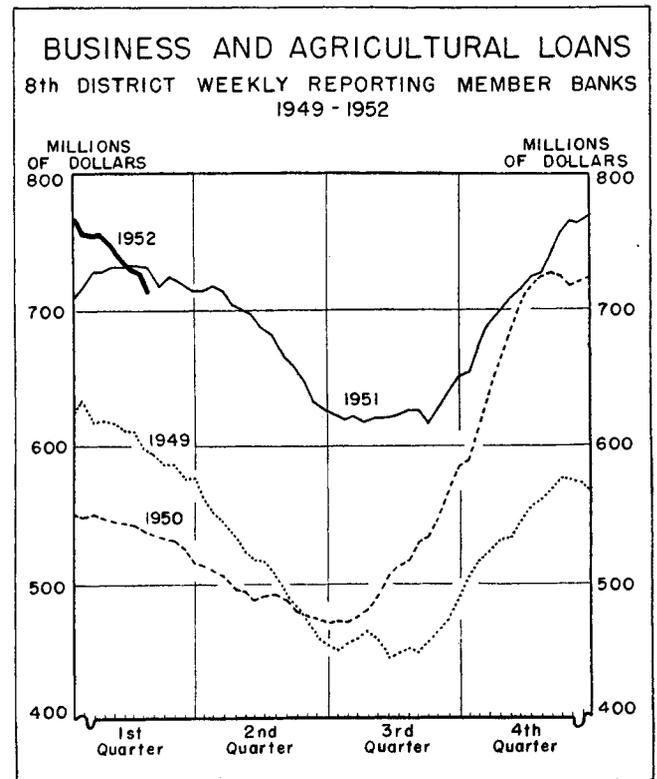
Prices paid by farmers increased 1 per cent (or 3 points) during the month to an index of 287, a new record high. Prices were higher for feeder cattle, feed and food, but were lower for clothing and building materials. In addition, farm wage rates increased 5 per cent, taxes payable per acre 4 per cent, and interest payments 8 per cent. (The tax and interest payment increases were not concentrated in January, of course, but were spread out over the past year. The shift is made statistically in January.) As a result of the lower prices received and higher prices paid, the ratio between prices received and paid (parity ratio) declined from 107 to 105. In January, 1951 it was 110.

**BANKING AND FINANCE**

In January, bank earning assets and deposits contracted, both districtwise and nationally. The loan decrease centered at large city banks and was mainly in inventory loans for non-defense activities offset, in part, by an increase in defense loans.

**District Banking Developments**—Earning assets of district member banks declined \$30 million during January. The drop was the result of substantial net repayments of loans and a small decline in "other" investments partially offset by increases in Government security holdings.

Loans decreased \$45 million in the month. Normally loans do not decline this much in January. All the decrease was at larger urban banks and about three-fourths of it was due to a drop in business loans. The bulk of the net repayments came from commodity dealers (primarily cotton dealers at Memphis). Other businesses with large net repayments were food manufacturers, sales finance companies, wholesalers and retailers. On the other hand, public utilities and metal manufacturers increased their borrowings (a large share going for defense and defense-supporting activities). Loans on real



**DISTRICT STATES—JANUARY 2, 1952**

Milk cows and heifers (2 years old and older)			Heifers 1 to 2 years old kept for milk cows		Sows and gilts 6 months old and older		All sheep and lambs	
Jan. 1, 1952	Per cent change from 1951	1941-50 Av.	Jan. 1, 1952	Per cent change from 1951	Jan. 1, 1952	Per cent change from 1951	Jan. 1, 1952	Per cent change from 1951
432	- 1%	-12%	118	+ 8%	102	-11%	41	+11%
922	- 5	-18	267	+ 1	1,080	- 7	726	+20
692	- 2	-12	153	+ 6	708	- 0	457	+ 5
655	- 2	+ 4	108	+ 3	156	-18	668	- 1
571	+ 1	- 0	132	+20	102	- 9	75	+ 3
984	- 1	- 3	205	+ 3	543	-18	1,008	+ 5
668	- 0	+ 4	132	+ 5	175	- 7	274	+ 5
4,924	- 2	- 6	1,115	+ 5	2,866	- 9	3,249	+ 8
23,407	- 1	-10	5,726	+ 4	9,811	- 8	31,725	+ 4

estate and securities and loans to banks and consumers all declined in the month.

Demand deposits fell \$162 million in the month, with the bulk of the decline at larger city banks. Roughly half the net withdrawals were in accounts of individuals and businesses; however, both banks and the U. S. Government drew upon their balances in the month. Time deposits were up \$9 million in January, with two-thirds of the gain at smaller banks.

**Changes in Assets of Life Insurance Companies in 1951**—Assets of life insurance companies in the United States rose \$4.3 billion in 1951, virtually the same as in 1950. Over 1951, these companies sold, on balance, \$2.4 billion Government securities (purchases of \$7.1 billion and sales and redemptions of \$9.5 billion). Most of the funds obtained last year from resource growth and from net sales of Government securities were used to purchase "other" securities and real estate mortgages. Bulk of the "other" securities purchased were industrial and public utility bonds. A major share of these purchases were obligations of businesses engaged in defense and defense-supporting activities. The mortgage expansion was 45 per cent in conventional type, 34 per cent in VA guaranteed and 21 per cent in FHA insured loans.

**ASSETS OF LIFE INSURANCE COMPANIES IN THE UNITED STATES**  
(In Billions of Dollars)

	Holdings		Change in	
	Dec. 31, 1951	1951	1951	1950
U.S. Government Securities.....	10.9	-2.4	-1.8	
Other Securities.....	30.7	+2.9	+2.2	
Mortgages.....	19.3	+3.2	+3.2	
Real Estate.....	1.6	+0.2	+0.2	
Policy Loans.....	2.6	+0.2	+0.2	
Cash.....	1.1	+0.1	+0.1	
Other Assets.....	1.8	+0.1	+0.3	
<b>Total</b> .....	<b>68.0</b>	<b>+4.3</b>	<b>+4.4</b>	

**AGRICULTURE**

**CASH FARM INCOME**

(In thousands of dollars)	December, 1951 compared with			12 month total Jan. to Dec. compared with	
	Dec., 1951	Nov., 1951	Dec., 1950	1951	1950
Arkansas.....	\$ 60,746	33%	-11%	\$ 564,523	+14%
Illinois.....	152,943	-22	+7	2,020,380	+4
Indiana.....	97,628	-15	+15	1,170,038	+20
Kentucky.....	147,210	+105	+35	632,799	+23
Mississippi.....	73,221	-22	+9	556,484	+21
Missouri.....	95,199	-27	-5	1,214,208	+18
Tennessee.....	50,776	-20	-17	487,666	+14
<b>Totals.....</b>	<b>\$677,723</b>	<b>11%</b>	<b>+7%</b>	<b>\$6,646,098</b>	<b>+17%</b>

**RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS**

	Receipts		Shipments	
	Jan., 1952	January, '52 compared with Dec., '51	Jan., 1952	January, '52 compared with Dec., '51
Cattle and calves.....	82,959	+12%	29,825	+19%
Hogs.....	359,330	+14	121,723	+20
Sheep.....	51,064	+41	21,665	+66
<b>Totals.....</b>	<b>493,353</b>	<b>+16%</b>	<b>173,213</b>	<b>+33%</b>

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Jan., 1952	Dec., 1951	Jan., 1952	Jan., 1952 compared with Dec., '51	
	1952	1951	1951	Dec., '51	Jan., '51
El Dorado, Ark.....	\$ 31,734	\$ 28,953	\$ 28,530	+10%	+11%
Fort Smith, Ark.....	47,747	47,746	47,443	-0	+1
Helena, Ark.....	10,381	12,751	9,812	-19	+6
Little Rock, Ark.....	145,536	154,434	149,021	-6	-2
Pine Bluff, Ark.....	41,258	44,986	34,899	-8	+18
Texarkana, Ark.*.....	16,530	17,997	14,128	-8	+17
Alton, Ill.....	30,490	32,129	29,957	-5	+2
E. St. L.-Nat. S. Y., Ill.....	138,287	130,087	142,171	+6	-3
Quincy, Ill.....	33,842	33,784	35,910	-0	-6
Evansville, Ind.....	140,936	140,771	140,752	-0	-0
Louisville, Ky.....	687,396	726,019	667,543	-5	+3
Owensboro, Ky.....	43,510	45,404	50,406	-4	-14
Paducah, Ky.....	34,318	35,659	17,800	-4	+93
Greenville, Miss.....	28,956	28,990	31,127	-0	-7
Cape Girardeau, Mo.....	13,568	13,527	14,658	-0	-8
Hannibal, Mo.....	9,524	9,364	10,088	+2	-6
Jefferson City, Mo.....	73,104	44,224	63,608	+65	+15
St. Louis, Mo.....	1,940,929	1,947,797	2,009,686	-0	-4
Sedalia, Mo.....	11,824	12,173	12,141	-3	-3
Springfield, Mo.....	69,775	69,384	70,255	+1	-1
Jackson, Tenn.....	22,456	23,415	23,041	-4	-3
Memphis, Tenn.....	737,182	747,248	818,656	-1	-10
<b>Totals.....</b>	<b>\$4,309,283</b>	<b>\$4,346,842</b>	<b>\$4,421,632</b>	<b>-1%</b>	<b>-3%</b>

\*These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$37,724.

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Jan., '52	Dec., '51 to Jan., '52	Jan., '51 to Jan., '52	Jan., '52	Dec., '51 to Jan., '52	Jan., '51 to Jan., '52	Jan., '52	Dec., '51 to Jan., '52	Jan., '51 to Jan., '52
<b>Assets</b>									
1. Loans and Investments.....	4,293	-30	+223	2,520	-35	+108	1,773	+5	+115
a. Loans.....	1,919	-45	+59	1,302	-45	+21	617	-0	+38
b. U.S. Government Obligations.....	1,997	+17	+158	1,040	+8	+93	957	+9	+65
c. Other Securities.....	377	-2	+6	178	+2	-6	199	-4	+12
2. Reserves and Other Cash Balances.....	1,420	-124	+76	869	-93	+31	551	-31	+45
a. Reserves with the F.R. bank.....	722	-26	+40	471	-18	+15	251	-8	+25
b. Other Cash Balances <sup>3</sup> .....	698	-98	+36	398	-75	+16	300	-23	+20
3. Other Assets.....	51	+3	+1	32	+2	+2	19	+1	-1
4. Total Assets.....	<u>5,764</u>	<u>-151</u>	<u>+300</u>	<u>3,421</u>	<u>-126</u>	<u>+141</u>	<u>2,343</u>	<u>-25</u>	<u>+159</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	4,326	-161	+231	2,656	-129	+116	1,670	-32	+115
a. Deposits of Banks.....	781	-59	+64	737	-55	+59	44	-4	+5
b. Other Demand Deposits.....	3,545	-102	+167	1,919	-74	+57	1,626	-28	+110
6. Time Deposits.....	999	+9	+40	485	+3	+9	514	+6	+31
7. Borrowings and Other Liabilities.....	75	-0	-2	67	+1	-4	8	+1	+2
8. Total Capital Accounts.....	364	+1	+31	213	+1	+20	151	-0	+11
9. Total Liabilities and Capital Accounts..	<u>5,764</u>	<u>-151</u>	<u>+300</u>	<u>3,421</u>	<u>-126</u>	<u>+141</u>	<u>2,343</u>	<u>-25</u>	<u>+159</u>

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

**. . . and retailers generally kept their inventories in step with consumers' demands.**

Inventories, or the imagined lack of them, gave retailers many bad moments both before, during and after the two major scare-buying waves which occurred in both 1950 and 1951. After the early 1951 wave of buying, the inventory problem became acute. Retailers held record stocks. Consumers showed a mounting reluctance to buy. So, taking their cue from consumers, retailers also curtailed their buying. The sales level during the last half of 1951, while not spectacular, was such that by the end of 1951 only two lines held stocks larger than a year earlier. Automobile inventories were almost one-fifth above those at the end of 1950

and men's clothing stocks were valued at one-tenth more. Tire and accessory store inventories recorded the largest drop. In other lines included in the Survey the value of inventory was only slightly under that at the end of 1950.

The ratio of total net sales during 1951 to inventories at the end of the year (a turnover figure) was smaller than in 1950 at four of the nine lines in the Survey. Of the four lines, automobile and men's clothing inventories increased from those at the end of 1950, while at furniture and appliance stores inventories declined but at a slower pace than total net sales.

Alfred C. Kearchner  
Marie C. Wahlig

# Survey of Current Conditions

February and early March saw no particular change in the level of over-all economic activity in the Eighth District. Rising Government expenditures for defense purposes were reflected in increased manufacturing employment and production in defense-connected industries in this region. Non-defense industry, after allowance for the usual seasonal changes, held at a rate not appreciably different from that of January. There were some deviations from this average on both the high and the low sides. For example, shoes and textiles showed strength while whiskey production exhibited some weakness.

Business expenditures for plant and equipment continued in substantial volume and a number of new expansions were announced. Consumer saving remained at a high rate and retail sales were lower in February than might be expected given the present high level of income. Prices continued stable to slightly downward.

Economic activity in the nation moved in about the same way as it did in the district. The Federal Reserve index of industrial production in February was 222 per cent of the 1935-39 base, up two points from January. Construction activity, seasonally adjusted, increased slightly; the rate of consumer spending also advanced moderately.

While there has been considerable discussion of the stretch-out in the defense program, it should be stressed that defense expenditures, even after the stretch-out, are scheduled to increase by a substantial amount during the course of 1952. The defense program, therefore, remains as one of the

stronger expansionary forces in the economic outlook. Similarly, a high rate of business expenditures for plant and equipment seems assured for at least the first half of this year, and with release of additional materials nondefense construction should not be severely limited by materials supply.

In contrast to these expansionary forces in the outlook is the balancing factor of continued cautious buying on the part of consumers. This has reflected growing price consciousness and relatively ample supplies of merchandise. Whether consumers will continue in the same frame of mind will have great bearing on economic developments for the balance of 1952.

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1947-49=100)	Feb., '52	Jan., '52	Feb., '51	Feb., 1952, compared with	
				Jan., '52	Feb., '51
All Commodities.....	112.6	113.2	116.5	- 1%	- 3%
Farm Products.....	107.8	110.0	117.2	- 2	- 8
Foods.....	109.7	111.2	112.9	- 1	- 3
Other.....	114.3	114.3	117.2	- 0 -	- 3

CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	Feb. 15, 1952	Jan. 15, 1952	Feb. 15, 1951	Feb. 15, 1952, compared with	
				Jan. 15, 1952	Feb. 15, 1951
United States.....	187.9	189.1	183.8	- 1%	+ 2%
* New series.					

RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	Feb. 15, 1952	Jan. 15, 1952	Feb. 15, 1951	Feb. 15, 1952, compared with	
				Jan. 15, 1952	Feb. 15, 1951
U. S. (51 cities).....	227.5	232.4	226.0	- 2%	+ 1%
St. Louis.....	238.6	244.0	240.0	- 2	- 1
Little Rock.....	224.6	229.7	225.2	- 2	- 0 -
Louisville.....	213.6	218.4	214.5	- 2	- 1
Memphis.....	234.9	237.8	230.8	- 1	+ 2
* New series.					

**EMPLOYMENT**

Seasonal layoffs in retail trade and construction continued into February, but manufacturing employment increased as a result of expanded defense production and seasonal gains in automobile, shoe and clothing plants. As a result the over-all level of employment in the Eighth District and in the nation remained virtually unchanged between January and February.

In Louisville employment fell during February reflecting seasonal curtailment of tobacco products manufacturing, further reduction in retail trade employment and a cutback in distilled liquor bottling.

In St. Louis, employment increased due to greater activity in shoe production and on construction projects, augmented by hiring at defense-connected plants. According to present indications, defense employment, primarily aircraft and ordnance, should increase substantially over the rest of this year.

In Evansville, manufacturing employment increased 5 per cent from January to the previous postwar record. The increase was largely due to additional defense production and seasonal increases in refrigerator and building materials production. Unemployment decreased as additional jobs outpaced the influx of jobseekers into the

labor market. The outlook for the near future was bright as defense and seasonal industries planned to step up operations.

In Vincennes, Indiana, employment increased when a major shoe plant resumed operations. Vincennes had been declared a labor surplus area.

**INDUSTRY**

Industrial production continued at high levels in the Eighth District during February and early March. Some improvement was shown in shoe, textile and steel ingot manufacturing. And defense output continued to increase. As in recent months, however, coal and whiskey output continued below last year.

**Manufacturing**—Open hearth furnaces in the St. Louis area were running at about 81 per cent of capacity during the first three weeks of March and in February produced more ingot tonnage than during either of the two preceding months. The March rate, although considerably below a year ago as cold-rolled steel demand continued easy, compared with 78 per cent in December of last year, 74 in January and 79 in February, 1952.

Factory wheels turned a little faster in February. The daily average use of electric power in the district increased slightly over January and was 8 per cent above a year ago. Power figures indicated an improvement in the textile, shoe, paperbox board, chemical, metal products and electrical machinery industries.

Lumber production continued through the first half of March without much change from the first two months of this year, but at a better weekly rate of production than a year ago. The market continued spotty.

District shoe production improved during January and February, and the improvement continued into March.

Meat packing activity in the St. Louis area was the largest for any February since 1944. Salable receipts at the National Stockyards (Illinois) were also the highest of any February since 1944. The situation was primarily due to unusually large hog runs—an experience in common with other markets throughout the country.

Production of whiskey in Kentucky apparently continued at about the same rate in February as January, but well below levels a year earlier. Reduced bottling activity and production were reported to be in response to lowered demand.

**Mining**—Coal production in district states declined in February, according to preliminary indications, as mild weather continued to temper

**INDUSTRY**

CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	Feb., 1952 K.W.H.	Jan., 1952 K.W.H.	Feb., 1951 K.W.H.	Feb., 1952 compared with		
				Jan., '52	Feb., '51	
Evansville.....	15,932	17,194	16,146 <sup>R</sup>	— 7%	— 1%	
Little Rock...	12,630	13,746	12,549	— 8	+ 1	
Louisville.....	78,814	82,494	75,114	— 5	+ 5	
Memphis.....	32,052	30,677	26,684	+ 4	+ 20	
Pine Bluff.....	10,644	11,417	8,872	— 7	+ 20	
St. Louis.....	97,875	102,835	88,432	— 5	+ 11	
Totals.....	247,947	258,363	227,797	— 4%	+ 9%	
Selected Industrial Firms.						
LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
	Feb., '52	Jan., '52	Feb., '51	First Nine Days		
				Mar., '52	Mar., '51	2 mos. '52 2 mos. '51
112,784	110,584	91,302	32,049	39,625	223,368	213,224
Source: Terminal Railroad Association of St. Louis.						
CRUDE OIL PRODUCTION—DAILY AVERAGE						
(In thousands of bbls.)	Feb., 1952	Jan., 1952	Feb., 1951	Feb., 1952 compared with		
				Jan., '52	Feb., '51	
Arkansas.....	76.2	78.3	79.4	— 3%	— 4%	
Illinois.....	163.7	168.9	159.8	— 3	+ 2	
Indiana.....	30.0	30.7	27.7	— 2	+ 8	
Kentucky.....	34.5	34.2	27.9	+ 1	+ 24	
Total.....	304.4	312.1	294.8	— 3%	+ 3%	
<sup>R</sup> —Revised.						
COAL PRODUCTION INDEX						
1935-39=100						
	Unadjusted			Adjusted		
Feb., '52	Jan., '52	Feb., '51	Feb., '52	Jan., '52	Feb., '51	
162.5*	181.7*	180.6	156.2*	156.6*	158.4	
* Preliminary.						

domestic demand which normally takes well over a fifth of district production.

The daily average rate of crude oil production during February was somewhat better than that of a year ago. The up-trend continued into the first two weeks of March, with the latest week being 3 per cent higher than a year earlier.

**Transportation**—Freight interchanges in February for railroads at St. Louis were slightly above those of January. Normally this volume declines in February. Comparison with activity a year ago when there was a transportation strike is not helpful in measuring the trend of business this year. Similarly a three-day walkout of St. Louis terminal workers beginning March 9, 1952, affected operations for several days.

**CONSTRUCTION**

There were several significant developments in construction during February. Residential construction improved. The NPA took certain steps to ease restrictions on less essential building in the next few months. In fact some restrictions have already been modified.

The seasonally adjusted rate of total new construction put in place showed little change during February from the January level. Private industrial building, spurred by the defense mobilization program, gained more than seasonally and residential building continued the growth noted in January. Public construction decreased.

Residential construction picked up during February reflecting the gain in housing starts in both January and February. The rise was entirely in private home building, which is apparently not being impeded by the materials supply situation. The increasing number of houses started so far this year indicates that construction volume in the next few months will continue a strong upward trend. Still, total private residential outlays are about one-fifth less than a year ago.

Construction of commercial buildings, which has been restricted by the Federal Government be-

cause of the desire to direct materials to more essential projects, is about one-third less than a year ago. Due to the easing of the materials shortage in the last few months, steps were taken during February and early March to allow more of this type of construction in the future. Industrial expansion, which is about 53 per cent above the level of a year ago, will evidently continue at high levels as a result of the continued expansion in industrial capacity under the defense mobilization program.

In this district proposed new industrial facilities with investment of \$223 million have been indicated so far this year. The largest individual plant being planned is the aluminum reduction plant to be located near Arkadelphia, Arkansas, by the Reynolds Metals Company. Plans for considerable expansion in the St. Louis area by Monsanto Chemical Company (\$19 million), and American Zinc Company (\$4.5 million) were also indicated.

In the Eighth District construction contracts awarded during February totaled \$46 million, a decrease of 29 per cent from the January total and 24 per cent less than February, 1951. The total residential construction contracts awarded have been 32 per cent less than a year ago, although total construction contracts are one per cent greater than in the first two months of 1951 due to a large increase in public works and utility contracts.

**RETAIL TRADE**

February retail sales in the district were generally less than in January and were under those in February, 1951. In part the lessened activity relative to a year ago reflected the earlier Easter in 1951 and the abnormally high sales in that year. Furniture store sales were an exception. These stores experienced a February sales volume somewhat above that in January and almost equal to that a year ago. Traditional home-furnishing promotions were reported to have accounted for the relatively good showing in the year-to-year comparison. "White sales" during February drew a fair consumer response but much of the strength

**CONSTRUCTION**

BUILDING PERMITS								
Month of February								
(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1952	1951	1952	1951	1952	1951	1952	1951
Evansville.....	36	34	\$ 72	\$ 69	48	43	\$ 31	\$ 58
Little Rock.....	62	54	557	1,134	164	132	107	103
Louisville.....	197	83	892	659	78	29	111	37
Memphis.....	1,404	1,279	2,770	2,937	171	135	133	106
St. Louis.....	215	182	1,448	2,097	208	146	601	333
Feb. Totals.....	1,914	1,632	\$ 5,739	\$ 6,896	669	485	\$ 983	\$ 637
Jan. Totals.....	1,709	2,502	\$ 4,191	\$ 18,196	479	410	\$ 785	\$ 1,563

**WHOLESALE**

Line of Commodities	Net Sales		Stocks Feb. 29, 1952 compared with Jan. 31, 1952
	Jan., '52	Feb., '51	
Data furnished by Bureau of Census, U.S. Dept. of Commerce*			
Automotive Supplies.....	- 8%	- 9%	+ 17%
Drugs and Chemicals.....	+ 2	+ 21	....
Dry Goods.....	+ 3	- 18	- 10
Groceries.....	- 10	- 0 -	+ 2
Hardware.....	+ 25	- 18	+ 3
Tobacco and its Products.....	- 0 -	+ 16	+ 7
Miscellaneous.....	+ 9	+ 1	+ 1
**Total All Lines.....	+ 7%	- 9%	- 2%
*Preliminary.			
**Includes certain items not listed above.			

**TRADE**

**DEPARTMENT STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	Feb., 1952 compared with Jan., '52	2 mos. '52 to same period '51	Feb. 29, '52 comp. with Feb. 28, '51	Jan. 1 to Feb. 29, 1952	Jan. 1 to Feb. 29, 1951	
8th F. R. District...	- 4%	- 1%	- 7%	-10%	.57	.57
Ft. Smith, Ark. <sup>1</sup> .....	- 2	- 4	- 6	+ 3	.51	.54
Little Rock, Ark.....	+ 5	- 3	- 8	-16	.54	.50
Quincy, Ill.....	- 5	-11	-15	-14	.54	.57
Evansville, Ind.....	+ 6	+ 4	- 4	- 3	.43	.47
Louisville, Ky.....	- 1	-0-	- 6	+ 2	.56	.58
Paducah, Ky.....	+ 9	+36	+26	.....	.....	.....
St. Louis Area <sup>1,2</sup> .....	- 8	- 1	- 7	-13	.59	.58
Springfield, Mo.....	- 1	+ 9	+ 3	- 3	.44	.40
Memphis, Tenn.....	- 4	- 3	- 5	- 3	.61	.62
All Other Cities*.....	+10	+ 9	- 4	+ 1	.39	.41

\*Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup>In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of February, 1952, were 33 per cent smaller than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding February 1, 1952, collected during February, by cities:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	.....%	44%	Quincy.....	23%	58%
Little Rock.....	18	46	St. Louis.....	21	49
Louisville.....	20	64	Other Cities..	14	48
Memphis.....	20	35	8th F. R. Dist.	20	48

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	Feb., 1952	Jan., 1952	Dec., 1951	Feb., 1951
Sales (daily average), unadjusted <sup>3</sup> .....	80	81	168	86
Sales (daily average), seasonally adjusted <sup>2</sup> ..	100	111	107	108
Stocks, unadjusted <sup>4</sup> .....	109	92	105	128
Stocks, seasonally adjusted <sup>4</sup> .....	112	106	119	131

<sup>3</sup>Daily average 1947-49=100.

<sup>4</sup>End of Month Average 1947-49=100.

**SPECIALTY STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	Feb., 1952 compared with Jan., '52	2 mos. '52 to same period '51	Feb. 29, '52 comp. with Feb. 28, '51	Jan. 1 to Feb. 29, 1952	Jan. 1 to Feb. 29, 1951	
Men's Furnishings	-21%	- 6%	-10%	- 4%	.33	.37
Boots and Shoes..	+ 1	+ 6	+ 2	- 5	.54	.52

Percentage of accounts and notes receivable outstanding February 1, 1952, collected during February:

Men's Furnishings.....	41%	Boots and Shoes.....	44%
Trading days: February, 1952—25; January, 1952—26; February, 1951—24.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	Feb., 1952 compared with Jan., '52	February, 1952 compared with Feb., '51	Feb., 1952 compared with Jan., '52	February, 1952 compared with Feb., '51	Feb., '52	Feb., '51
8th Dist. Total <sup>1</sup> .....	+ 6%	- 3%	+ 4%	-12%	21%	19%
St. Louis Area <sup>2</sup> .....	+ 4	-13	+ 3	-13	29	25
St. Louis.....	+ 6	-13	+ 3	-13	29	25
Louisville Area <sup>3</sup> .....	+29	+19	+ 4	-10	13	13
Louisville.....	+35	+21	+ 4	-10	12	12
Memphis.....	+11	+26	*	*	12	13
Little Rock.....	-16	- 6	- 2	-17	19	17
Springfield.....	+ 5	+12	+ 1	+ 1	16	14
Fort Smith.....	- 6	-17	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Feb., '52	Jan., '52	Feb., '51
Cash Sales.....	14%	16%	15%
Credit Sales.....	86	84	85
Total Sales.....	100%	100%	100%

in sales was in furniture lines. More in line with trends during February, automobile dealers, after experiencing a flurry of sales activity following the introduction of new models, found sales slowing down. Used car sales, reported pretty fair in January, also fell in February.

In reporting soft goods lines, February sales of district retailers were reported below those in both the previous month and the comparable month last year. Sales volume at district department stores in February dropped contraseasonally from that during January and was slightly under that in February, 1951. And February sales at men's wear stores and women's specialty stores were reported below those in January and well under February, 1951.

In several trade lines the decline from January was partly the result of efforts in that month to match heavier-than-normal buying a year ago. And, considering the fact that in February, 1951, consumer buying continued above seasonal expectations, the less-than-year-ago performance this year was not unexpected.

Another factor, contributing to the softness in nondurables lines and thus to the general February decline, is the later Easter this year in comparison with last year. With Easter occurring on March 25 last year, retailers had their spring promotions under way by the end of February. This year, with Easter falling on April 13, retailers have delayed spring promotions until well into March.

The retail value of inventories held by reporting retail lines at the end of February was generally larger than a month earlier but was below that a year earlier. The largest decline from 1951 was reported by furniture stores. Much of the build-up of spring merchandise, in view of the later date of Easter this year, was scheduled by retailers during March. A few instances have been reported of inventory becoming tight in several soft goods lines, where, because of cautious merchandising policies of retailers, manufacturers have held back production schedules. At district department stores, outstanding orders at the end of February were substantially under those a month earlier and sharply less than a year ago.

**AGRICULTURE**

For the most part, farm field activities in February were limited. However, some preparation for cotton in the southern part of the district occurred and some plowing in Kentucky and farther north was possible due to the relatively mild weather. Farm work was considered to be slightly advanced in Arkansas, but slightly delayed in

Tennessee and Mississippi due to wet weather.

Winter wheat in the district apparently was in good condition, but the crop was still vulnerable to freezing and thawing in March. Prospects for wheat brightened in the Southwest as a result of snow and rain. Moisture was generally adequate for the immediate future. Winter killing up to March 1 appeared to be at a minimum, and the crop was reported in good to excellent condition in many areas.

Prices received by farmers declined 4 per cent during the month ending February 15. On that date the index of prices received was 289 (1910-14 =100), compared with an index of 300 a month earlier and 313 a year earlier. This represents a decline of 8 per cent during the one-year period. However, the index of 289 was higher than any other February, except during 1951.

Prices paid by farmers reached a new high in February with a 1 point rise to an index of 288. As a result of the decline in prices received and increase in prices paid, the parity ratio (ratio of prices received to prices paid) declined from 105 to 100. A year earlier the ratio was 113.

**BANKING AND FINANCE**

As in the previous month, earning assets and deposits of member banks declined during February, both districtwise and nationally. Most of the decline in earning assets resulted from net sales of Government securities; however, in the district there was also a substantial net reduction in borrowings of businesses. In addition to the contraction of bank credit, there was a shift of deposits from individuals and businesses to the Treasury. As a result, the private money supply declined slightly in the month. However, the volume of checks written in February was fairly large.

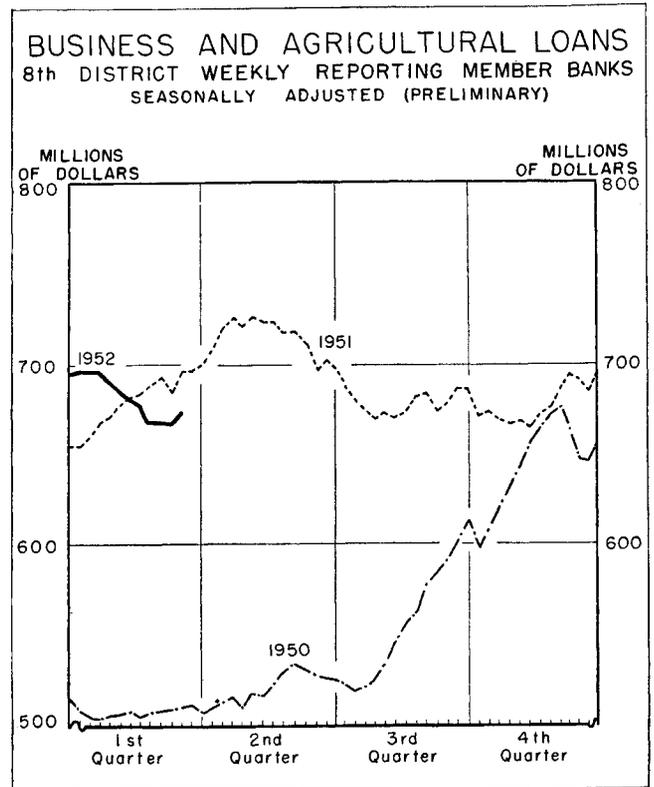
The money market was fairly tight and yields on Treasury bills increased over most of February

**AGRICULTURE**

CASH FARM INCOME						
(In thousands of dollars)	January, 1952			12 month total Jan. to Dec.		
	Jan., 1952	Dec., 1951	Jan., 1951	1951	1951 compared with 1950 1949	
Arkansas.....	\$ 42,083	-31%	+16%	\$ 564,523	+14%	+ 5%
Illinois.....	161,003	+ 5	+ 3	2,020,380	+14	+ 3
Indiana.....	85,947	-12	+10	1,170,038	+20	+22
Kentucky.....	105,106	-29	+10	632,799	+23	+18
Mississippi.....	30,123	-59	-18	556,484	+21	+13
Missouri.....	83,104	-13	-12	1,214,208	+18	+20
Tennessee.....	48,198	- 5	+ 1	487,666	+14	+13
Totals.....	\$555,564	-18%	+ 2%	\$6,646,098	+17%	+12%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	Receipts			Shipments		
	Feb., 1952 compared with			Feb., 1952 compared with		
	Feb., '52	Jan., '52	Feb., '51	Feb., '52	Jan., '52	Feb., '51
Cattle and calves....	67,915	-18%	+ 13%	29,842	- 0%	+100%
Hogs.....	283,034	-21	+ 14	84,492	-31	+ 14
Sheep.....	37,369	-27	+148	16,390	-24	.....
Totals.....	388,318	-21%	+ 20%	130,724	-25%	+ 42%



and early March. These developments reflected, in large part, the heavy tax payments to the Treasury.

**District Developments**—Earning assets of district member banks contracted roughly \$100 million during February. Normally, earning assets contract only about half this amount in the month.

Loans declined \$29 million. The decline was the result of a \$34 million drop in loans at the larger banks combined with a \$5 million increase in loans at the smaller banks. A more-than-seasonal contraction in business loans accounted for virtually all the net decrease at the larger city banks. The district loan decline was in contrast to loan behavior at all other banks in the nation where the outstanding volume of business, real estate and consumer loans changed only slightly in the month.

The greater-than-national rate of decline in district business loans was occasioned in part by a lesser rate of expansion districtwise in loans for defense. Both nationally and in the district large net repayments of loans during February came from commodity dealers and food manufacturers. However, in the district, the increase in loans to textile, apparel and leather manufacturers did not offset other shrinkages, while nationally declines were matched by a sizable expansion in loans to metal and metal products manufacturers and to petroleum, coal, chemical and rubber companies, chiefly for defense activities. In the district the increase in loans at the smaller banks was all in

centers under 15,000 population, where agricultural loans normally expand at this time.

Investment portfolios were reduced \$72 million at district member banks in the month. Most of the net sales were at the larger urban banks and were of short-term United States Government securities.

Deposits in the district declined about \$100 million in February. As with earning assets, most of the decline was at the larger city banks. The deposit decline was centered in accounts of banks and businesses partially offset by an increase in accounts of the United States Government. Savings accounts continued their upward climb at both the larger and smaller banks.

Use of deposit accounts was fairly high in February. Debits to deposit accounts (except inter-bank) at 22 reporting centers were \$3.8 billion. This represents a 10 per cent increase over the same month a year ago. All reporting centers had more debits this February than last except Owensboro, Kentucky, where the dollar amount of checks written was virtually the same in both months. At Paducah, Kentucky, more than twice the year-ago amount of checks were written in February, 1952. After adjusting for seasonal variation, volume of debits to deposit accounts at all district reporting centers was 4 per cent larger in February than in the previous month.

In the first two weeks of March, business loans at district weekly reporting member banks declined less-than-seasonally. The decrease came largely from sales finance companies, commodity dealers and food manufacturers. On the other hand, other types of manufacturers, especially metal and metal products firms, expanded loans in the period.

**National Developments**—In the first two and a

half months of 1952, the Treasury's budgetary receipts were about \$13 billion. In the comparable period a year ago, the drain from taxes amounted to \$10 billion. The larger "take" this year reflected stiffer tax rates and higher incomes as well as more rapid collections of corporate taxes. One result of this even-larger-than-usual drain was to put considerable pressure on banks and the money market in general. The money market, which was easy during January, became fairly tight in February and early March. To meet the drain of funds, banks drew on excess reserves and other cash balances and increased their borrowings. In addition, some banks were forced to liquidate securities in order to adjust their positions. Rates on Treasury bills reflected the pressure, yielding 1.78 per cent at mid-March compared with 1.58 in early February.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Feb., 1952	Jan., 1952	Feb., 1951	February, 1952 compared with	
				Jan., '52	Feb., '51
El Dorado, Ark.....	\$ 27,447	\$ 31,734	\$ 23,221	-14%	+ 18%
Fort Smith, Ark.....	43,828	47,747	39,875	- 8	+ 10
Helena, Ark.....	7,594	10,381	7,062	-27	+ 8
Little Rock, Ark.....	136,263	145,536	128,236	- 6	+ 6
Pine Bluff, Ark.....	32,749	41,258	25,683	-21	+ 28
Texarkana, Ark.*.....	15,540	16,530	11,024	- 6	+ 41
Alton, Ill.....	28,874	30,490	24,108	- 5	+ 20
E. St. L.-Nat. S. Y., Ill.....	119,147	138,287	106,312	-14	+ 12
Quincy, Ill.....	33,134	33,842	29,866	- 2	+ 11
Evansville, Ind.....	129,667	140,936	122,014	- 8	+ 6
Louisville, Ky.....	645,512	687,396	552,293	- 6	+ 17
Owensboro, Ky.....	37,124	43,510	37,219	-15	- 0
Paducah, Ky.....	34,868	34,318	17,112	+ 2	+104
Greenville, Miss.....	21,964	28,956	19,403	-24	+ 13
Cape Girardeau, Mo.....	12,272	13,568	11,178	-10	+ 10
Hannibal, Mo.....	9,035	9,524	8,544	- 5	+ 6
Jefferson City, Mo.....	51,428	73,104	48,800	-30	+ 5
St. Louis, Mo.....	1,714,146	1,940,929	1,589,078	-12	+ 8
Sedalia, Mo.....	11,113	11,824	10,586	- 6	+ 5
Springfield, Mo.....	62,256	69,775	56,376	-11	+ 10
Jackson, Tenn.....	19,772	22,456	18,160	-12	+ 9
Memphis, Tenn.....	607,935	737,182	554,417	-18	+ 10
Totals.....	\$3,801,668	\$4,309,283	\$3,440,567	-12%	+ 10%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$36,153.

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Jan., 1952	Feb., 1951	to	Jan., 1952	Feb., 1951	to	Jan., 1952	Feb., 1951	to
<b>Assets</b>	Feb., 1952	Feb., 1952	Feb., 1952	Feb., 1952	Feb., 1952	Feb., 1952	Feb., 1952	Feb., 1952	Feb., 1952
1. Loans and investments.....	\$4,192	\$-101	\$+162	\$2,427	\$- 93	\$+ 56	\$1,765	\$- 8	\$+106
a. Loans.....	1,890	- 29	+ 35	1,268	- 34	+ 1	622	+ 5	+ 34
b. U.S. Government Obligations.....	1,923	- 74	+109	980	- 60	+ 50	943	- 14	+ 59
c. Other Securities.....	379	+ 2	+ 18	179	+ 1	+ 5	200	+ 1	+ 13
2. Reserves and Other Cash Balances.....	1,415	- 5	+ 76	884	+ 15	+ 43	531	- 20	+ 33
a. Reserves with the F.R. bank.....	712	- 10	+ 38	462	- 9	+ 21	250	- 1	+ 17
b. Other Cash Balances <sup>3</sup> .....	703	+ 5	+ 38	422	+ 24	+ 22	281	- 19	+ 16
3. Other Assets.....	52	+ 1	+ 4	33	+ 1	+ 2	19	- 0	+ 2
4. Total Assets.....	\$5,659	\$-105	\$+242	\$3,344	\$- 77	\$+101	\$2,315	\$- 28	\$+141
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,224	\$-102	\$+168	\$2,586	\$- 70	\$+ 71	\$1,638	\$- 32	\$+ 97
a. Deposits of Banks.....	718	- 63	+ 53	677	- 60	+ 48	41	- 3	+ 5
b. Other Demand Deposits.....	3,506	- 39	+115	1,909	- 10	+ 23	1,597	- 29	+ 92
6. Time Deposits.....	1,004	+ 5	+ 43	488	+ 3	+ 12	516	+ 2	+ 31
7. Borrowings and Other Liabilities.....	65	- 10	- 0	55	- 12	- 4	10	+ 2	+ 4
8. Total Capital Accounts.....	366	+ 2	+ 31	215	+ 2	+ 22	151	- 0	+ 9
9. Total Liabilities and Capital Accounts.....	\$5,659	\$-105	\$+242	\$3,344	\$- 77	\$+101	\$2,315	\$- 28	\$+141

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

# Survey of Current Conditions

At mid-April business activity in the Eighth District showed a slight increase from levels prevailing a month ago. Industrial production improved in some lines but failed to record the usual gains in others. There was some interruption of production due to work-stoppages, both on a local and national scale, but very little output was lost. Retail sales at district department stores during the Easter season were slightly better than in 1951 and employment was up moderately. Investment in plant and equipment and home construction increased seasonally.

Nationally, the physical volume of production in March dropped 2 points from the February level of 222 per cent of the 1935-39 average. Despite the slight decline in March, production for the first quarter of 1952 in the nation was slightly higher than in the last quarter of 1951 and about equal to the peak output of the first quarter of 1951. Construction expenditures (seasonally adjusted) were 8 per cent higher. Retail sales in department stores remained at about the same level as in previous months.

The total value of goods and services produced in the United States in the first quarter of 1952 continued the upward trend of the past two years.

The gross national product for the first three months was estimated at \$339 billion (seasonally adjusted annual rate) an increase of \$4.4 billion from the previous quarter. The increase derived from growing national security and personal consumption expenditures. Outlays on durable goods by consumers in the first quarter were unchanged from the last quarter of 1951, but purchases of soft goods and services increased. Consumers continued to save at a rate substantially higher than in most postwar years.

Over all, the first quarter record of the nation's economic activity shows a sustained high level of output and a measure of stability. The outcome of the steel wage controversy will have an important bearing on what the second and third quarter of the year will show.

## EMPLOYMENT

Employment in the district picked up somewhat from mid-February to mid-March, due primarily to seasonal increases in construction and some manufacturing lines and to expanded defense and defense-related production.

Total civilian employment in the United States showed little change between early February and early March as most outdoor activity was still restricted. Nonagricultural employment also remained practically unchanged from the previous month at an estimated 53.7 million persons. In comparison with a year ago, however, 130,000 more women were employed but 220,000 fewer men.

Although total employment was down from its year-ago level, the civilian labor force had shrunk somewhat more. As a result, the labor market was tighter in comparison with a year ago. The number of persons seeking work during the first quarter of 1952 averaged about 2.0 million as compared with 2.4 million in the same months of 1951, with the unemployment rate declining more for women than for men. Also the average duration of unemployment for those seeking work was about nine weeks in March compared with eleven weeks a year earlier.

## PRICES

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	Mar., '52	Feb., '52	Mar., '51	Mar., 1952 compared with	
				Feb., '52	Mar., '51
All Commodities.....	112.3	112.5R	116.5	-0-%	+ 4%
Farm Products.....	108.3	107.8	117.6	+ 1	- 8
Foods.....	109.2	109.5R	112.0	-0-	- 3
Other.....	113.9	114.2R	117.3	-0-	- 3

R—Revised.

### CONSUMER PRICE INDEX\*

Bureau of Labor Statistics (1935-39=100)	Mar. 15, 1952	Dec. 15, 1951	Mar. 15, 1951	Mar. 15, 1952, compared with	
				Dec. 15, '51	Mar. 15, '51
United States.....	188.0	189.1	184.5	- 1%	+ 2%
St. Louis.....	190.2	190.2	185.2	-0-	+ 3
Memphis.....	190.2	191.4	186.5	- 1	+ 2

\*New series.

### RETAIL FOOD\*

Bureau of Labor Statistics (1935-39=100)	Mar. 15, 1952	Feb. 15, 1952	Mar. 15, 1951	Mar. 15, 1952, compared with	
				Feb. 15, '52	Mar. 15, '51
U. S. (51 cities).....	227.6	227.5	226.2	-0-%	+ 1%
St. Louis.....	238.3	238.6	239.4	-0-	- 1
Little Rock.....	224.3	224.6	226.8	-0-	- 1
Louisville.....	213.2	213.6	214.6	-0-	- 1
Memphis.....	231.0	234.9	233.8	- 2	- 1

\*New series.

More people were at work in the St. Louis area at mid-March than at mid-February, as construction and manufacturing activity increased. The gain in manufacturing employment was due in large part to expansion of defense output, slightly larger output of automobiles, and seasonal increases in some other civilian goods lines. The expansion of employment in construction was largely seasonal. Accompanying the growth in the number of employed in the St. Louis area, there were evidences of a tightening labor market. Unemployment declined and defense plants began hiring a few women for production work where they were not used formerly. However, hiring specifications for women continued to be somewhat restrictive as to age and work experience.

In Louisville the decline in employment from January to February was regained in March. Ordnance establishments continued to expand with the addition of nearly 1,000 workers to the payrolls from January to March. Increased output of farm and electrical machinery and in other metal industries added another 1,000 workers during the same period. Construction employment also rose.

With a substantial increase in defense and seasonal manufacturing, even though nonmanufacturing employment was about the same, total employment in Evansville set a postwar record in March.

Employment in Memphis showed only a seasonal increase from February to March. However, non-agricultural employment during March was 2 per cent greater than a year earlier.

In Arkansas gains in construction and trade from February to March more than offset a decline in manufacturing employment. A large seasonal decline in employment in the lumber industry accounted for most of the decline in manufacturing. While employment was somewhat higher than February it was the third consecutive month that total employment was below comparative 1951 levels.

**INDUSTRY**

A gentle upward trend continued to be evident in Eighth District manufacturing activity during March and early April. But there was still some gap between the level of last year and this. The steel capacity rate continued upward, and shoe production improved. District coal production declined seasonally and lumber production had not yet experienced any seasonal increase.

**Manufacturing**—The steel ingot production rate in the St. Louis area continued to show improvement in March and early April with furnaces running at 3 percentage-of-capacity points higher than

in February. Temporary disruption at one plant due to the steel-wage impasse dropped area operations to 73 per cent of capacity for the week ended April 12, much better than the national average of 62 per cent. Despite the gain in March and early April, furnace schedules in the district remained lighter than those of a year ago when market demand was higher and capacity less.

Use of electric power by manufacturing plants in the district was greater in March than a month and a year ago. Chemical, stone-clay-glass, and primary metals industries accounted largely for the increase over February. These industries were also using considerably more power than a year ago. On the other hand, fabricated metals and machinery industries failed in March to record the gains they have in past months.

Lumber operations in March and early April held about even or were slightly down from those of February. Compared with last year they were down better than 10 per cent for both southern pine and southern hardwoods.

Orders for shoes at shoe manufacturers in the St. Louis area so far this season are substantially higher than in the corresponding period a year ago. Larger civilian orders more than offset a drop in military orders. According to estimates by the

<b>INDUSTRY</b>						
<b>CONSUMPTION OF ELECTRICITY—DAILY AVERAGE*</b>						
(K.W.H. in thous.)	Mar., 1952 K.W.H.	Feb., 1952 K.W.H.	Mar., 1951 K.W.H.	March, 1952 compared with		
				Feb., '52	Mar., '51	
Evansville.....	813	759	731	+ 7%	+11%	
Little Rock.....	577	601	580	- 4	- 1	
Louisville.....	4,017	3,753	3,669	+ 7	+ 9	
Memphis.....	1,542	1,526	1,374	+ 1	+ 12	
Pine Bluff.....	459	507	361	- 9	+27	
St. Louis.....	4,960	4,661	4,773	+ 6	+ 4	
Totals.....	12,368	11,807	11,488	+ 5%	+ 8%	

\* New series: Previous data were on total monthly basis.  
\* Selected manufacturing firms.

<b>LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS</b>						
First Nine Days						
Mar., '52	Feb., '52	Mar., '51	Apr., '52	Apr., '51	3 mos. '52	3 mos. '51
109,154	112,784	132,803	33,351	35,840	332,522	346,027

Source: Terminal Railroad Association of St. Louis.

<b>CRUDE OIL PRODUCTION—DAILY AVERAGE</b>					
(In thousands of bbls.)	Mar., 1952	Feb., 1952	Mar., 1951	Mar., 1952 compared with	
				Feb., '52	Mar., '51
Arkansas.....	76.5	76.2	79.5	-0%	- 4%
Illinois.....	165.1	163.7	163.9	+ 1	+ 1
Indiana.....	30.3	30.0	26.9	+ 1	+13
Kentucky.....	35.4	34.5	28.2	+ 3	+26
Total.....	307.3	304.4	298.5	+ 1%	+ 3%

<b>COAL PRODUCTION INDEX</b>					
1935-39=100					
Unadjusted			Adjusted		
Mar., '52	Feb., '52	Mar., '51	Mar., '52	Feb., '52	Mar., '51
130.8P	162.5P	164.9	137.7P	156.2P	173.6

P—Preliminary.

<b>SHOE PRODUCTION INDEX</b>					
1935-39=100					
Unadjusted			Adjusted		
Feb., '52	Jan., '52	Feb., '51	Feb., '52	Jan., '52	Feb., '51
144.2	143.9	154.7	136.0	141.1	145.9

**CONSTRUCTION**

**CONSTRUCTION**

**BUILDING PERMITS**

Month of March

(Cost in thousands)	New Construction				Repairs, etc.				
	Number		Cost		Number		Cost		
	1952	1951	1952	1951	1952	1951	1952	1951	1951
Evansville.....	74	65	\$ 515	\$ 191	93	81	\$ 75	\$ 123	
Little Rock.....	46	87	371	1,921	190	185	126	129	
Louisville.....	167	144	733	7,240**	108	60	142	57	
Memphis.....	1,863	1,471	5,426	2,615	235	242	194	161	
St. Louis.....	265	277	3,102	3,612	219	272	564	1,252	
March Totals.....	2,415	2,044	\$10,147	\$15,579	845	840	\$1,101	\$1,722	
Feb. Totals.....	1,914	1,632	\$ 5,739	\$ 6,896	669	485	\$ 983	\$ 637	

\*\*Includes U. S. Housing Project—\$6,084,000 (854 units).

Construction activity in March rose more than seasonally, largely as a result of an increase in private home building. A substantial increase in highway and military construction also contributed to the gain.

New housing started in the first quarter totaled 243,000 units. The strength shown recently in residential building may well continue through 1952, if plans revealed by the Board's survey of consumer intentions are carried out. The survey showed that the public expected to purchase nearly the same number of new houses as last year (when 1.1 million units were started) provided that material, price, quality, and credit factors do not change significantly. But housing for the middle income group will probably constitute a larger proportion of the new home market in 1952 than it did in 1951.

The expansion of industrial plant is also a large factor in the construction outlook. Expansion of \$16.6 billion in industrial facilities under the rapid tax amortization program is only about one-half completed. And pending applications cover projects valued at \$9.9 billion, of which about two-thirds may be approved, if past experience holds true. Another indication of this strength is seen in the recent survey by the Department of Commerce and Securities and Exchange Commission which estimated that capital outlays for new plant and equipment planned by business firms during 1952 will be \$24 billion, almost as much in physical volume as in 1951, and 4 per cent larger in dollar volume. During the first half of this year planned outlays (on a seasonally adjusted basis) will be higher than the fourth quarter 1951 rate. In the second half of this year expected investment will be only slightly below the first-half rate.

The effect of the defense mobilization program can be seen in the pattern of planned expenditures by business on plant and equipment. Defense-related facilities, in manufacturing, electric power and gas utilities, mining and transportation other than railroads, will be expanded at a greater rate than last year. While producers of consumer goods and commercial firms generally planned to spend less this year than in 1951, the recent increased materials allocation for these types of construction may reverse the indicated trend.

Large expansions of industrial facilities in this district noted during March were a new \$3 million aluminum castings plant of General Motors Corporation at Jones Mill, Arkansas, (proposed in April, 1951 but not approved for rapid tax amortization by the Defense Production Administration until

**WHOLESALE**

Line of Commodities	Net Sales		Stocks
	March, 1952 compared with		March 31, 1952 compared with
	Feb., '52	Mar., '51	Feb. 29, 1952
Automotive Supplies.....	+ 6%	-14%	- 5%
Drugs and Chemicals.....	- 5	- 4	+11
Dry Goods.....	+ 3	-17	+ 5
Groceries.....	+ 6	- 1	- 2
Hardware.....	- 5	-24	- 6
Tobacco and its Products.....	- 1	+ 9	- 4
Miscellaneous.....	- 4	- 8	- 4
**Total All Lines.....	-0-%	-12%	- 1%

\*\*Preliminary.

\*\*Includes certain items not listed above.

Tanners' Council, however, production nationally is still running below that of 1951 and 1950, the drop from the latter year being put at 6 per cent for the first quarter. In April, shoe production entered a slack in-between season.

Livestock sales at National Stock Yards, Illinois, during March were 347,000 head compared with 315,000 in February. While March slaughter of hogs by six main packers in St. Louis was the smallest for that month in two years, pork stocks in coolers on April 1 were greater than for any comparable date since 1937.

Whiskey production declined in March, with 28 distillers reported in operation in Kentucky at month's end, compared with 30 in February and 63 in March, 1951. The market for both bulk whiskey and case goods remained weak.

**Mining**—Coal production declined in March in keeping with the seasonal trend. District states production dropped 12 per cent compared with a 7 per cent drop from February nationally. In both cases, production was below that of a year ago.

The daily average rate of crude oil production in March in the four district producing states was slightly above that of February and 3 per cent over March a year ago. Refinery production in the St. Louis area was reduced slightly in April due to high stocks of gasoline which had accumulated.

this year), a \$1 million expansion of the Corhart Refractories Company plant in Louisville and a \$1.5 million expansion of the Delta Refining Company plant in Memphis.

In the Eighth District construction contracts awarded during March totaled \$106 million, an increase of 129 per cent from February, and 10 per cent greater than a year earlier. For the first quarter, residential construction contracts were 20 per cent less than in the same period of 1951, but total contracts were 4 per cent larger than a year ago as a result of increased construction of other types.

**TRADE**

Spring trade carried a favorable tone with the Easter season this year apparently being somewhat better than last year at district department stores and a "more than satisfactory" response being reported for post-Easter sales. Specialty stores were in less favorable position than a year ago, however. And sales of durable goods were definitely on the weak side.

Besides making a favorable Easter showing, department store sales in the month of March (adjusted for the changing date of Easter) advanced seasonally from their February level and were slightly better than a year ago. Unadjusted sales for the first quarter of the year were down 5 per cent from a year ago. But many department store executives had expected an even sharper drop since last year's sales were supported by the second Korean scare-buying wave and an earlier Easter season.

The sales picture at apparel stores was mixed. Both men's and women's specialty shops showed a better gain from February to March than department stores, but their sales decline relative to a year ago was larger than at department stores.

Durable goods sales were definitely lagging in March. Sales of furniture were below those of a year ago (even though one-eighth larger than in February), both new and used car sales were below seasonal levels, and appliance sales were only "fair" in a few lines.

Inventories held by reporting district retailers on March 31 were generally above those of a month earlier, but below those of a year ago. Little difficulty was experienced in maintaining adequate stocks. Production of some hard goods was limited, but this caused no retail inventory problem since sales were low. The dollar volume of outstanding orders at department stores was slightly less than at the end of February, but higher than a year ago.

**TRADE**

**DEPARTMENT STORES**

	Net Sales		3 mos.'52 to same period '51	Stocks on Hand Mar. 31,'52 comp. with Mar. 31,'51	Stock Turnover Jan. 1 to March 31, 1952 1951
	March, 1952 compared with Feb., '52	Mar., '51			
8th F.R. District....	+17%	-7%	-7%	-13%	.85 .84
Ft. Smith, Ark. <sup>1</sup> ....	+26	-10	-8	-1	.78 .84
Little Rock, Ark....	+11	-6	-7	-15	.81 .76
Quincy, Ill.....	+14	-20	-17	-12	.81 .86
Evansville, Ind.....	+22	-11	-6	-11	.70 .74
Louisville, Ky.....	+28	-8	-7	-1	.87 .91
Paducah, Ky.....	+23	+19	+23	.....	.....
St. Louis Area <sup>1, 2</sup> ....	+14	-5	-6	-16	.87 .84
Springfield, Mo.....	+24	-8	-1	-7	.69 .66
Memphis, Tenn.....	+16	-6	-5	-5	.91 .93
All Other Cities <sup>3</sup> ....	+21	-10	-6	-4	.62 .67

\*Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup>In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of March, 1952, were 24 per cent smaller than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding March 1, 1952, collected during March, by cities:

	Instalment Accounts		Excl. Instal. Accounts	
	Accounts	%	Accounts	%
Fort Smith.....	22	48%	47	26%
Little Rock.....	22	47	50	62%
Louisville.....	22	40	22	49
Memphis.....	23	40	20	53
Quincy.....			20	47
St. Louis.....				
Other Cities.....				
8th F.R. Dist..				

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

	8th Federal Reserve District			
	Mar., 1952	Feb., 1952	Jan., 1952	Mar., 1951
Sales (daily average), unadjusted <sup>a</sup> .....	89	80	81	94
Sales (daily average), seasonally adjusted <sup>a</sup> ....	99	100	111	99
Stocks, unadjusted <sup>a</sup> .....	118	109	92	143
Stocks, seasonally adjusted <sup>a</sup> .....	111	112	106	135

<sup>a</sup>Daily average 1947-49=100.

<sup>b</sup>End of Month Average 1947-49=100.

**SPECIALTY STORES**

	Net Sales		3 mos.'52 to same period '51	Stocks on Hand Mar. 31,'52 comp. with Mar. 31,'51	Stock Turnover Jan. 1 to March 31, 1952 1951
	March, 1952 compared with Feb., '52	Mar., '51			
Men's Furnishings....	+16%	-12%	-10%	-12%	.50 .53
Boots and Shoes.....	+36	-25	-11	+2	.86 .96

Percentage of accounts and notes receivable outstanding Mar. 1, 1952, collected during March:

Men's Furnishings .....	47%	Boots and Shoes.....	44%
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Trading days: Mar., 1952—26; Feb., 1952—25; Mar., 1951—27.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	March, 1952 compared with Feb., '52	Mar., '51	March, 1952 compared with Feb., '52	Mar., '51	Mar., '52	Mar., '51
8th Dist. Total <sup>a</sup> ...	+11%	-5%	+2%	-15%	23%	22%
St. Louis Area <sup>a</sup> ....	+17	-8	-0-	-21	33	29
St. Louis.....	+18	-8	-0-	-21	33	29
Louisville Area <sup>a</sup> ..	+6	+7	+2	-21	15	14
Louisville.....	+5	+6	+1	-21	13	13
Memphis.....	-12	+29	*	*	15	15
Little Rock.....	+14	-12	+6	+16	21	19
Springfield.....	+13	-9	+3	-5	17	17
Fort Smith.....	+41	+1	*	*	*	*

<sup>a</sup>Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Mar., '52	Feb., '52	Mar., '51
Cash Sales.....	12%	14%	15%
Credit Sales.....	88	86	85
Total Sales.....	100%	100%	100%

**BANKING AND FINANCE**

Financial data for March and early April indicate that business loans declined less than usual and agricultural loans increased about the normal amount at Eighth District member banks. The less than seasonal contraction in loans leaves total bank credit outstanding \$200 million above what it was a year ago. Counterbalancing the quickening effect of this larger volume of bank credit, was a substantial shift of deposits from private business and individual accounts to government accounts. The shift reflected record income tax collections in the month.

At all commercial banks in the country, loans rose moderately during March. The gain centered in loans to businesses, primarily metal manufacturers, and to farmers. Deposits, both time and demand, were up in the month, but as in the district there was a shift of funds from private to government accounts.

**District Banking Developments**—Total loans at district member banks remained almost unchanged during March. The expansion of loans at smaller banks nearly matched the \$14 million reduction in loans at larger city banks. (Normally, in March, this reduction is proportionately greater.) The loan contraction at the urban banks was nearly all in loans to businesses, but loans to consumers and on real estate were down slightly also. The business loan contraction which, as noted, was less than seasonal, reflected net repayments of advances on

inventories to commodity dealers (largely on cotton at Memphis), sales finance companies and food manufacturers. Partially offsetting these net repayments was an increase in borrowings by other types of manufacturers, especially metal. Despite the reduction of total loans to businesses in the month, loans for defense purposes were up. The major share of the loan expansion at smaller banks took place in centers under 15,000 population where agricultural loans usually expand at this time.

Investments rose \$6 million in the month at all district member banks. The gain was occasioned by an expansion in holdings of "other" securities at the larger banks. U. S. Government securities showed little change, on balance, as an increase in holdings at the larger banks almost matched a decline at the other institutions.

In the aggregate, demand deposits were unchanged at district banks in March. The gain in United States Government accounts (\$77 million at the larger city banks, largely reflecting the heavy income tax payments) was roughly balanced by declines in accounts of businesses, individuals and banks. Time deposits rose \$6 million in the month.

In early April, loans continued to decline (about \$8 million) at weekly reporting member banks in the district. The decline was occasioned by a seasonal reduction in business borrowings. All other types of loans increased moderately. Demand deposits were down also, but time deposits continued to increase.

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Mar., 1952	Feb., 1952 to Mar., 1952	Mar., 1951 to Mar., 1952	Mar., 1952	Feb., 1952 to Mar., 1952	Mar., 1951 to Mar., 1952	Mar., 1952	Feb., 1952 to Mar., 1952	Mar., 1951 to Mar., 1952
<b>Assets</b>									
1. Loans and Investments.....	\$4,197	\$+ 5	\$+206	\$2,433	\$+ 6	\$+ 99	\$1,764	\$- 1	\$+107
a. Loans.....	1,889	- 1	+ 32	1,254	-14	- 4	635	+13	+ 36
b. U.S. Government Obligations.....	1,922	- 1	+151	994	+14	+ 93	928	-15	+ 58
c. Other Securities.....	386	+ 7	+ 23	185	+ 6	+ 10	201	+ 1	+ 13
2. Reserves and Other Cash Balances.....	1,401	-14	+124	875	- 9	+ 71	526	- 5	+ 53
a. Reserves with the F.R. bank.....	725	+13	+ 54	471	+ 9	+ 34	254	+ 4	+ 20
b. Other Cash Balances <sup>3</sup> .....	676	-27	+ 70	404	-18	+ 37	272	- 9	+ 33
3. Other Assets.....	47	- 5	+ 1	30	- 3	-0-	17	- 2	+ 1
4. Total Assets.....	\$5,645	\$-14	\$+331	\$3,338	\$- 6	\$+170	\$2,307	\$- 8	\$+161
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,224	\$-0-	\$+260	\$2,599	\$+13	\$+146	\$1,625	\$-13	\$+114
a. Deposits of Banks.....	698	-20	+ 87	659	-18	+ 81	39	- 2	+ 6
b. Other Demand Deposits.....	3,526	+20	+173	1,940	+31	+ 65	1,586	-11	+108
6. Time Deposits.....	1,010	+ 6	+ 51	491	+ 3	+ 17	519	+ 3	+ 34
7. Borrowings and Other Liabilities.....	42	-23	- 8	32	-23	- 12	10	-0-	+ 4
8. Total Capital Accounts.....	369	+ 3	+ 28	216	+ 1	+ 19	153	+ 2	+ 9
9. Total Liabilities and Capital Accounts.....	\$5,645	\$-14	\$+331	\$3,338	\$- 6	\$+170	\$2,307	\$- 8	\$+161

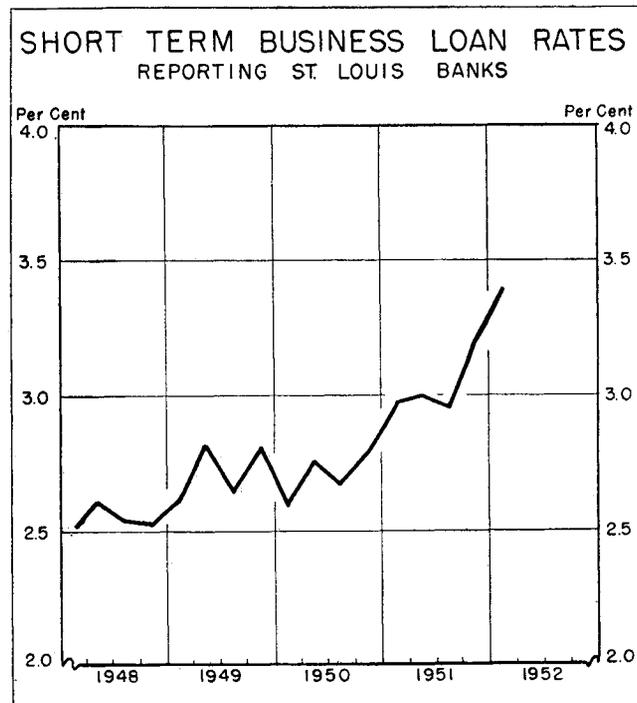
<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

**District Savings Trends**—In the nine months following the outbreak of hostilities in Korea, time deposits declined \$17 million at district member banks. The decline was widespread but was sharpest at larger city banks.

After the first quarter of 1951, however, time deposit volumes increased throughout the remainder of the year and recent reports indicate that the high rate of district saving evident in the last three quarters of 1951 continued in the first quarter of 1952. From March, 1951, through March, 1952, time deposits at district member banks rose \$51 million, with the sharpest expansion in the first quarter of 1952. A third of the gain was at larger city banks, with all reporting centers sharing in the growth. The expansion at banks in the smaller centers was about equally divided between centers under and over 15,000 population. In the smaller centers member banks in Tennessee and Kentucky had the largest percentage increase in time deposits.

The decline in the rate of redemptions of Series A-E Savings Bonds likewise reflects savings trends in the district. While redemptions of Series A-E Savings Bonds have exceeded sales every month but one since Korea, monthly average net redemptions were much lower from March, 1951 to March, 1952 than in the first nine months after Korea. In the first nine months, redemptions exceeded sales by an average of \$9.5 million per month. In the following twelve months, average monthly net re-

demptions were about \$4.5 million. The decline in net redemptions reflected the lower rate of cashings of these bonds; sales of new bonds were at about the same rate in both periods.



**Interest Rates on Business Loans**—The average rate charged on loans (over \$1,000) to businesses by reporting St. Louis banks was substantially higher in the first half of March than in the first half of December. The average rate on loans due in one year or less made in the first fifteen days of March was 3.40 per cent. This compared with a rate of 3.20 per cent for the first half of December and 2.98 per cent for the first half of March last year.

This increase in average rates from December to March largely reflected the rise from 2¾ to 3 per cent in the interest rate charged to borrowers with the highest credit ratings. Rates were higher in March than December in seven size-of-loan categories and lower in two (those under \$10,000).

**AGRICULTURE**

Farmers generally throughout the Eighth District up to mid-April were in need of several days of warm, dry weather. Spring work in many areas was somewhat retarded, and warm, sunny days were needed to dry soil. Floods along both the Mississippi and Missouri rivers resulted in damage and delays in farm work in bottom land.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Mar., 1952	Feb., 1952	Mar., 1951	March, 1952 compared with Feb., '52 Mar., '51	
El Dorado, Ark.....	\$ 26,496	\$ 27,447	\$ 28,457	— 4%	— 7%
Fort Smith, Ark.....	45,119	43,828	47,649	+ 3	— 5
Helena, Ark.....	8,547	7,594	8,844	+13	— 3
Little Rock, Ark.....	154,456	136,263	151,872	+13	+ 2
Pine Bluff, Ark.....	34,128	32,749	31,113	+ 4	+10
Texarkana, Ark.*.....	16,945	15,540	14,152	+ 9	+20
Alton, Ill.....	29,875	28,874	31,843	+ 3	— 6
E.St.L.-Nat.S.Y., Ill.....	123,752	119,147	138,848	+ 4	—11
Quincy, Ill.....	35,078	33,134	37,996	+ 6	— 8
Evansville, Ind.....	137,341	129,667	143,416	+ 6	— 4
Louisville, Ky.....	672,761	645,512	672,010	+ 4	—0-
Owensboro, Ky.....	40,451	37,124	46,312	+ 9	—13
Paducah, Ky.....	39,676	34,868	21,067	+14	+88
Greenville, Miss.....	23,351	21,964	23,691	+ 6	— 2
Cape Girardeau, Mo.....	12,738	12,272	13,583	+ 4	— 6
Hannibal, Mo.....	9,086	9,035	10,045	+ 1	—10
Jefferson City, Mo.....	41,320	51,428	47,043	—20	—12
St. Louis, Mo.....	1,889,178	1,714,146	1,938,090	+10	— 3
Sedalia, Mo.....	10,906	11,113	11,734	— 2	— 7
Springfield, Mo.....	67,501	62,256	69,432	+ 8	— 3
Jackson, Tenn.....	20,544	19,772	21,916	+ 4	— 6
Memphis, Tenn.....	637,396	607,935	705,097	+ 5	—10
Totals.....	\$4,076,645	\$3,801,668	\$4,214,210	+ 7%	— 3%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$38,686.  
R—Revised.

**PROSPECTIVE PLANTINGS EIGHTH DISTRICT STATES, 1952**

(Acreage in Thousands)

	Corn		Oats		Soybeans		Tobacco		Rice	
	Indicated acreage 1952	Change from 1951								
Arkansas.....	1,031	- 2%	201	-10%	890	+30%	.....	.....%	470	+ 4%
Illinois.....	9,286	+ 2	3,419	-0-	3,588	- 4	.....	.....	.....	.....
Indiana.....	4,688	+ 2	1,424	-0-	1,593	- 4	11	+ 4	.....	.....
Kentucky.....	2,115	- 3	145	+ 5	214	+ 1	360	+ 3	.....	.....
Mississippi.....	1,828	- 2	197	-0-	690	+15	.....	.....	40	+33
Missouri.....	4,580	+ 3	1,549	+ 4	1,745	+25	5	+ 4	.....	.....
Tennessee.....	1,982	- 4	302	-0-	322	+ 4	114	+ 3	.....	.....
District States.....	25,510	+ 1	7,237	+ 1	9,042	+ 5	490	+ 3	510	+ 6
United States.....	83,928	-0-	42,818	+ 3	15,457	+ 4	1,804	+ 1	1,971	-0-

Source: Crop Production, USDA

According to the March intentions-to-plant report gathered by the United States Department of Agriculture, farmers throughout the nation will seed almost as many acres this year as in 1951. The indicated acreages will be less than the production goals set by the Department of Agriculture for important feed grains. Thus, corn acreage will be 6 per cent less, and barley and soybean plantings 12 and 24 per cent less than requested acreages, according to farmers' March plans. The indicated oats acreage, however, will exceed both the 1952 goal and 1951 acreage by 3 per cent.

In district states, farmers in Illinois, Indiana, and Missouri planned to increase corn acreage slightly over the 1951 level, while those in the other four states expected to make reductions. For the district as a whole, intended corn acreages will be 1 per cent above last year's. The same holds true for oats production. In the case of soybeans, large acreage increases are indicated in Missouri, where many farmers could not get crops planted in 1951 due to wet weather and floods, and in Arkansas. Thus, despite acreage reductions in Indiana and Illinois (biggest district state producer of soybeans) district acreage in this crop will be 5 per cent above the 1951 level. Farmers plan a 3 per cent increase in their tobacco acreages, reflecting an increase in allotments, and intend to increase rice acreages to record size in Mississippi and Arkansas.

The condition of the winter wheat crop improved during March, and at the end of the month prospective national production was 947 million bushels, 47 per cent larger than the 1951 crop. Smaller percentage increases were expected generally in all district states except Kentucky. In the important

district wheat-producing states, production is expected to be up: 9 per cent in Illinois and Missouri and 39 per cent in Indiana.

**WINTER WHEAT PRODUCTION**

	(Bushels in Thousands)		
	Indicated production 1952	Per cent change from 1951	Per cent change from 1941-50 av.
Arkansas.....	330	+ 18%	-10%
Illinois.....	36,385	+ 9	+35
Indiana.....	32,676	+ 39	+10
Kentucky.....	3,423	- 4	-34
Mississippi.....	166	+121	-32
Missouri.....	24,320	+ 9	+18
Tennessee.....	3,062	+ 1	-30
District States.....	100,362	+ 16	+15
United States.....	946,845	+ 47	+18

Source: Crop Production USDA

Prices received by farmers declined 1 point to an index of 288 during the month ending March 15. Prices paid by farmers and the parity ratio remained unchanged from a month earlier.

<b>AGRICULTURE</b>							
<b>CASH FARM INCOME</b>							
(In thousands of dollars)	Feb., 1952	Feb., 1952 compared with		2 month total Jan. to Feb. compared with			
		Jan., 1952	Feb., 1951	1952	1951	1950	
Arkansas.....	\$ 31,173	-26%	+41%	\$ 73,256	+25%	+59%	
Illinois.....	129,696	-20	+ 6	290,699	+ 4	+10	
Indiana.....	77,783	-10	+13	163,730	+12	+24	
Kentucky.....	28,947	-73	+ 3	134,053	+ 9	+ 4	
Mississippi.....	22,093	-27	-16	52,216	-17	+34	
Missouri.....	69,472	-17	+ 3	152,576	- 5	+29	
Tennessee.....	28,936	-40	+12	77,134	+ 5	+20	
Totals.....	\$388,100	-30%	+ 7%	\$943,664	+ 4%	+19%	

<b>RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS</b>							
	Receipts				Shipments		
	Mar., 1952	March, 1952 compared with		Mar., 1952	March, 1952 compared with		
		Feb., '52	Mar., '51		Feb., '52	Mar., '51	
Cattle and calves....	70,366	+ 4%	+ 3%	30,217	+ 1%	+ 45%	
Hogs.....	299,699	+ 6	-0-	76,000	-10	+ 2	
Sheep.....	37,090	- 1	+117	15,675	- 4	+113	
Totals.....	407,155	+ 5%	+ 5%	121,892	- 7%	+ 24%	

# Survey of Current Conditions

The tempo of Eighth District business during April and early May faltered from the fast pace of previous months. Employment failed to show the seasonal increase expected and unemployment was higher at the end of April than a month earlier. Industrial production was lower as a result of strikes and reduced demand for many civilian products. Retail sales at department stores increased less than seasonally. Average prices of wholesale commodities declined during April but held firm in early May. Two bright spots in the economic picture were the continued expansion of construction activity and defense production.

Nationally, the volume of industrial production in April dropped 1 per cent below the March level, partly as a result of the loss of steel output when

furnaces were banked in expectation of a strike. Production of nondurable goods and of minerals also declined. Total retail sales at department stores failed to make the expected increase over March volume. But construction expenditures increased seasonally to an all-time peak for April.

As the tempo of business decreased, steps were taken to remove certain credit and other restrictions. The Federal Reserve Board suspended the provisions of Regulation W and put the Voluntary Credit Restraint Program on a standby basis in early May. In addition, the National Production Authority moved to increase the supply of critical materials for less essential uses and removed production controls where feasible.

In assessing the significance of the current drop in business activity in the district and the nation, certain factors should not be overlooked. Prices firmed in May, following a decline in spot primary market prices and a similar, but more moderate decline in all wholesale prices in April. Secondly, the high level of consumer incomes (after taxes), a factor of strength in the economy, may be pushed still higher by another round of wage increases. In the third place, continued consumer demand for soft goods could be quickly reflected in increased orders to manufacturers. While a greater portion of consumer spending has gone for soft goods this year than a year ago, this increased consumer demand had not been reflected in manufacturing activity by early May. Textile and apparel manufacturing was particularly low. But retail stocks were low for many lines. Further, the high level of construction expenditures and increasing Government expenditures for defense purposes are continuing factors of strength.

PRICES					
WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1947-49=100)	Apr., '52	Mar., '52	Apr., '51	April, 1952, compared with	
				Mar., '52	Apr., '51
All Commodities....	111.9	112.3	116.3	-0-%	- 4%
Farm Products....	108.7	108.2	117.5	-0-	- 8
Foods.....	108.0	109.2	111.8	- 1	- 3
Other.....	113.4	113.8	117.1	- 1	- 3
CONSUMER PRICE INDEX*					
Bureau of Labor Statistics (1935-39=100)	Apr. 15, 1952	Mar. 15, 1952	Apr. 15, 1951	April 15, 1952, compared with	
				Mar. 15, '52	Apr. 15, '51
United States.....	188.7	188.0	184.6	-0-%	+ 2%
*New series.					
RETAIL FOOD*					
Bureau of Labor Statistics (1935-39=100)	Apr. 15, 1952	Mar. 15, 1952	Apr. 15, 1951	April 15, 1952, compared with	
				Mar. 15, '52	Apr. 15, '51
U. S. (51 cities)....	230.0	227.6	225.7	+ 1%	+ 2%
St. Louis.....	240.5	238.3	237.6	+ 1	+ 1
Little Rock.....	226.1	224.3	224.9	+ 1	+ 1
Louisville.....	214.5	213.2	212.5	+ 1	+ 1
Memphis.....	231.4	231.0	232.9	-0-	- 1
*New series.					

## EMPLOYMENT

In the Eighth District, employment in non-agricultural industries increased slightly from mid-March to mid-April primarily due to increased construction activity and additional employment in defense plants. However, due to seasonal layoffs at shoe plants and in coal mines the overall increase was relatively small.

Unemployment compensation claimed in seven district states increased during April from 174,000 claims for the week ended March 29 to 195,000 for the week ended April 26. Part of the increase was seasonal in nature, combined with continuing unemployment in textile, chemical, furniture and apparel plants, and distilleries. Seasonal increases in claims were primarily in the coal, leather and tobacco industries.

In Louisville, total nonagricultural employment showed a slight increase from mid-March to mid-April. However, manufacturing employment decreased due to additional layoffs in the distilled liquor, tobacco, lumber products and furniture industries. Construction employment increased rapidly.

An improvement in employment in Evansville was continued from earlier months into April, although the increase was not as great as in previous months. Most of the additional manufacturing employment was in defense and automobile assembly plants. Nonmanufacturing employment continued steady with a seasonal increase in retail trade and some other lines offset by decreases in government and construction employment.

Total civilian employment in the United States increased seasonally from early March to early April with the spring pickup in farm activity and construction work. Total employment for the week ending April 12 was estimated at 60.1 million persons, as compared with 59.7 million a month earlier and 60.0 million in April 1951. Employment in nonagricultural industries was little changed from the preceding month.

Unemployment in the nation continued to drop from March to April, falling to an estimated 1.6 million persons. While the number of unemployed in April was below that of a year earlier, as it has been so far this year, the difference in April was not as large as in previous months.

The average work week of factory workers declined by a half hour between mid-March and mid-April to 40 hours, a full hour less than a year earlier. This decrease from March reflected mainly seasonal

slowing in textile, apparel and other consumer goods industries.

Weekly earnings of production workers in all manufacturing plants averaged \$66.24 in April, an increase of \$1.54 in the past year. The largest increases were in rubber, ordnance, and electrical machinery plants. Textile workers' earnings were lower than a year ago, due to shorter hours, lower rates in some Northern mills and a shift in employment towards lower wage Southern mills.

The upward trend in nonagricultural employment continued during April in the Little Rock area. Construction and trade employment increased seasonally and manufacturing employment showed a minor gain from March.

In St. Louis manufacturing employment rose by about one thousand workers from March, to equal the number employed a year earlier. Major increases in primary metal, aircraft and automobile assembly plants were partially offset by seasonal decreases in shoe and apparel plants. During April and early May three plants employing about 425 workers were closed permanently.

## INDUSTRY

A break in the upward movement of production in the district was evident in April and no correction of this slight downturn was apparent in early May. Strikes were a factor in lowering output.

Electric power consumption at selected industrial firms in the district indicated the slower pace in April by registering the first month-to-month drop since January. Among industries, lumber, whiskey, and coal production showed continued weakness. Shoe production at the end of the spring season was still relatively strong. Steel ingot and refined petroleum production were both reduced by work stoppages.

**Manufacturing**—Consumption of electric power (on a daily average basis) at selected industrial firms in six major cities of the district declined slightly during April from March, although a gain has been shown for this period during the past two years. Use of power was also down slightly from a year ago. The reduction from a month ago was spread between most industries represented in the sample, with paper and allied products manufactures showing the only sizable drop.

Lumber figures for the district, like the power figures, indicated weakness in April. Southern pine production advanced seasonally, but the rate of operations at Southern hardwood mills declined

### WHOLESALE

Line of Commodities	Net Sales		Stocks
	April, 1952 compared with Mar., '52 Apr., '51		April 30, 1952, compared with April 30, 1951
Data furnished by Bureau of Census U.S. Dept. of Commerce*			
Automotive Supplies.....	+13%	+15%	+ 3%
Drugs and Chemicals.....	- 2	+ 3	+16
Dry Goods.....	+ 6	+ 2	-29
Groceries.....	-0-	+ 5	- 5
Hardware.....	-1	-14	-0-
Tobacco and its Products.....	+ 9	+17	- 2
Miscellaneous.....	+ 8	+ 3	-10
**Total All Lines.....	+ 3%	- 2%	-11%

\*Preliminary.  
\*\*Includes certain items not listed above.

### INDUSTRY

#### CONSUMPTION OF ELECTRICITY—DAILY AVERAGE\*

(K.W.H. in thous.)	1952		1951		April, 1952, compared with	
	Apr., '52	Mar., '52	Apr., '51	Mar., '52	Apr., '51	Mar., '52
Evansville.....	826	813	758	+ 2%	+ 9%	+ 7
Little Rock.....	553	577	596	- 4	- 7	- 7
Louisville.....	3,825	4,017	3,883	- 5	- 2	- 2
Memphis.....	1,407	1,542	1,367	- 9	+ 3	+ 3
Pine Bluff.....	487	459	455	+ 6	+ 7	+ 7
St. Louis.....	4,704	4,960	4,893	- 5	- 4	- 4
Totals.....	11,802	12,368	11,952	- 5%	- 1%	- 1%

\*Selected Manufacturing firms.

#### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

1952		1951		April, 1952, compared with	
Apr., '52	Mar., '52	Apr., '51	Mar., '52	Apr., '51	Mar., '52
110,501	109,154	119,570	32,345	34,239	443,023
Source: Terminal Railroad Association of St. Louis.				4 mos. '52	
				4 mos. '51	
				465,597	

#### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	1952		1951		April, 1952, compared with	
	April, '52	Mar., '52	April, '51	Mar., '52	Apr., '51	Mar., '52
Arkansas.....	76.2	76.5	78.3	-0%	- 3%	- 3%
Illinois.....	168.0	165.1	158.9	+ 2	+ 6	+ 6
Indiana.....	29.7	30.3	27.8	- 2	+ 7	+ 7
Kentucky.....	35.6	35.4	27.4	+ 1	+30	+30
Total.....	309.6	307.3	292.3	+ 1%	+ 6%	+ 6%

#### COAL PRODUCTION INDEX 1935-39=100

Unadjusted			Adjusted		
April, '52	March, '52	April, '51	April, '52	March, '52	April, '51
127.9 P	130.8 P	152.5	196.8 P	137.7 P	234.6

P—preliminary.

#### SHOE PRODUCTION INDEX 1935-39=100

Unadjusted			Adjusted		
March, '52	Feb., '52	Mar., '51	Mar., '52	Feb., '52	Mar., '51
154.0	144.2	154.3	151.0	136.0	151.3

### CONSTRUCTION

#### BUILDING PERMITS

Month of April

New Construction

Repairs, etc.

(Cost in thousands)	Number		Cost		Number		Cost	
	1952	1951	1952	1951	1952	1951	1952	1951
Evansville.....	95	64	\$ 988	\$ 173	109	80	\$ 72	\$ 60
Little Rock.....	75	60	737	447	198	193	182	271
Louisville.....	238	142	1,115	1,138	111	99	143	92
Memphis.....	1,896	1,857	2,514	2,364	252	225	203	193
St. Louis.....	330	346	1,521	1,920	227	234	726	1,398
April Totals.....	2,634	2,469	\$ 6,875	\$ 6,042	897	831	\$1,326	\$2,014
March Totals.....	2,415	2,044	\$10,147	\$15,579	845	840	\$1,101	\$1,722

slightly from March and in both cases figures were under those of a year ago. The market at mid-May continued to favor softwoods over hardwoods due to seasonal demand for pine boards for construction.

The continued low volume of whiskey production added another negative aspect to the district's industrial picture. As at the end of March, only 28 out of 62 Kentucky distilleries were in operation at the end of April, compared with 40 in April, 1951. In addition some distilleries were running at only a fraction of capacity. The slump was attributed to slow sales and big stocks. In the hope of improving the situation, lower prices were being offered by month's end.

The performance of district shoe manufacturers, steel mill operators, and meat packers was better than that of lumber producers and whiskey distillers. Shoe manufacturers were finishing out their spring line production and orders for the fall lines were reported to be substantially above those a year ago. Apparently the reduction in retail inventories, which had been a major factor in last year's slump in production, has been halted. The two largest St. Louis shoe manufacturers made further cuts in wholesale prices in April, attributing them to lower leather costs.

Steel ingot production at St. Louis area mills in April was at 85 per cent of capacity, but indications were that the rate for May would be under 80 per cent. The drop was due to work stoppage at one local mill during the first week in May. Last year operations were at 98 per cent of capacity in April and 101 per cent in May.

Meat packing in the St. Louis area, although at a high level of activity, was under that of a year ago during April and early May. On a weekly average basis for April and the first two weeks in May, the number of livestock slaughtered under Federal inspection was 13 per cent less than during the comparable weeks of 1951.

**Mining**—The story of the last few months was carried over into April for district coal and crude oil—the former slumping, the latter flowing briskly. The weakness in coal production was more than seasonal, with both domestic and industrial business being dull.

The vigor of crude oil production was reflected in the weekly rate for April in district producing states which was somewhat over that of March and 6 per cent above April last year. Sustained production in May in conjunction with a nation-wide work stoppage which closed a number of refineries for about three weeks sent crude oil stocks soaring.

**CONSTRUCTION**

The construction picture in April was marked by a continuing expansion of nearly all types of building activity and additional relaxation of Government restrictions on various types of less essential construction. For the most part these developments were the result of increasing availability of material supplies coupled with an expanding demand for most types of construction.

The easing of regulations for certain types of building as of July 1 has been announced by the National Production Authority. Building of entertainment and amusement projects, which has been prohibited for some time, will be permitted on a limited basis. Additional amounts of some types of structural steel and small amounts of aluminum will be allowed in housing construction. The structural steel allotments for commercial construction in the third quarter are more than double those for the current quarter.

Construction expenditures in the nation in April increased seasonally from March to a total of nearly \$2.5 billion, setting a new record for the month. In the preceding three months total new construction increased more than seasonally. And for the first four months of the year dollar volume of new construction was 3 per cent above the same period of 1951, which was a record year. Most major types of activity shared in the increase.

The number of new houses started in March and April was larger than the number begun in the same months of 1951. But for the first four months of the year, total new housing starts were slightly below a year earlier (351,000 units as compared with 356,500 in the 1951 period).

In the Eighth District, construction contracts awarded during April, as reported by the F. W. Dodge Corporation, increased 59 per cent from March and were 114 per cent above April, 1951. All forms of construction shared in the increase, with the outstanding gain being in residential contracts. In the St. Louis territory of the F. W. Dodge Corporation, the number of dwelling units included in the construction contracts awarded increased seasonally during the first four months of 1952 and was 6 per cent above the same period of 1951.

Large industrial expansions noted during April in this district were primarily for electric power facilities in the states of Kentucky and Arkansas; at St. Louis; and in connection with the Electric Energy, Inc., plant at Joppa, Illinois. Other large industrial expansions, chiefly for chemical facilities, were noted in the St. Louis, Louisville, and Mem-

phis metropolitan areas. In May, the Philip Morris Company dedicated a new \$10 million cigarette factory at Louisville.

**TRADE**

Consumer buying at department stores increased less than seasonally in April. In total dollar sales (unadjusted for seasonal changes or the later date of Easter 1952), consumer spending in April was greater than in March or in April, 1951. The largest gains over last year occurred in soft lines. According to preliminary reports, the suspension of Regulation W early in May apparently provided only limited stimulation to the sales of appliances, automobiles, and furniture.

Indications were that automobile sales did not show a seasonal increase from March to April. Used car dealers' sales were reportedly as slow during April as at any time during 1952; new car sales were generally termed "spotty." Consumer buying at appliance dealers continued slower than a year ago.

<b>TRADE</b>						
<b>DEPARTMENT STORES</b>						
	Net Sales			Stocks on Hand	Stock Turnover	
	April, 1952 compared with Mar., '52	Apr., '51	4 mos.'52 to same period '51	Apr. 30, '52 comp. with Apr. 30, '51	Jan. 1 to April 30, 1952	1951
8th F.R. District.....	+12%	+12%	- 2%	-14%	1.17	1.07
Ft. Smith, Ark. <sup>1</sup> .....	+10	+21	- 1	- 8	1.08	1.05
Little Rock, Ark.....	+19	+17	- 1	-13	1.14	1.00
Quincy, Ill.....	+18	+ 5	-11	-21	1.16	1.10
Evansville, Ind.....	+20	+ 4	- 3	-19	.98	.95
Louisville, Ky.....	+20	+14	- 1	- 7	1.25	1.20
Paducah, Ky.....	+28	+51	+31	.....	.....	.....
St. Louis Area <sup>1, 2</sup> .....	+ 8	+11	- 2	-17	1.17	1.05
Springfield, Mo.....	+15	+16	+ 3	- 9	.96	.87
Memphis, Tenn.....	+ 8	+12	- 1	- 5	1.23	1.19
All Other Cities <sup>3</sup> ....	+23	+13	- 1	- 4	.91	.92

<sup>1</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>2</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>3</sup> Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of April, 1952, were 5 per cent smaller than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding April 1, 1952, collected during April, by cities:

	Instalment Accounts		Excl. Instal. Accounts	
	Accounts	%	Accounts	%
Fort Smith.....	21	46%	19	20%
Little Rock.....	22	47	19	19
Louisville.....	22	46	14	14
Memphis.....	20	37	19	19

<b>INDEXES OF DEPARTMENT STORE SALES AND STOCKS</b>				
8th Federal Reserve District				
	Apr. 1952	Mar. 1952	Feb. 1952	Apr. 1951
Sales (daily average), unadjusted <sup>2</sup> .....	101	89	80	96
Sales (daily average), seasonally adjusted <sup>3</sup> .....	98	99	100	98
Stocks, unadjusted <sup>4</sup> .....	122	118	109	151
Stocks, seasonally adjusted <sup>4</sup> .....	114	111	112	142

<sup>2</sup>Daily Average 1947-49=100.  
<sup>3</sup>End of Month Average 1947-49=100.

Inventories held by reporting retail lines on April 30 averaged somewhat less than at the end of April, 1951. At furniture stores the value of inventories on April 30 was slightly larger than a month earlier but almost one-tenth below last year's high level. Department store inventories were about equal to those of a month ago, but dropped 14 per cent below those of a year ago.

The value of outstanding orders at district department stores on April 30 was slightly below that a month earlier and was one-fifth less than a year ago. Women's specialty store inventories dipped below both those a month ago and a year ago. At men's stores they were about equal to those a month previous but were almost one-fifth lower than last year.

**BANKING AND FINANCE**

At mid-May business loan volume of weekly reporting member banks in the Eighth District showed about a seasonal decline from a month ago. In contrast the month's decline at mid-April had been less than seasonal. Demand deposits were off from a month ago, but time deposits were up. Banks' reserve positions were about the same, continuing the tightness evident in April. In April debits to deposit accounts at 22 cities in the district (totaling \$3.9 billion) were, when seasonally adjusted, at virtually the same level as in January, slightly below that of February and slightly above that of March of this year.

Nationally, bank loans (commercial, industrial and agricultural loans of weekly reporting member banks in leading cities) declined for the four weeks ended May 14, extending the shrinkage in loan volumes begun after the turn of the year. In part the business loan shrinkage was offset by some growth in consumer and real estate loans. Reserves were under considerable pressure as they had been in April.

**District Banking Developments** — Outstanding loan volume at district member banks remained almost unchanged in April, as in March. Expansion at smaller banks was nearly matched by contraction at larger, city banks. As loans in the aggregate normally decline in April, maintenance of a level position indicates a moderate expansion in credit demand for the month.

The loan expansion noted at smaller banks reflected advances to farmers as well as some growth in real estate and consumer loans. The loan contraction at larger city banks was the net result of a shrinkage of business loans and a moderate pick-up in consumer and real estate loans. The largest net repayments of business loans were made by processors and distributors of farm products.

Deposits at district member banks were drawn down about \$100 million in April, largely as a result of net withdrawals by correspondent banks and the Federal Government. An offsetting factor was an increase in time and demand deposits of individuals and businesses.

Banks generally were in a tight position over most of the month. To meet the drain of funds bankers took several actions. 1) They reduced their excess reserves at the Federal Reserve. 2) They drew on other cash balances. 3) They sold securities, primarily short-term U. S. Government obligations offset, in part, by net purchases of all other types. In the aggregate the net sales of

**TRADE**

**SPECIALTY STORES**

	Net Sales		Stocks	Stock		
	April, 1952 compared with Mar., '52	4 mos.'52 to same period '51	on Hand Apr. 30, '52 comp. with Apr. 30, '51	Turnover Jan. 1 to April 30, 1952 1951		
Men's Furnishings.....	+16%	+35%	-1%	-19%	.68	.64
Boots and Shoes.....	+40	+49	+4	-10	1.32	1.24

Percentage of accounts and notes receivable outstanding April 1, 1952, collected during April:

Men's Furnishings .....	43%	Boots and Shoes.....	42%
Trading days: April, 1952—26; March, 1952—26; April, 1951—25.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	April, 1952 compared with		April, 1952 compared with		Apr., '52 Apr., '51	
	Mar., '52	Apr., '51	Mar., '52	Apr., '51	Apr., '52	Apr., '51
8th Dist. Total <sup>1</sup> .....	+14%	+8%	-0%	-13%	23%	22%
St. Louis Area <sup>2</sup> .....	+13	+3	-1	-18	32	30
St. Louis.....	+13	+3	-1	-18	32	29
Louisville Area <sup>3</sup> .....	+21	+13	-1	-16	13	14
Louisville.....	+23	+13	-1	-16	12	13
Memphis.....	+21	+41	+5	-38	15	14
Little Rock.....	+7	+18	+3	+8	20	18
Springfield.....	+14	+12	+4	-5	17	16
Fort Smith.....	+10	+22	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Apr., '52	Mar., '52	Apr., '51
Cash Sales .....	12%	12%	15%
Credit Sales .....	88	88	85
Total Sales .....	100%	100%	100%

securities probably accounted for a part of the deposit declines. 4) They increased their borrowings. The increase was all at the larger city banks. The smaller banks, on balance, reduced their indebtedness.

**District Loan Volume**—The volume of credit extended (total loans and investments) by district member banks in the twelve months ended April 30, expanded \$200 million, twice as much as in the previous twelve months. But the form of expansion was in direct contrast to that of the previous period. The expansion this time was greatest at smaller banks and was centered in investments, primarily U. S. Government securities. In the earlier period the gain was at larger banks where a substantial rise in loans was only partly offset by a drop in investments.

In the recent twelve month period, the increase in loans amounted to \$43 million (in comparison with a \$400 million increase in the previous period). Nearly all the increase was at smaller banks, with about one-half the expansion taking place at those in centers with less than 15,000 population. At larger banks an expansion of loans to consumers and on real estate was nearly matched by a decline in loans to businesses. Net repayments of loans for nondefense activities more than offset a moderate rise in defense loans. The largest net repayments came from trade concerns; textile, apparel and leather manufacturers; sales finance companies; and commodity dealers. The principal offset to

these declines was an increase in borrowings by metal manufacturers.

**Bank Loans to Farmers**—Bank loans to farmers have increased steadily in postwar years, reflecting increased capital requirements in agriculture and a rising price level. At year end 1951 outstanding non-real estate loans to farmers were \$225 million, a 16 per cent increase from 1950 and a 75 per cent increase from 1947. By comparison, Production Credit Association loans in the Eighth Federal

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Apr., 1952	Mar., 1952	Apr., 1951	Apr., 1952 compared with Mar., '52 Apr., '51	
El Dorado, Ark.....	\$ 27,628	\$ 26,496	\$ 25,485	+ 4%	+ 8%
Fort Smith, Ark.....	43,379	45,119	43,768	— 4	— 1
Helena, Ark.....	7,463	8,547	7,053	—13	+ 6
Little Rock, Ark.....	148,216	154,456	145,306	— 4	+ 2
Pine Bluff, Ark.....	36,552	34,128	28,326	+ 7	+ 29
Texarkana, Ark.*.....	18,381	16,945	13,211	+ 8	+ 39
Alton, Ill.....	28,613	29,875	26,881	— 4	+ 6
E.St.L.-Nat.S.Y., Ill.....	126,046	123,752	126,934	+ 2	— 1
Quincy, Ill.....	33,405	35,078	32,594	+ 5	+ 2
Evansville, Ind.....	139,439	137,341	140,748	+ 2	— 1
Louisville, Ky.....	631,430	672,761	612,593	+ 6	+ 3
Owensboro, Ky.....	39,864	40,451	31,210	— 2	+ 28
Paducah, Ky.....	42,912	39,676	19,144	+ 8	+124
Greenville, Miss.....	19,393	23,351	19,198	—17	+ 1
Cape Girardeau, Mo.....	12,451	12,738	12,517	— 2	— 1
Hannibal, Mo.....	9,240	9,086	8,864	+ 2	+ 4
Jefferson City, Mo.....	56,482	41,320	52,846	+ 37	+ 7
St. Louis, Mo.....	1,846,494	1,889,178	1,783,884	— 2	+ 4
Sedalia, Mo.....	11,376	10,906	10,202	+ 4	+ 12
Springfield, Mo.....	68,202	67,501	62,684	+ 1	+ 9
Jackson, Tenn.....	20,361	20,544	19,634	— 1	+ 4
Memphis, Tenn.....	554,759	637,396	594,699	—13	— 7
Totals.....	\$3,922,086	\$4,076,645	\$3,817,781	— 4%	+ 3%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$39,380.

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

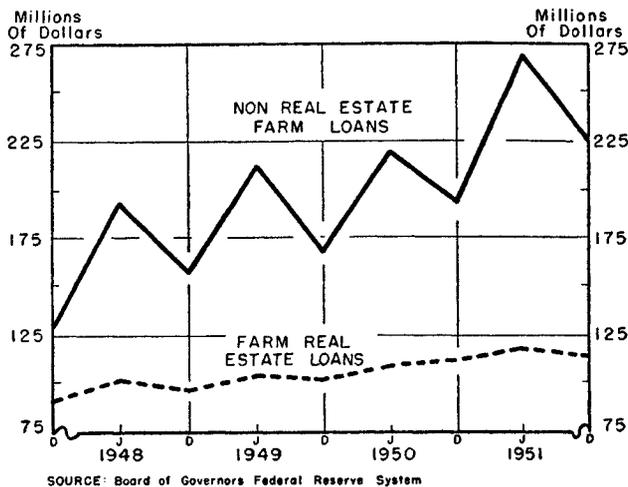
(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Apr., 1952	Mar., 1952 to Apr., 1952	Apr., 1951 to Apr., 1952	Apr., 1952	Mar., 1952 to Apr., 1952	Apr., 1951 to Apr., 1952	Apr., 1952	Mar., 1952 to Apr., 1952	Apr., 1951 to Apr., 1952
<b>Assets</b>									
1. Loans and Investments.....	4,163	— 34	+205	2,400	— 33	+ 92	1,763	— 1	+113
a. Loans.....	1,890	+ 1	+ 43	1,243	— 11	+ 3	647	+ 12	+ 40
b. U.S. Government Obligations.....	1,880	— 42	+129	970	— 24	+ 74	910	— 18	+ 55
c. Other Securities.....	393	+ 7	+ 33	187	+ 2	+ 15	206	+ 5	+ 18
2. Reserves and Other Cash Balances.....	1,348	— 53	+ 62	841	— 34	+ 30	507	— 19	+ 32
a. Reserves with the F.R. bank.....	691	— 34	+ 19	447	— 24	+ 11	244	— 10	+ 8
b. Other Cash Balances <sup>3</sup> .....	657	— 19	+ 43	394	— 10	+ 19	263	— 9	+ 24
3. Other Assets.....	51	+ 4	+ 4	33	+ 3	+ 3	18	+ 1	+ 1
4. Total Assets.....	5,562	— 83	+271	3,274	— 64	+125	2,288	— 19	+146
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	4,120	—104	+183	2,515	— 84	+ 83	1,605	— 20	+100
a. Deposits of Banks.....	634	— 64	+ 42	598	— 61	+ 38	36	— 3	+ 4
b. Other Demand Deposits.....	3,486	— 40	+141	1,917	— 23	+ 45	1,569	— 17	+ 96
6. Time Deposits.....	1,017	+ 7	+ 53	495	+ 4	+ 19	522	+ 3	+ 34
7. Borrowings and Other Liabilities.....	52	+ 10	+ 3	46	+ 14	+ 3	6	— 4	— 0
8. Total Capital Accounts.....	373	+ 4	+ 32	218	+ 2	+ 20	155	+ 2	+ 12
9. Total Liabilities and Capital Accounts.....	5,562	— 83	+271	3,274	— 64	+125	2,288	— 19	+146

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

**BANK LOANS TO FARMERS, AMOUNT OUTSTANDING  
ALL OPERATING BANKS, EIGHTH DISTRICT**



Reserve District increased 31 per cent between 1950 and 1951 and 218 per cent from 1947 to 1951. Nationally, however, bank non-real estate loans to farmers and Production Credit Association loans increased by about the same percentage in the four year period: 96 per cent for banks and 94 per cent for PCA's.

**BANK LOANS TO FARMERS  
ALL OPERATING BANKS, EIGHTH DISTRICT  
(In thousands of dollars)**

Eighth District Portion of State	Other Farm Loans (Non-Real Estate)		Farm Real Estate Loans	
	Dec. 31, 1951	Per Cent change from Dec. 30, 1950	Dec. 31, 1951	Per Cent change from Dec. 30, 1950
Arkansas.....	\$ 34,309	+43%	\$ 11,954	+11%
Illinois.....	38,705	+15	13,014	+ 2
Indiana.....	11,015	+ 4	11,880	+ 5
Kentucky.....	29,642	- 5	25,160	- 3
Mississippi.....	17,508	+29	8,468	+ 6
Missouri.....	76,965	+16	31,586	+ 1
Tennessee.....	16,445	+22	12,505	+ 6
Eighth District.....	224,589	+16	114,567	+ 3
United States.....	3,120,196	+24	1,046,923	+ 4

Source: Board of Governors, Federal Reserve System.

In the district portion of Eighth District states, bank non-real estate farm loans increased during 1951 in all states except Kentucky. There the large tobacco crop, combined with record prices, permitted larger than normal payoffs. Largest increases for the year-end loan totals were in Arkansas, Mississippi, and Tennessee. In these states the development of pastures and purchases of livestock have tended to change the pattern of borrowing somewhat. Then, too, the 1951 cotton crop was expensive to produce and some producers

had a rather poor crop, necessitating some carry-over.

In the real estate loan field, the volume of bank farm loans increased 26 per cent during the four years ended December 31, 1951 in contrast to the 75 per cent increase in non-real estate farm loans. While loan volume expanded each year, the increase during 1951 was somewhat smaller than in the preceding three years.

**AGRICULTURE**

Crop conditions in both district and nation improved between April 1 and May 1. Weather during the last half of April was dry and warm, permitting farmers to catch up in farm operations. Indicated production of winter wheat reflected this improvement, the May 1 national estimate by the United States Department of Agriculture being 40 million bushels higher than a month earlier. The Department also reported that the condition of the hay and oats crops was the best in several years.

Weather conditions during the first half of May, however, gave reason for some concern. In district states and throughout the Midwest, moisture generally was needed, particularly in the uplands, although scattered rains were beneficial in many local areas. Also, in contrast to the widespread dryness, large acreages of bottom lands along the Missouri and Mississippi rivers remained too wet for cultivation.

Prices received by farmers increased slightly during the month ending April 15. Prices paid also increased, leaving the parity ratio unchanged at 100. Since mid-April hog prices particularly have turned upward, and on May 16 reached \$22.75 per hundred on the St. Louis market, an increase of \$5.25 during a two-week period.

**AGRICULTURE**

**RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS**

	Receipts			Shipments		
	April, 1952, compared with					
	Apr., '52	Mar., '52	Apr., '51	Apr., '52	Mar., '52	Apr., '51
Cattle and calves....	79,270	+ 13%	+ 6%	34,708	+ 15%	+42%
Hogs.....	291,998	- 3	- 8	88,723	+ 17	+29
Sheep.....	55,600	+ 50	+41	41,018	+162	+39
Totals.....	426,868	+ 5%	- 1%	164,449	+ 35%	+34%

Further, the expansions have centered, as noted, in the industries which have large potentials for growth: metals (especially light metals), chemicals and chemical processes such as petroleum refining. At the same time, these are the industries which have a high value-added per worker. A manufacturing process which adds a relatively high value to the raw materials and purchased goods used is more attractive than a process which adds relatively little value. The wider the margin, the greater the possibility for increased wages and profit. Chemical, petroleum and coal products industries, which bulk large in the plant expansion of this district, have a high value-added by their manufacturing processes.

*. . . and hold down out-migration, thus building a stronger economy.*

The new and enlarged facilities will offer many new jobs for residents of the district and increase

the income level. While the amount of expansion is substantial, it probably is not yet sufficient to utilize all of the increasing nonagricultural labor force resulting from the district's population growth and technological developments on the farms. But the out-migration (indicated by a population growth of less than the rate of natural increase) will be slowed. Income levels will be enhanced as the work force is shifted to higher-paying industrial jobs. The long-run development toward maximum productive use of our resources has been given impetus by the present emergency. It also makes this district's contribution to the defense program more effective. Further improvements in the use of our resources are still possible and the recent developments provide a better base for that progress.

WILLIAM H. KESTER

# Survey of Current Conditions

WITH the exception of strike-imposed curtailments, business activity in the Eighth District during May and early June appeared to improve from April. Employment increased seasonally and unemployment declined during May. Retail sales during May were firmer than in previous months, with durable goods sales improving noticeably after the suspension of Regulation W. Construction activity was higher than in April. But industrial output was again restricted primarily by strikes, and also by lagging demand for some civilian products.

Nationally, the volume of industrial production in May, as measured by the Federal Reserve Board, dropped to 214 per cent of the 1935-39 average, compared with 216 per cent for April and 221 per cent for the first three months of the year. Strikes were important influences in reduced output of both durable and nondurable goods. Defense output, however, continued to expand. As in the district, department store sales improved more than seasonally in May, with an even greater improvement in most durable goods sales. Average prices of wholesale commodities strengthened slightly in May, but moved lower again in early June. Consumer prices also increased slightly, largely due to higher food prices.

While industrial output was reduced during the second quarter of the year, final demand remained strong and showed some signs of increasing in May and June. With production off and purchases up some, the net impact has been in the direction of drawing down inventories. The action has not

## PRICES

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	May, '52	April, '52	May, '51	May, 1952 compared with	
				April, '52	May, '51
All Commodities.....	111.6	111.8	115.9	-0%	+ 4%
Farm Products.....	108.1	108.7	115.7	+ 1	+ 7
Foods.....	108.6	108.0	112.3	+ 1	+ 3
Other.....	113.0	113.3	116.8	-0-	- 3

### CONSUMER PRICE INDEX\*

Bureau of Labor Statistics (1935-39=100)	May 15, 1952	April 15, 1952	May 15, 1951	May 15, 1952 compared with	
United States.....				Apr. 15, '52	May 15, '51
United States.....	189.0	188.7	185.4	-0%	+ 2%

\*New series.

### RETAIL FOOD\*

Bureau of Labor Statistics (1935-39=100)	May 15, 1952	April 15, 1952	May 15, 1951	May 15, 1952 compared with	
U.S. (51 cities).....				Apr. 15, '52	May 15, '51
U.S. (51 cities).....	230.8	230.0	227.4	-0%	+ 1%
St. Louis.....	243.6	240.5	238.4	+ 1	+ 2
Little Rock.....	226.5	226.1	225.1	-0-	+ 1
Louisville.....	216.4	214.5	213.7	+ 1	+ 1
Memphis.....	231.7	231.4	234.6	-0-	- 1

\*New series.

been general, however, with the most pronounced reduction in ferrous metal items and related materials. There has been little reduction in stocks of those items generally in oversupply; for example, textiles and whiskey.

Preliminary evidence suggests that the level of spending by the three principal sectors of the economy (private investment, governmental outlays, and personal consumption of goods and services) remained firm during the second quarter. Private residential construction during April and May was somewhat below the seasonally adjusted peak reached in March but slightly above the first-quarter rate. Business plant and equipment expenditures planned for the second quarter, according to a recent Department of Commerce survey, will total \$6.4 billion, slightly above the first-quarter rate. National defense expenditures in April and May were \$4 billion above the first quarter at annual rates. Consumers, responding to easier credit terms, lower prices of some items, and high level of personal savings, stepped up their purchases in May and early June, especially of durable goods. As a result, total retail sales were probably slightly above the first-quarter rate.

Factors of strength during the past few months are also evident in the current outlook: scheduled increase in defense outlays; extent of planned investment on plant and equipment in the third quarter; growing volume of residential construction, given some impetus by the easing of credit terms; and consumers' ability and apparent willingness to spend.

#### EMPLOYMENT

Employment in the United States continued to climb seasonally with 61.2 million persons estimated to be employed at mid-May. Spring planting and cultivation demands pushed farm employment up 500,000 from April levels. Non-farm employment was unchanged from mid-April to mid-May, in contrast to an increase of over 200,000 in the same period last year. Strikes in construction, oil refineries and lumber camps dampened the usual spring

employment gains in these industries. In addition, expansion of defense-related industries was virtually halted.

Unemployment remained unchanged between April and May at 1.6 million, equal to last year's minimum.

Unemployment compensation claimed in the seven district states decreased during May after rising somewhat in April. In the week ended May 24, unemployment compensation claims totaled 177,000 as compared with 195,000 four weeks earlier. Seasonal improvements in outdoor activity and the return to work of employees in clothing, shoe, and glass products industries contributed to the decrease. However, unemployment resulted from temporary lay-offs in coal mining and in refrigerator production.

In Louisville over-all employment remained steady between April and May, despite marked fluctuations in some industries.

Employment in St. Louis was up somewhat from April to May, largely as a result of expanding defense work and construction activity. Seasonal decreases in employment in apparel and shoe plants limited the over-all increase. In addition, employment in fabricated metals plants was reduced sharply in May.

#### INDUSTRY

The slightly lower industrial production of April continued through May and into early June in the district as work stoppages became even more pronounced. Steel ingot production in June was at a rate less than one-half that of the first quarter. Crude oil production in May was cut due to accumulated stocks at closed refineries. Among other district industries, lumber was off somewhat, whiskey output was even lower, and coal, also affected by the steel strike, showed more-than-seasonal weakness. Shoe production was down seasonally (but the year's record so far was good).

**Manufacturing**—Manufacturing activity at six major cities in the district in May, according to use of electric power at selected industrial firms, failed to recover all of the 5 per cent loss shown in April (on a daily average basis), and registered only a nominal gain over May a year ago. A reduction in industrial power consumption at Pine Bluff due to a cut in chemical production was the largest single contributor to the lower figure. Among industries in the other cities, the nonelectrical machinery, primary metals, food, and printing groups were the only ones (in the sample) that showed much strength in terms of improvement over a month earlier, or May in 1951.

#### WHOLESALE

Line of Commodities	Net Sales		Stocks
	May, 1952, compared with Apr., '52    May, '51		May 31, 1952, compared with May 31, 1951
Automotive Supplies.....	+11%	+11%	+ 5%
Drugs and Chemicals.....	— 7	—0—	+13
Dry Goods.....	— 4	—11	—34
Groceries.....	+ 5	— 1	— 9
Hardware.....	+ 4	—18	—0—
Tobacco and its Products.....	+ 2	+10	— 9
Miscellaneous.....	— 3	— 3	—13
**Total All Lines.....	— 1%	— 7%	—18%

\*\*Preliminary.

\*\*Includes certain items not listed above.

The lower production activity was reflected most sharply in the steel ingot rate in June. Only about 41 per cent of steel ingot capacity in the St. Louis area was in use during the first three weeks after the June 2 work stoppage. The rate was 78 per cent of capacity during May.

Work stoppages were not direct factors as far as lumber and whiskey production were concerned. Rather, there was continued weakness on the part of demand. There was little change in lumber production from April to May and the first weeks in June, and operations for both southern pine and hardwoods continued under those of a year ago. In May, even less whiskey was distilled in Kentucky than in earlier months this year. At month's end only 21 distilleries were operating compared with 42 for May last year and 28 at the end of April 1952.

With the June vacation period, monthly figures of shoe production were expected to decline. Through May, the record was good. Nationally, the Tanners' Council estimated production for the first five months of the year at only 1.5 per cent less than the same period a year ago. Civilian output was even higher than a year ago.

**Mining**—Coal production in district states was more-than-seasonally low in May, and early June figures show an even greater decline. Captive mines in Kentucky reduced output sharply due to the steel

**INDUSTRY**

**CONSUMPTION OF ELECTRICITY—DAILY AVERAGE\***

(K.W.H. in thous.)	May, 1952			May, 1952 compared with	
	May, 1952 K.W.H.	April, 1952 K.W.H.	May, 1951 K.W.H.	April, 1952	May, 1951
Evansville.....	846	826	729	+ 2%	+ 16%
Little Rock.....	559	553	568	+ 1	- 2
Louisville.....	4,079	3,825	3,761	+ 7	+ 8
Memphis.....	1,428	1,407	1,293	+ 1	+ 10
Pine Bluff.....	329	487	413	-33	-20
St. Louis.....	4,864	4,704	4,718	+ 3	+ 3
Totals.....	12,101	11,802	11,482	+ 3%	+ 5%

\*Selected manufacturing firms.

**LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS**

First Nine Days						
May, '52	April, '52	May, '51	June, '52	June, '51	5 mos. '52	5 mos. '51
108,597	110,501	118,122	28,872	33,735	551,620	585,167

Source: Terminal Railroad Association of St. Louis.

**COAL PRODUCTION INDEX**

1935-39=100

Unadjusted			Adjusted		
May, '52	April, '52	May, '51	May, '52	April, '52	May, '51
108.0 P	130.3	131.2	104.9 P	200.4	127.4

P—Preliminary.

**SHOE PRODUCTION INDEX**

1935-39=100

Unadjusted			Adjusted		
Apr., '52	Mar., '52	Apr., '51	Apr., '52	Mar., '52	Apr., '51
145.4	154.0	137.0	143.0	151.0	134.3

The Crude Oil Production table is omitted this month since complete data are not available owing to conditions brought about by the strike in the oil industry.

**CONSTRUCTION**

**BUILDING PERMITS**

Month of May

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1952	1951	1952	1951	1952	1951	1952	1951
Evansville.....	63	81	\$ 135	\$ 248	122	107	\$ 65	\$ 182
Little Rock.....	44	46	477	606	211	307	165	148
Louisville.....	173	235	1,230	7,910*	99	83	99	132
Memphis.....	2,508	1,715	7,166*	5,211	231	258	174	381
St. Louis.....	355	337	4,062	3,468	348	301	722	850
May Totals.....	3,143	2,414	\$13,070	\$17,443	1,011	1,056	\$1,225	\$1,693
April Totals.....	2,634	2,469	\$ 6,875	\$ 6,042	897	831	\$1,326	\$2,014

\*Includes Housing Projects.

strike. And domestic demand slackened even though dealers offered customers price cuts and time payment plans.

In May, crude oil production dropped from the level of previous months due to a nationwide strike at refineries which resulted in the accumulation of excessive stocks.

**CONSTRUCTION**

Total expenditures for new construction in the nation rose to \$2.75 billion for May, setting a new record for the month. During the first five months of 1952 new construction outlays totaled \$11.9 billion, 3 per cent more than the total for the comparable period last year reflecting in part increased construction costs. Residential construction activity was about the same as in May 1951. New housing starts in the United States totaled 107,000 units in May, making a total of 455,000 for the year to date, compared with 457,500 in the same period last year. The cumulative volume of factory building was still substantially above last year despite recent declines. However, most other types of private non-residential building activity were below year-ago levels. Public construction continued to increase during May, bringing the total for the first five months to \$3.8 billion, 25 per cent more than during the comparable period of 1951.

Because of the steel strike, building restrictions on home construction and on building of amusement and recreation facilities, scheduled for relaxation on July 1, will be continued.

In the Eighth District construction contracts awarded during May as reported by the F. W. Dodge Corporation, totaled \$112 million, a decrease of 31 per cent from April. In the St. Louis territory of the F. W. Dodge Corporation, residential construction contracts for the first five months were 6.5 per cent larger than in the same period last year. In the 37 states east of the Rockies they were up only 0.5 per cent in the same period.

Large expansions of industrial and commercial facilities announced during May in this district include an \$8 million shopping center in the suburban St. Louis area, a \$21 million expansion of the In-

**TRADE**  
**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	May, 1952 compared with Apr., '52		5 mos. '52 to same period '51	May 31, '52 comp. with May 31, '51	Jan. 1 to May 31, 1951	
	May, 1952	Apr., '52	5 mos. '52 to same period '51	May 31, '52 comp. with May 31, '51	Jan. 1 to May 31, 1951	1951
8th F.R. District.....	+ 7%	+ 8%	-0%	-12%	1.50	1.35
Ft. Smith, Ark. <sup>1</sup> .....	+11	+10	+ 2	- 7	1.42	1.34
Little Rock, Ark.....	+ 6	+ 7	+ 1	-11	1.50	1.29
Quincy, Ill.....	+ 1	-0-	- 9	-18	1.49	1.37
Evansville, Ind.....	+22	+20	+ 2	-19	1.31	1.21
Louisville, Ky.....	- 1	+ 9	+ 1	- 3	1.59	1.53
Paducah, Ky.....	+ 9	+40	+34	.....	.....	.....
St. Louis Area <sup>1, 2</sup> .....	+ 5	+ 6	-0-	-15	1.48	1.31
Springfield, Mo.....	+17	+17	+ 7	- 9	1.29	1.13
Memphis, Tenn.....	+12	+ 7	+ 1	- 4	1.59	1.53
All Other Cities*.....	+15	+14	+ 3	- 3	1.25	1.21

\* Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of May, 1952, were 4 per cent smaller than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding May 1, 1952, collected during May, by cities:

	Instalment Accounts		Excl. Instal. Accounts		Instalment Accounts		Excl. Instal. Accounts
	.....%	50%			.....%	76%	
Fort Smith.....	21	47	20	52			
Little Rock.....	21	45	22	51			
Louisville.....	22	38	20	48			
Quincy.....	20%	76%	20	52			
St. Louis.....	20	52	22	51			
Other Cities.....	22	51	20	48			
8th F.R. Dist..	20	48	20	48			

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	May, 1952	Apr., 1952	May, 1952	May, 1951
Sales (daily average), unadjusted <sup>3</sup> .....	106	101	89	102
Sales (daily average), seasonally adjusted <sup>3</sup> .....	102	98	99	98
Stocks, unadjusted <sup>4</sup> .....	124	122	118	140
Stocks, seasonally adjusted <sup>4</sup> .....	124	114	111	140

<sup>3</sup> Daily Average 1947-49=100.  
<sup>4</sup> End of Month Average 1947-49=100.

**SPECIALTY STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	May, 1952 compared with Apr., '52		5 mos. '52 to same period '51	May 31, '52 comp. with May 31, '51	Jan. 1 to May 31, 1951	
	May, 1952	Apr., '52	5 mos. '52 to same period '51	May 31, '52 comp. with May 31, '51	Jan. 1 to May 31, 1951	1951
Men's Furnishings.....	+ 7%	+ 5%	- 2%	-21%	.88	.81
Boots and Shoes.....	-12	+ 5	+ 4	- 5	1.74	1.62

Percentage of accounts and notes receivable outstanding May 1, 1952, collected during May:

Men's Furnishings.....	45%	Boots and Shoes.....	43%
Trading days: May, 1952—26; April, 1952—26; May, 1951—26.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	May, 1952 compared with Apr., '52		May, 1952 compared with Apr., '52		May, '52	
	May, 1952	Apr., '52	May, 1952	Apr., '52	May, '52	May, '51
8th Dist. Total <sup>1</sup> .....	+20%	+19%	- 5%	-22%	17%	17%
St. Louis Area <sup>2</sup> .....	+14	+ 3	- 7	-23	17	18
St. Louis.....	+16	+ 4	- 7	-23	16	17
Louisville Area <sup>2</sup> .....	+16	+24	- 2	-15	14	14
Louisville.....	+15	+23	- 2	-15	13	13
Memphis.....	+35	+34	+ 1	-27	16	13
Little Rock.....	+15	+34	+ 5	-39	19	19
Springfield.....	+27	+21	- 2	- 8	21	17
Fort Smith.....	+23	+42	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.  
<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	May, '52	April, '52	May, '51
Cash Sales.....	15%	17%	21%
Credit Sales.....	85	83	79
Total Sales.....	100%	100%	100%

diana Arsenal in the Louisville metropolitan area, and a large iso-octyl alcohol plant at a Wood River, Illinois, refinery. The Defense Department has requested authorization by Congress of a \$31 million air base to be located at Jacksonville, Arkansas.

**TRADE**

Retail sales during May were firmer than in previous months although results of reporting district retail lines were varied. Thus, in comparison with sales during April, women's specialty stores experienced a drop in volume, while department stores gained more-than-seasonally. In comparison with May 1951, sales were generally better this year, men's wear stores being the only reporting line to experience a decline in sales volume. The largest reported gain from both the previous month and the comparable month of 1951 was registered by furniture stores.

The success of seasonal promotions and the suspension of instalment credit regulations contributed, along with other favorable factors, to the somewhat better picture of retail sales activity. There were a few indications of increased consumer buying at nondurable goods stores early in the month. And after mid-May durable goods sales improved noticeably.

At automobile dealers in both new and used cars, sales activity quickened as more liberal credit terms became available and as a result of seasonal trends. Appliance dealers also indicated that sales during May had improved over those earlier in the year and a year ago. And in St. Louis department stores, the only sizable decline in the major durable goods divisions was registered in domestic floor coverings.

The immediate effect of suspension of credit regulations on credit sales volume of reporting district retailers was most noticeable at furniture stores. At department stores the ratio of credit sales to total sales stood at 55 per cent, fractionally above both that a year ago, and in May 1950. At reporting furniture stores credit sales accounted for 85 per cent of total sales in May in comparison with 83 per cent a month earlier and 79 per cent a year ago.

The retail value of inventories held by reporting district retailers on May 31 declined generally from the level a month earlier. In comparison with those held on May 31, 1951, women's specialty stores reported higher inventories. In other reporting lines inventories dropped below last year's high levels. Furniture stores reported inventories valued at about one-fifth less than a year ago, men's wear stocks dropped about one-fifth and department store stocks were down around one-eighth.

**BANKING AND FINANCE**

During the first three weeks of June, as well as in May, total loans at district member banks were virtually unchanged. Business loans, seasonally adjusted, however, were up slightly in June. Nationally, total loans increased somewhat in the first three weeks of June following a moderate rise in May.

The money market continued fairly tight during May and early June. During May, banks, both districtwise and nationally, reduced excess reserves and increased borrowings. Starting the month without much cushion, member banks in general were drained of funds by a flow of currency into circulation and, in the case of district banks, by a loss of funds to other areas.

**District Banking Developments**

Earning assets of Eighth District member banks rose slightly during May. The increase centered in net purchases of securities at larger banks. Loans showed little change in the month as a moderate contraction at larger banks was nearly matched by an expansion at smaller banks, especially those banks in centers under 15,000 population. The loan contraction at the city banks was occasioned by a seasonal decline in loans to businesses offset, in large part, by an increase in most other types of loans. Net repayments of business loans came largely from manufacturers, trade concerns, commodity dealers, and public utilities. On the other hand, sales finance companies and construction firms increased their borrowings.

Deposits at district member banks were drawn down \$18 million in May, largely as a result of net withdrawals by correspondent banks and the Federal Government. An offsetting factor was an increase in time deposits and demand deposits of individuals and businesses.

District banks commenced the month with a limited amount of free funds. In addition, over the month there was a flow of currency into circulation and a net outflow of funds from the district. The largest net outflow went to New York

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	May, 1952	Apr., 1952	May, 1951	May, 1952 compared with	
				Apr., '52	May, '51
El Dorado, Ark.....	\$ 32,233	\$ 27,628	\$ 26,450	+ 17%	+ 22%
Fort Smith, Ark.....	46,166	43,379	44,382	+ 6	+ 4
Helena, Ark.....	6,999	7,463	7,346	- 6	- 5
Little Rock, Ark.....	153,688	148,216	138,676	+ 4	+ 11
Pine Bluff, Ark.....	35,586	36,552	27,681	- 3	+ 29
Texarkana, Ark.*.....	18,959	18,381	12,043	+ 3	+ 57
Alton, Ill.....	30,998	28,613	28,291	+ 8	+ 10
E.St.L.-Nat.S.Y., Ill..	122,120	126,046	131,407	- 3	- 7
Quincy, Ill.....	36,417	33,405	35,274	+ 9	+ 3
Evansville, Ill.....	140,633	139,439	138,141	+ 1	+ 2
Louisville, Ky.....	666,642	631,430	617,398	+ 6	+ 8
Owensboro, Ky.....	37,488	39,864	41,028	- 6	- 9
Paducah, Ky.....	43,621	42,912	22,705	+ 2	+ 92
Greenville, Miss.....	21,066	19,393	23,217	+ 9	- 9
Cape Girardeau, Mo....	12,963	12,451	13,037	+ 4	- 1
Hannibal, Mo.....	10,015	9,240	9,141	+ 8	+ 10
Jefferson City, Mo.....	52,282	56,482	49,785	- 8	+ 5
St. Louis, Mo.....	1,807,501	1,846,494	1,800,110	- 2	- 0
Sedalia, Mo.....	11,473	11,376	10,596	+ 1	+ 8
Springfield, Mo.....	67,965	68,202	68,877	- 0	- 1
Jackson, Tenn.....	20,025	20,361	20,876	- 2	- 4
Memphis, Tenn.....	547,285	554,759	609,163	- 1	- 10
Totals.....	\$3,922,125	\$3,922,086	\$3,875,624	- 0%	+ 1%

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$39,580.

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	May, 1952	April, 1952 to May, 1952	May, 1951 to May, 1952	May, 1952	April, 1952 to May, 1952	May, 1951 to May, 1952	May, 1952	April, 1952 to May, 1952	May, 1951 to May, 1952
<b>Assets</b>									
1. Loans and Investments.....	4,192	+ 29	+ 225	2,422	+ 22	+ 119	1,770	+ 7	+ 106
a. Loans.....	1,888	- 2	+ 67	1,232	- 11	+ 28	656	+ 9	+ 39
b. U.S. Government Obligations.....	1,906	+ 26	+ 112	993	+ 23	+ 60	913	+ 3	+ 52
c. Other Securities.....	398	+ 5	+ 46	197	+ 10	+ 31	201	+ 5	+ 15
2. Reserves and Other Cash Balances.....	1,332	- 21	+ 29	836	- 5	+ 10	496	- 16	+ 19
a. Reserves with the F.R. bank.....	678	- 15	+ 15	440	- 7	+ 3	238	- 8	+ 12
b. Other Cash Balances <sup>3</sup> .....	654	- 6	+ 14	396	+ 2	+ 7	258	- 8	+ 7
3. Other Assets.....	50	- 1	- 8	33	- 0	+ 2	17	- 1	- 10
4. Total Assets.....	<u>5,574</u>	<u>+ 7</u>	<u>+ 246</u>	<u>3,291</u>	<u>+ 17</u>	<u>+ 131</u>	<u>2,283</u>	<u>- 10</u>	<u>+ 115</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	4,104	- 22	+ 138	2,506	- 10	+ 67	1,598	- 12	+ 71
a. Deposits of Banks.....	622	- 14	+ 30	587	- 13	+ 27	35	- 1	+ 3
b. Other Demand Deposits.....	3,482	- 8	+ 108	1,919	+ 3	+ 40	1,563	- 11	+ 68
6. Time Deposits.....	1,020	+ 4	+ 54	497	+ 3	+ 20	523	+ 1	+ 34
7. Borrowings and Other Liabilities.....	78	+ 26	+ 24	71	+ 25	+ 26	7	+ 1	- 2
8. Total Capital Accounts.....	372	- 1	+ 30	217	- 1	+ 18	155	- 0	+ 12
9. Total Liabilities and Capital Accounts.....	<u>5,574</u>	<u>+ 7</u>	<u>+ 246</u>	<u>3,291</u>	<u>+ 17</u>	<u>+ 131</u>	<u>2,283</u>	<u>- 10</u>	<u>+ 115</u>

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

City, with lesser outflows to Chicago, Detroit and Cincinnati areas. On the other hand, trade was more "favorable" with the other areas of the country, providing some offset to these drains. Other partial offsets to the outflow of district bank funds came from Treasury operations and an increase in Federal Reserve float. To meet the net drain of funds bankers took two main actions. 1) They drew on their balances at the Federal Reserve Bank. As a result, excess reserves fell below normal working levels. 2) They increased their borrowings from both the Federal Reserve Bank and others. At the end of the month discounts and advances by the Federal Reserve Bank exceeded total excess reserves of district member banks.

In the first three weeks of June, the flow of funds reversed itself and total deposits rose rather sharply. With the funds, the district's weekly reporting member banks purchased a sizable amount of short-term Government securities, built up reserves at the Federal Reserve Bank, and reduced borrowings.

**Banking Developments Nationally**

Total loans at all commercial banks increased somewhat in May. Commercial loans continued to decline, but at a less-than-seasonal rate. Largest net repayments came from commodity dealers and food manufacturers. Real estate, consumer and security loans continued to rise.

The private money supply increased roughly \$600 million in May due largely to the bank credit expansion. By comparison, in May of 1951 the money supply of individuals and businesses increased only about two-thirds this amount.

**Treasury Financing**

The Treasury in the fiscal year through May (eleven months) collected a record \$58.1 billion in cash operating receipts and spent nearly \$61.0 billion. As a result, a cash deficit of \$2.9 billion was incurred. During June this deficit was probably whittled down by quarterly tax payments. Thus, the large cash surplus obtained last year disappeared and was replaced by a small deficit in the current fiscal year. In fiscal 1953, it is anticipated that the deficit will be substantially larger than in fiscal 1952.

**AGRICULTURE**

Prospects for 1952 crops in the Eighth District generally continued to be favorable through mid-June. The June 1 estimate of district winter wheat production was eleven million bushels higher, or 11 per cent, than a month earlier and 34 per cent more than 1951 production. Spring sown crops

developed rapidly during early June aided by above average temperatures. Crop growth, for the most part, is more advanced than last year or the average of recent years. Rains were needed in some localities, particularly in southern Missouri and Arkansas.

The cotton crop was up to a good stand in early June after more than normal replantings. Chopping was well advanced. Tobacco transplanting progressed rapidly late in May and early June, and by mid-June 95 per cent of the acreage was planted, thus getting the crop off to an early start. The district corn crop was planted in good time and early progress of the crop was satisfactory.

**Farm Debt**—Farm mortgage debt for the United States increased 8 per cent in 1951, reaching \$6.3 billion on January 1, 1952. This was one of the largest percentage increases since 1920, and marks the sixth year in which the debt has increased. Farm mortgage debt now is about the same as in 1942 but is considerably smaller than the peak recorded January, 1923. However, the ratio of debt to value is much lower now since current values of property are considerably higher than in 1942 or 1923.

In the district states of Illinois, Indiana and Missouri, the percentage increase in farm mortgage debt was slightly smaller than the national average. The rate of increase in Arkansas and Tennessee exceeded the national increase.

Total short-term or non-real estate farm debt reached a new high (\$7.3 billion) January 1, 1952, an increase of 18 per cent during the year. The increase of this type debt in 1951 for commercial banks was 24 per cent.

**AGRICULTURE**

**CASH FARM INCOME**

(In thousands of dollars)	Apr., 1952	April, 1952 compared with		4 month total Jan. to Apr.,		
		Mar., 1952	Apr., 1951	1952	compared with 1951	
Arkansas.....	\$ 30,110	+ 3%	+19%	\$ 132,627	+16%	+58%
Illinois.....	142,903	- 8	- 9	588,301	- 2	+14
Indiana.....	78,701	- 6	-11	325,966	- 1	+22
Kentucky.....	24,900	+ 4	-12	182,981	+ 1	+ 6
Mississippi.....	18,501	-22	+24	94,369	-11	+39
Missouri.....	67,296	- 3	-19	748,627	-10	+19
Tennessee.....	22,103	-15	-14	125,216	- 2	+20
Totals.....	\$384,514	- 6%	- 9%	\$2,198,087	- 2%	+19%

**RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS**

	Receipts			Shipments		
	May, '52	May, 1952 compared with		May, '52	May, '52 compared with	
		Apr., '52	May, '51		Apr., '52	May, '51
Cattle and calves....	82,461	+ 4%	- 2%	41,790	+20%	+68%
Hogs.....	264,066	-10	-21	97,398	+10	- 7
Sheep.....	64,292	+16	+14	45,224	+10	- 4
Totals.....	410,819	- 4%	-13%	184,412	+12%	+ 4%

Industrial rates in many cases are competitive with the costs of electricity generated by manufacturing plants for their own use. Usually only very large industrial plants or those using exceptionally large amounts of electricity can generate their own power at less cost than it can be purchased. In some processes requiring large amounts of live steam, it also can be produced at less cost. In general, the trend has been for industries to purchase electricity from public utility systems rather than to generate their own energy.

***The Eighth District's available electric power capacity and the expansions scheduled provide a firm base for present production and future development.***

In general, although not uniformly in all areas, the electric power industry serving the Eighth

Federal Reserve District has adequate facilities to meet demand. In rural areas, electrification continues to progress. The average electric rate in this district is well under the national average, but further reductions in some areas would be helpful in stimulating industrial and residential use. The hydroelectric potential is still largely undeveloped and use of economically feasible sites would aid in the development of the district. The industry is expanding rapidly. By 1953, the more than 50 per cent additions to capacity now scheduled will make total capacity sufficient to meet estimated peak loads. If the use of electricity continues to grow as expected, the industry may have to approximately double its capacity in the next ten years.

WILLIAM H. KESTER

# Survey of Current Conditions

ACTIVITY in many lines in the Eighth Federal Reserve District during June and early July was higher than in previous months. The steel strike, however, caused a spreading restriction of industrial output in the period. As a result, although employment increased slightly during the month ended at mid-June in the major district cities, layoffs became numerous in July. Wholesale prices continued to decline slowly. On the more active side, bank loans increased in July, construction activity continued to improve seasonally and adjusted department store sales advanced in June. These sales were helped by the hot weather prevailing in most parts of the district. At the same time the weather had an unfavorable effect on the growing conditions for district crops.

Nationally, the volume of industrial production in June, as measured by the Federal Reserve Board, dropped to 203 per cent of the 1935-39 average, compared with 211 per cent for May and 221 per cent in June last year. Primary factor in the decline was the work stoppage in the steel industry. Production of durable goods other than iron and steel increased somewhat and production of nondurable goods was estimated to have increased from 181 per cent of the base period in May to 185 per cent in June. Nondurable goods production improved, reflecting mainly the termination of the three-week work stoppage at oil refineries.

During June and July, the steel strike was the dominant factor in the business situation. In June, steel mill operations were only 18 per cent of capacity, and, in the third week of July about 15 per cent of capacity. Many metal-consuming industries were already shut down and continued operation at pre-strike levels in the remaining plants was increasingly difficult.

Despite settlement of the steel strike late in July, the protracted loss of production affected industries producing less-essential metal goods and, at least, one defense industry in this district. It will be some weeks before most metal-working plants can obtain enough steel to return to previous levels of operations. Resultant layoffs or reductions in the work weeks will cut into personal incomes and into potential spending power. Construction expenditures will also be reduced for a time by the loss of structural steel production. Thus the temporary immediate effect of the steel strike is to slow down total activity and, to some extent, over-all spending.

Other factors may tend to offset these deflationary tendencies. Defense expenditures will continue to increase, if present schedules are held, to about \$60 to \$65 billion next year from the second quarter 1952 level of \$51 billion. And retail trade, which has shown a measure of strength in recent months, may

continue to improve despite the temporary setback in incomes. The level of retail trade will be determined in part by the willingness of consumers to draw upon previous savings, reduce the proportion of current income saved, or step up the proportion of credit purchases.

## Employment

The steel strike was the dominant influence on the labor markets of the district and the nation in late June and early July. It had little effect on employment in other industries until the latter part of June. In July, layoffs due to lack of steel became more numerous and as of mid-month the number of workers idled either directly or indirectly was estimated at over 1 million for the nation as a whole. In this district layoffs due to the steel shortages were temporarily solved at some plants by scheduling plant-wide vacations in July. However, many plants may not reopen for some time after the close of the vacation periods, as steel supplies are not expected to become generally available until several weeks after resumption of operations at the mills. Primarily affected so far by the shortage of steel were the automobile, refrigerator and appliance manufacturers. In St. Louis during July the employment situation was further aggravated by the strike of trucking workers.

In June, initial claims for unemployment insurance rose in the seven district states from 23,600 in the week of May 31 to 36,800 for the week of June 28. More recent information indicates this rising trend in June continued in July. For example, in St. Louis initial claims jumped from 1,199 for the week of June 14 to 4,081 for the week of July 12.

During the first half of the year, employment in the six metropolitan areas in this district increased. The over-all gain was primarily due to increasing employment in defense-related industries, and to seasonal changes such as in construction. More-than-seasonal decreases in employment in a few industries, such as whiskey and coal mining, partially offset this increase. The relation of labor supply to demand in the metropolitan areas of the district remained virtually unchanged so far in 1952: a moderate labor surplus over immediate and expected near term requirements.

Employment in the United States rose seasonally from May to June, as large numbers of students entered the labor market at the end of the school

term. Total civilian employment was estimated at 62.6 million persons in the week ending June 14, about 1.4 million above the May level. Most of the increase in employment was in agriculture, with nonfarm employment showing little change. Not all of those entering the labor market found jobs, and, in the survey week, unemployment totaled 1.8 million, up 216,000 from May, but 162,000 below June last year.

In the first six months employment has averaged 60.5 million persons, an increase of about 300,000 over the average of the first half of last year. At the same time unemployment averaged less—1.8 million in the first half of 1952 against 2.1 million in the same period last year. Virtually all of this improvement between 1951 and 1952 occurred among women.

While more people were employed, the average work week in factories was down about one-half hour in the first five months of 1952 compared with the same months last year. By May the work week had declined to 40.0 hours—equal to the pre-Korea levels of two years earlier. Hourly earnings in factories continued to increase in the first five months and averaged 5 per cent over the level of a year earlier as a result partly of an increased proportion of workers in higher-wage defense-related industries and partly increased wage rates. In May, the United States average hourly earnings in manufacturing was \$1.66.

## PRICES

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	June,'52	May,'52	June,'51	June, 1952 compared with	
				May,'52	June,'51
All Commodities.....	111.3	111.6	115.1	-0-%	+ 3%
Farm Products.....	107.3	107.9	113.9	-1	+ 6
Foods.....	108.7	108.6	111.3	-0-	+ 2
Other.....	112.6	113.0	116.2	-0-	+ 3

### CONSUMER PRICE INDEX\*

Bureau of Labor Statistics (1935-39=100)	June 15, 1952	Mar. 15, 1952	June 15, 1951	June 15, 1952 compared with	
				May 15,'52	June 15,'51
United States.....	189.6	188.0	185.2	+ 1%	+ 2%
St. Louis.....	192.7	190.2	185.0	+ 1	+ 4
Memphis.....	191.2	190.2	187.8	+ 1	+ 2

\*New series.

### RETAIL FOOD\*

Bureau of Labor Statistics (1935-39=100)	June 15, 1952	May 15, 1952	June 15, 1951	June 15, 1952 compared with	
				May 15,'52	June 15,'51
U.S. (51 cities).....	231.5	230.8	226.9	-0-%	+ 2%
St. Louis.....	247.6	243.6	238.2	+ 2	+ 4
Little Rock.....	228.7	226.5	225.2	+ 1	+ 2
Louisville.....	218.1	216.4	215.5	+ 1	+ 1
Memphis.....	235.6	231.7	233.0	+ 2	+ 1

\*New series.

# Industry

Through June and early July, industrial production in the district again dropped moderately due to work stoppages, weak demand, and seasonal slowdowns.

**Manufacturing**—Consumption of electric power at reporting industrial firms in six district cities remained about the same in June as in May and, on balance, use of power was also about the same this June as a year ago. But there was a large variation

between reporting cities, with Pine Bluff being particularly far below last year as chemical production there continued at a reduced level. At other cities, the chemical and metals industries were less active in June than in May, but about the same as last year, according to the sample.

Early July promised some relief for this area from the effects of the steel strike as an agreement was reached July 11 with workers at the largest district producer of ingot, the only one struck. This mill, which supplies a number of manufacturers in this district resumed full production starting the week of July 13. In June the district steel industry operated at only 36 per cent of capacity.

Lumber production continued to run slightly ahead of orders and shipments. Average weekly production of southern pine in June was 8 per cent below that of May and 4 per cent below June, 1951. Southern hardwood production improved slightly from May to June, but, as during last month, was running about 20 per cent under the level of a year ago.

Whiskey production reached its low point for the year with only 17 of the 61 Kentucky distilleries in operation on June 30, a drop of 10 from last month and 4 less than on June 30, 1951.

Shoe producers, however, were looking ahead to the fall market with some optimism. For example, International Shoe Company reported orders for fall lines of civilian shoes are showing large percentage increases over the comparable period last year. On the other hand, present prospects indicate that military requirements for shoes will not be large during the remainder of 1952.

Meat packing under Federal inspection was up 14 per cent from May and 2 per cent ahead of June, 1951. Early shipments of cattle from drouth-stricken pastures helped swell the slaughter total.

Freight interchanges at 25 railroads in the St. Louis area during June reflected the lessened industrial activity in the district and nation as volume dropped to 15 per cent under that of June last year. In early July, transportation in St. Louis was severely affected by a truck strike, though interchange of freight between railroads was stopped for only five days.

**Mining**—Coal production in June continued at levels well below a year ago, but showed some recovery from May. Crude oil production in June was 3 per cent above the level of June, 1951.

## INDUSTRY

### CONSUMPTION OF ELECTRICITY DAILY AVERAGE

(K.W.H. in thous.)	June, 1952 K.W.H.	May, 1952 K.W.H.	June, 1951 K.W.H.	June, 1952 compared with	
				May, 1952	June, 1951
Evansville.....	830	846	783	- 2%	+ 6%
Little Rock.....	547	559	573	- 2	- 5
Louisville.....	4,135	4,079	3,939	+ 1	+ 5
Memphis.....	1,458	1,428	1,394	+ 2	+ 5
Pine Bluff.....	328	330	458	- 1	-28
St. Louis.....	4,840	4,864	4,852	- 1	-0-
Totals.....	12,138	12,102	11,999	-0-%	+ 1%

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

June, '52	May, '52	June, '51	First Nine Days July, '52 July, '51		6 mos. '52	6 mos. '51
98,767	108,597	116,421	29,061	30,032	650,387	701,588

Source: Terminal Railroad Association of St. Louis.

### COAL PRODUCTION INDEX 1935-39 = 100

Unadjusted			Adjusted		
June, '52	May, '52	June, '51	June, '52	May, '52	June, '51
117.5 P	107.4	147.5	125.0 P	104.3	156.9

### CRUDE OIL PRODUCTION—DAILY AVERAGE\*

(In thousands of bbls.)	June, 1952	June, 1951	June, 1952 compared with June, 1951
Arkansas.....	76.2	77.4	- 2%
Illinois.....	170.0	169.2	-0-
Indiana.....	32.8	30.0	+ 9
Kentucky.....	33.9	28.0	+21
Total.....	313.9	304.0	+ 3%

\* May, 1952, figures not available due to strike at refineries.

### SHOE PRODUCTION INDEX 1935-39 = 100

Unadjusted			Adjusted		
May, '52	Apr., '52	May, '51	May, '52	Apr., '52	May, '51
145.4	145.4	133.1	150.0	143.0	137.2

P—Preliminary.

## CONSTRUCTION

### BUILDING PERMITS Month of June, 1952

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1952	1951	1952	1951	1952	1951	1952	1951
Evansville.....	59	178	\$ 77	\$ 680	113	127	\$ 222	\$ 78
Little Rock.....	46	51	409	392	222	205	350	98
Louisville.....	253	217	1,335	1,256	93	90	155	98
Memphis.....	1,424	1,721	3,066	2,815	221	226	322	252
St. Louis.....	265	281	1,558	2,122	268	276	857	430
June Totals.....	2,047	2,448	\$ 6,445	\$ 7,265	917	924	\$1,906	\$ 956
May Totals.....	3,143	2,414	\$13,070	\$17,443	1,011	1,056	\$1,225	\$1,693

# Construction

In the Eighth District, construction contract awards in June, as reported by the F. W. Dodge Corporation, increased 19 per cent from May and were 24 per cent ahead of June, 1951. The number of dwelling units included in construction contracts awarded during June in the St. Louis territory of the Dodge Corporation, which includes most of the Eighth District, was 2,468, compared with 2,113 a year earlier.

For the first six months the number of dwelling units contracted for in the St. Louis territory increased by 5 per cent from the first half of 1951. The value of construction contracts awarded for commercial buildings was ahead by 4 per cent, manufacturing building awards were up 104 per cent, and all other nonresidential building awards rose 13 per cent in the first half of 1952 over the same period of a year earlier. Construction contracts awarded for public works were up 82 per cent but public and private utility construction was down 2 per cent.

In the nation as a whole moderate expansion of construction activity, mostly seasonal, took place during June, moving the dollar figure up 7 per cent over May and 6 per cent above June, 1951. Public construction expenditures increased about 10 per cent from May to June, while private outlays were up only 5 per cent. In comparison with June, 1951, public outlays were 23 per cent larger while private remained about the same.

New construction outlays during the first half of 1952 reached a record total of nearly \$15 billion—4 per cent higher than last year. Substantially larger expenditures for military facilities, industrial expansion, and public utility construction were principal factors in creating the record. The level of private construction was reduced 4 per cent from last year primarily by lessened residential building (down 8 per cent) and a smaller volume of most types of nonresidential building. Industrial plant construction, while ahead 31 per cent in the first six months over the first half last year, has shown a declining trend in recent months as more work was completed than started.

# Trade

During June, sales of reporting retail lines in the district remained at high levels as a record-breaking heat wave sent consumers scrambling for "hot weather" merchandise. In some lines the heat was at first credited with stimulating sales,

## TRADE DEPARTMENT STORES

	Net Sales			Stocks on Hand	Stock Turnover
	June, 1952 compared with May, '52	June, '51	6 mos. '52 to same period '51	June 30, '52 comp. with June 30, '51	Jan. 1 to June 30, 1952 1951
8th F.R. District.....	- 8%	+12%	+ 2%	-13%	1.82 1.61
Ft. Smith, Ark. <sup>1</sup> .....	-20	-0	+ 1	- 6	1.68 1.59
Little Rock, Ark.....	-19	+14	+ 3	-13	1.79 1.52
Quincy, Ill.....	-13	- 6	- 8	-13	1.81 1.66
Evansville, Ind.....	-17	+ 6	+ 3	-17	1.61 1.46
Louisville, Ky.....	- 5	+14	+ 3	- 2	1.93 1.84
Paducah, Ky.....	- 1	+38	+34	.....	.....
St. Louis Area <sup>2</sup> .....	- 2	+12	+ 2	-17	1.81 1.55
Springfield, Mo.....	-18	- 4	+ 4	-10	1.58 1.38
Memphis, Tenn.....	-17	+15	+ 3	- 6	1.89 1.79
All Other Cities*.....	- 9	+12	+ 4	- 5	1.55 1.48

\* Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

Outstanding orders of reporting stores at the end of June, 1952, were 9 per cent larger than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding June 1, 1952, collected during June, by cities:

	Instalment Accounts		Excl. Instal. Accounts	
	%		%	
Fort Smith.....	44%		19%	59%
Little Rock.....	18	44	20	50
Louisville.....	19	45	14	48
Memphis.....	22	39	19	47
Quincy.....				
St. Louis.....				
Other Cities.....				
8th F.R. Dist....				

## INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	8th Federal Reserve District			
	June, 1952	May, 1952	Apr., 1952	June, 1951
Sales (daily average), unadjusted <sup>2</sup> .....	103	106	101	90
Sales (daily average), seasonally adjusted <sup>2</sup> .....	111	102	98	98
Stocks, unadjusted <sup>4</sup> .....	118	124	122	136
Stocks, seasonally adjusted <sup>4</sup> .....	125	124	114	143

<sup>2</sup> Daily average 1947-49=100

<sup>4</sup> End of Month Average 1947-49=100

## SPECIALTY STORES

	Net Sales			Stocks on Hand	Stock Turnover
	June, 1952 compared with May, '52	June, '51	6 mos. '52 to same period '51	June 30, '52 comp. with June 30, '51	Jan. 1 to June 30, 1952 1951
Men's Furnishings.....	+ 1%	+ 9%	-0%	-22%	1.10 .97
Boots and Shoes.....	-13	- 2	+ 3	- 2	2.15 2.02

Percentage of accounts and notes receivable outstanding June 1, 1952, collected during June:

Men's Furnishings.....	42%	Boots and Shoes.....	40%
------------------------	-----	----------------------	-----

Trading days: June, 1952—25; May, 1952—26; June, 1951—26.

## RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	June, 1952 compared with May, '52	June, '51	June, 1952 compared with May, '52	June, '51	June, '52	June, '51
8th Dist. Total <sup>1</sup> .....	- 6%	+11%	- 4%	-13%	24%	27%
St. Louis Area <sup>2</sup> .....	- 2	-0-	+ 3	- 9	54	57
St. Louis.....	- 2	- 1	+ 3	- 9	57	60
Louisville Area <sup>2</sup> .....	- 9	+12	- 9	-17	13	15
Louisville.....	-15	+ 9	- 7	-15	12	14
Memphis.....	- 6	+25	*	*	13	16
Little Rock.....	+ 5	+27	-19	- 9	19	21
Springfield.....	-13	+19	*	*	15	15
Fort Smith.....	-20	+23	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

\* Includes Louisville, Kentucky; and New Albany, Indiana.

## PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	June, '52	May, '52	June, '51
Cash Sales .....	13%	14%	15%
Credit Sales .....	87	86	85
Total Sales .....	100%	100%	100%

## WHOLESALING

Line of Commodities	Net Sales		Stocks
	June, 1952, compared with May, '52		June 30, 1952, compared with June 30, 1951
Automotive Supplies.....	+ 5%	+12%	.....%
Drugs and Chemicals.....	- 2	+ 1	.....
Dry Goods.....	- 6	-14	-31
Groceries.....	- 9	- 6	-13
Hardware.....	-0-	+ 3	-17
Tobacco and its Products.....	- 1	+ 7	+ 5
Miscellaneous.....	-10	- 4	-18
**Total All Lines.....	- 3%	-0-%	-22%

\*Preliminary.

\*\*Includes certain items not listed above.

but was then blamed when volume slackened later on. Women's specialty shops, apparently experienced difficulty in maintaining adequate stocks of summer goods. Sales of electric fans attained such proportions that in St. Louis, for example, it was virtually impossible to purchase a brand-name window fan. Electric refrigerator sales also boomed. But automobile dealers were not as fortunate as other retailers. Some pickup in sales of used cars was noted early in June, but as the month progressed and the heat continued consumer interest slackened. New car sales were stimulated by consumer fears that the steel strike would curtail production and by seasonal influences.

Department store sales during June dropped less than seasonally from those in May and were substantially above June, 1951. The less-than-seasonal decline from May placed seasonally adjusted daily sales in the month at 111 per cent of the 1947-49 average—the highest since January, 1951. In comparison they were 102 per cent in May and 98 per cent in June, 1951. Cumulative sales during the first six months of 1952 totaled 2 per cent larger than in the comparable period of 1951. At the end of the first quarter this year, sales totaled somewhat less than in the like period of 1951 which included the second post-Korea buying wave. But the later Easter this year, together with the success of seasonal promotions during May and "hot weather" buying during June served to boost sales in the first half this year over those a year ago.

Furniture store sales at reporting district stores during June dropped 6 per cent below those in May but totaled 11 per cent larger than a year ago.

The retail value of inventories held by reporting retail lines at the end of June dropped generally below the level both a month ago and a year ago. At this time a year ago retailers were in the midst of "working down" inventories that were out of line with the slack consumer buying.

At district department stores on June 30 the value of outstanding orders was about 70 per cent above May 31 and one-tenth larger than June 30, 1951.

## Banking and Finance

Earning assets of district weekly reporting banks were up in the first three weeks of July. The gain centered in loans to businesses and on securities and in net purchases of Government bonds.

Reserve positions of banks nationally were tight over most of the first six months of 1952. Despite this pressure bank credit continued to climb in the period. In the six months the private money supply contracted moderately, but much less than in the corresponding period in 1951.

Savings bond sales were up significantly in both June and July. The improved showing reflected the more favorable terms on these issues offered by the Treasury.

**Banking**—Bank credit expanded rather sharply in the first three weeks of July at district weekly reporting banks. The gain primarily reflected two developments: 1) a greater-than-seasonal expansion in business loans, and 2) the purchasing and financing of nonbank purchases of the Treasury's new 2 $\frac{3}{8}$ 's bonds of June, 1958. Also both consumer and real estate loans were up moderately. Largely as a result of the expansion in bank credit, deposits rose \$127 million.

The business loan growth, \$32 million in total, was shared in by most reporting centers, but was greatest at St. Louis banks. Most types of businesses increased their loans outstanding. Both commodity dealers and food manufacturers, in contrast with the trend of the previous six months, expanded their borrowings substantially in the

## DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	June, 1952		June, 1951		June, 1952 compared with	
	June, 1952	May, 1952	June, 1951	May, '52	June, '51	
El Dorado, Ark.....	\$ 23,762	\$ 32,233	\$ 25,519	- 26%	- 7%	
Fort Smith, Ark.....	44,459	46,166	44,736	- 4	- 1	
Helena, Ark.....	7,010	6,999	6,827	-0-	+ 3	
Little Rock, Ark.....	150,937	153,688	143,997	- 2	+ 5	
Pine Bluff, Ark.....	34,278	35,586	28,205	- 4	+ 22	
Texarkana, Ark.*.....	18,057	18,959	12,811	- 5	+ 41	
Alton, Ill.....	33,045	30,998	30,115	+ 7	+ 10	
E. St. L.-Nat. S. Y., Ill..	129,552	122,120	121,041	+ 6	+ 7	
Quincy, Ill.....	35,241	36,417	35,512	- 3	- 1	
Evansville, Ind.....	142,987	140,633	141,007	+ 2	+ 1	
Louisville, Ky.....	656,861	666,642	644,293	- 1	+ 2	
Owensboro, Ky.....	43,150	37,488	43,327	+ 15	-0-	
Paducah, Ky.....	43,136	43,621	25,520	- 1	+ 69	
Greenville, Miss.....	19,995	21,066	18,233	- 5	+ 10	
Cape Girardeau, Mo.....	12,505	12,963	13,632	- 4	- 8	
Hannibal, Mo.....	10,413	10,015	9,859	+ 4	+ 6	
Jefferson City, Mo.....	48,758	52,282	40,338	- 7	+ 21	
St. Louis, Mo.....	1,989,005	1,807,501	1,904,851	+ 10	+ 4	
Sedalia, Mo.....	10,843	11,473	10,430	- 5	+ 4	
Springfield, Mo.....	67,832	67,965	71,462	-0-	- 5	
Jackson, Tenn.....	19,277	20,025	19,259	- 4	-0-	
Memphis, Tenn.....	540,883	547,285	530,559	- 1	+ 2	
Totals.....	\$4,081,976	\$3,922,125	\$3,921,533	+ 4%	+ 4%	

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$38,362.

first three weeks of July (normally the seasonal upswing in these loans does not begin until the final week of July). Loans to sales finance companies and wholesale concerns were also up significantly.

Loans on securities rose \$10 million and Government bond holdings jumped \$41 million in the three weeks. These increases, which centered in the first week of July, were in large part occasioned by the purchasing and financing of nonbank purchases of the new Treasury bond issue. The district's gains in these categories were not as sharp as those at the large New York City banks.

Nationally as well as districtwise, reserve positions of member banks were under pressure over most of the first half of 1952. Two exceptions were the first few weeks of the year when banks received a large seasonal inflow of currency and a period after mid-March that reflected heavy Treasury expenditures and the building-up of the Treasury's "X" balances with the banks.

Heavy drains of funds during the six months came from net Federal Reserve System sales of Government securities, made in part to meet a nonbank demand for these obligations. On the other hand, a flow of currency into banks in January and a net inflow of gold in the first quarter added to bank reserves.

Despite the prevailing tight position of the money market, and the seasonal decline in loans to businesses, total loans at all commercial banks in the country rose roughly \$1.5 billion in the first

half of 1952. Consumer, real estate, security, agricultural and bank loans all shared in the gain. The gain was only about two-thirds as much as the increase in the comparable period last year.

Districtwise, loans at member banks contracted \$75 million in the first half of 1952. The decline was the result of a seasonal drop in loans to businesses (which is sharper than nationally), partially offset by increases in most other types of borrowing. In the first quarter, the business loan contraction was more than normal but in the second it was less than normal.

The net repayments of loans by businesses both in the district and nation came, in great part, from a seasonal liquidation of loans by processors and distributors of agricultural products. On balance, sales finance companies also reduced their borrowings, although loans to these companies have increased considerably since the suspension of Regulation W in the early part of May. A partial offset to these net repayments was the increase in borrowings by metal and metal products manufacturers reflecting the increased tempo of the defense program.

**Savings Bonds**—Preliminary reports for July indicate that savings bonds sales were, as in June, substantially higher than in recent months. Partly responsible for the increased sales were the more favorable terms offered by the Treasury. Some of the major changes were: 1) In the Series E bond the over-all interest rate increased from 2.9 to 3.0 per cent compounded semiannually (by shortening

#### EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	June, 1952	May, 1952 to June, 1952	June, 1951 to June, 1952	June, 1952	May, 1952 to June, 1952	June, 1951 to June, 1952	June, 1952	May, 1952 to June, 1952	June, 1951 to June, 1952
<b>Assets</b>									
1. Loans and Investments.....	4,211	+ 19	+231	2,443	+ 21	+122	1,768	— 2	+109
a. Loans.....	1,889	+ 1	+ 88	1,224	— 8	+ 41	665	+ 9	+ 47
b. U. S. Government Obligations.....	1,921	+ 15	+105	1,017	+ 24	+ 52	904	— 9	+ 53
c. Other Securities.....	401	+ 3	+ 38	202	+ 5	+ 29	199	— 2	+ 9
2. Reserves and Other Cash Balances.....	1,364	+ 32	+ 80	852	+ 16	+ 44	512	+ 16	+ 36
a. Reserves with the F. R. bank.....	703	+ 25	+ 34	454	+ 14	+ 22	249	+ 11	+ 12
b. Other Cash Balances <sup>3</sup> .....	661	+ 7	+ 46	398	+ 2	+ 22	263	+ 5	+ 24
3. Other Assets.....	50	— 0	+ 3	32	— 1	+ 3	18	+ 1	— 0
4. Total Assets.....	<u>5,625</u>	<u>+ 51</u>	<u>+314</u>	<u>3,327</u>	<u>+ 36</u>	<u>+169</u>	<u>2,298</u>	<u>+ 15</u>	<u>+145</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	4,167	+ 63	+209	2,557	+ 51	+108	1,610	+ 12	+101
a. Deposits of Banks.....	629	+ 7	+ 39	594	+ 7	+ 37	35	— 0	+ 2
b. Other Demand Deposits.....	3,538	+ 56	+170	1,963	+ 44	+ 71	1,575	+ 12	+ 99
6. Time Deposits.....	1,022	+ 2	+ 55	496	— 1	+ 19	526	+ 3	+ 36
7. Borrowings and Other Liabilities.....	63	— 15	+ 18	56	— 15	+ 22	7	— 0	— 4
8. Total Capital Accounts.....	373	+ 1	+ 32	218	+ 1	+ 20	155	— 0	+ 12
9. Total Liabilities and Capital Accounts.....	<u>5,625</u>	<u>+ 51</u>	<u>+314</u>	<u>3,327</u>	<u>+ 36</u>	<u>+169</u>	<u>2,298</u>	<u>+ 15</u>	<u>+145</u>

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

the maturity to 9 year, 8 months) and the intermediate redemption schedule was raised. 2) An entirely new current income savings bond (Series H) is now being issued on terms similar to those on Series E bonds except that interest is paid by check each six months. 3) Series J and K bonds with yields of  $2\frac{3}{4}$  per cent and improved intermediate yields have replaced Series F and G bonds.

## Agriculture

The crop outlook nationally on July 1 (the date of the latest official estimate) was favorable. In the Eighth District, however, growing conditions were not favorable over much of the area due to hot dry weather during June and early July. Rains during the second week of July were beneficial especially in southern Missouri and northwestern Arkansas, where the drouth had been particularly severe. Scattered rains also gave some relief in other areas of the mid-South, although general rains were still needed at mid-July. Early planted corn and pastures were particularly hard hit.

**Crop Estimates**—Corn production in district states on July 1 was estimated at 1,139 million bushels, 7 per cent more than in 1951. Largest expected increase was in Missouri where the 1951 crop was considerably below the average of recent years. The crop nationally was estimated at 3,365 million bushels, compared with 2,941 million bushels in 1951.

### ACREAGE AND PROSPECTIVE PRODUCTION OF CORN EIGHTH DISTRICT STATES, JULY 1

	Acreage		Production	
	Thousands of acres 1952	Per cent change from 1951	Thousands of bushels 1952	Per cent change from 1951
Arkansas .....	998	+ 1%	19,960	-14%
Illinois .....	9,211	+ 3	525,027	+ 7
Indiana .....	4,601	+ 1	248,454	+ 3
Kentucky .....	2,129	- 1	80,902	- 0-
Mississippi .....	1,809	+ 2	36,180	- 5
Missouri .....	4,271	+10	166,569	+26
Tennessee .....	1,992	- 1	61,752	+ 2
District States .....	25,011	+ 3	1,138,844	+ 7
United States .....	82,232	+ 1	3,365,089	+14

Source: Crop Production, July 1, 1952, USDA

Oats acreage in Eighth District states was estimated to be 2 per cent larger than in 1951 compared with a 6 per cent increase nationally. Prospective district production, however, was expected to be 7 per cent larger than the crop of 1951, compared with a 3 per cent increase for the nation. Production in all district states, except Missouri, was expected to exceed the 1951 crop. The decline in district states, reflecting drouth conditions, was expected to be greater on a percentage basis than for the nation. Greatest declines were in Arkansas

and Missouri where a 27 per cent reduction was expected.

Dry weather up to July 1 had retarded tobacco growth. On that date burley tobacco production was estimated at 598 million pounds, 3 per cent less than in 1951. The reduction in Kentucky was estimated at 7 per cent. Fire-cured production also was expected to decline due to dry weather.

District rice production was expected to be up 11 per cent, with a 5 per cent increase estimated for Arkansas and 86 per cent increase in Mississippi.

The July 1 estimates for cotton and soybeans are in terms of acreages rather than production units. It was estimated that cotton acreage in district states and nationally was reduced about 7 per cent. Among district states, slightly larger acreages were in cultivation in Tennessee, but this increase was more than offset by declines in Arkansas, Missouri and Mississippi.

### ACREAGES OF COTTON AND SOYBEANS EIGHTH DISTRICT STATES, JULY 1

(Acreage amounts in thousands)

	Cotton		Soybeans	
	1952 Acreage	Per cent change from 1951	1952 Acreage	Per cent change from 1951
Arkansas .....	1,880	-14%	870	+43%
Illinois .....	-	-	3,498	- 4
Indiana .....	-	-	1,481	+ 5
Kentucky .....	-	-	136	+ 5
Mississippi .....	2,380	- 3	450	+ 6
Missouri .....	500	-12	1,712	+33
Tennessee .....	820	+ 2	203	+11
District States .....	5,580	- 7	8,350	+ 7
United States .....	26,051	- 7	13,906	+ 5

Source: Crop Production, July 1, 1952, USDA

Soybeans acreage declined in Indiana and Illinois. However, substantially larger acreages were planted (33 and 43 per cent, respectively) in Missouri and Arkansas. Total acreage in the nation increased 5 per cent, compared with a 7 per cent increase in the district.

**Farm income**—Farm income in district states during the first four months of 1952 has lagged behind the rest of the country and has lagged behind a comparable period in 1951. During this period cash farm income in district states declined 2 per cent compared with 1951. Nationally, farm income was up 3 per cent for the period.

## AGRICULTURE

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	June, '52	June, 1952 compared with May, '52 June, '51		June, '52	June, 1952 compared with May, '52 June, '51	
		+17%	+24%		- 8%	+10%
Cattle and calves...	96,728	+ 1	- 7	38,533	- 7	-11
Hogs.....	267,808	- 8	+ 5	90,817	-26	-11
Sheep.....	59,070	-	-	33,391	-	-
Horses.....	-	-	-	-	-	-
Totals.....	423,606	+ 3%	-0-	162,741	-12%	- 7%

# Survey Of Current Conditions

**S**TRIKES AND THE WEATHER combined to jolt the expanding activity of the Eighth District economy during July. But recovery was evident in the first half of August as workers returned to their jobs, trade improved and rains came to the aid of crops in most areas.

Employment and industrial production were reduced in July, chiefly as a result of layoffs at metal using plants such as automobile, machinery and refrigerator manufacturers. Expansion at defense plants and in some seasonal industries was not sufficient to outweigh these layoffs. But by mid-August many workers had returned to their jobs. And the one defense plant shut down here for lack of steel resumed full operations on August 18.

Retail trade declined more than seasonally during July as a result of limited supplies of new automobiles and as a reaction to the stimulation of sales of seasonal merchandise by the hot weather in the previous month. In addition, a truck strike was a minor factor limiting retail sales in the St. Louis area during July. But department store sales in the first three weeks of August were above year-ago levels, indicating a possible return to the fairly high level of consumer spending evident in May and June. Crop production prospects continued to de-

cline during July and the first week in August as a result of the hot, dry weather. However, rains in the second week of August came to the aid of crops in most parts of the district.

Bank loans expanded in July, as business loans increased more than the seasonal amount for the period. Consumer credit loans and real estate loans also increased.

In the nation also, economic activity was reduced in July. Industrial production in July, as measured by the Federal Reserve Board, dropped 6 per cent from June to 191 per cent of the 1935-39 average. This level was about equal to that of the first half of 1950, immediately preceding Korea. Most of the decline occurred in durable goods manufacturing, which dropped roughly one-tenth from May to June and again from June to July. The drop in June was due primarily to lower steel production, while the decline in July was due to lower output of steel-using plants. The decline in nondurable goods production reflected vacation shutdowns in textile and paper industries, not fully accounted for in seasonal adjustment factors.

Other lines of activity in the nation also slowed in July. Nonfarm employment was down 400,000 persons from June; construction increased less than seasonally. Automobile sales were restricted by lack of merchandise and department store sales were limited by hot weather and interest in political conventions.

Steel mill output was limited after settlement of the strike by the time spent in restoring coke ovens, blast furnaces and open hearths to working conditions. However, operations have been increased rapidly, and for the week ended August 23, four weeks after the strike was settled, were scheduled at 97 per cent of capacity. Automobile output in August is expected to approximate only 300,000 cars and trucks, compared with pre-strike operations of about 500,000 vehicles a month.

While the short-term effects of the steel strike were deflationary, the longer-run results will tend to be inflationary. The price of steel has been increased and will sooner or later be reflected in higher per unit material costs for many consumer durables. Further, the steel wage increase may well become the model for union demands in other industries, increasing the wage cost for these goods.

## WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)				July, 1952 compared with	
	July,'52	June,'52	July,'51	June,'52	July,'51
All Commodities.....	111.8	111.2	114.2	+ 1%	- 2%
Farm Products.....	110.2	107.2	111.1	+ 3	- 1
Foods.....	110.0	108.5	110.7	+ 1	- 1
Other.....	112.6	112.6	115.7	-0-	- 3

## CONSUMER PRICE INDEX\*

Bureau of Labor Statistics (1935-39=100)				July 15, 1952 compared with	
	July 15, 1952	June 15, 1952	July 15, 1951	June 15,'52	July 15,'51
United States.....	190.8	189.6	185.5	+ 1%	+ 3%

\*New series.

## RETAIL FOOD\*

Bureau of Labor Statistics (1935-39=100)				July 15, 1952 compared with	
	July 15, 1952	June 15, 1952	July 15, 1951	June 15,'52	July 15,'51
U.S. (51 cities).....	234.9	231.5	227.7	+ 1%	+ 3%
St. Louis.....	248.6	247.6	237.9	-0-	+ 4
Little Rock.....	230.4	228.7	223.1	+ 1	+ 3
Louisville.....	221.2	218.1	216.0	+ 1	+ 2
Memphis.....	236.8	235.6	232.3	+ 1	+ 2

\*New series.

In addition, rising income, resulting from higher levels of wages and employment, and rising prices will stimulate consumer interest in buying in the future. Consumer buying may also be stimulated by the reduction in retail stocks of automobiles and appliances.

Construction activity will be affected for a time by the limited supplies of structural steel. The delay has in effect stretched out the defense expansion program and prolonged the time before less essential construction projects may be started. Thus the stimulus given to the entire economy by high-level plant and equipment expenditures while temporarily weakened has been continued further into the future.

## Employment

By mid-August employment in the district had substantially recovered from the layoffs occasioned by the steel strike. Most of the layoffs which occurred during July lasted for only a few weeks, but a few plants were closed for longer than a month. The impact of the strike was only partly revealed by July 15th employment figures, since some plants were operating that week, but were shut down either before or after that time. In St. Louis, employment in seven major industry groups which use steel was cut nearly 8,000 persons from mid-June to mid-July. But total manufacturing employment in the city dropped only 6,000 from June to July, as gains in defense plants and seasonal industries partly offset the layoffs caused by the steel strike. In Louisville, about 5,500 fewer workers were employed in the machinery, equipment and instrument industry groups in July than in June. The Louisville Employment Service estimated that, at one time or another during July, between 7,000 and 8,000 workers were laid off. As in St. Louis, layoffs in Louisville were partially offset by gains in other industries, chiefly defense.

The recovery from the steel strike can be measured roughly by the trend in unemployment insurance claims. In seven district states at the end of June, after one month of steel strike, the number of weeks of unemployment claimed was 170,000, not materially larger than the 165,000 weeks claimed four weeks earlier. But by the end of July, weeks claimed rose to 249,000, an increase of 46 per cent in four weeks. Two weeks later claims dropped off to 212,000, as workers were recalled to their jobs.

In the United States the total number of workers employed in nonfarm jobs dropped 400,000 between mid-June and mid-July. Seasonal gains in construc-

tion and food processing employment plus expansion of employment by Federal defense agencies partially offset the 900,000 workers unemployed by the steel strike. About one half the workers idled by the strike were directly affected steel workers and iron ore miners. The rest were workers in steel-using plants and related industries.

## Industry

Slowdowns due to the shortage of steel and fabricated metal parts from sources outside the district were reflected by a sharp drop in the district's industrial output in July. But the after-effects of the steel strike tapered off in early August.

**Manufacturing**—In July, manufacturing activity showed a large drop from the previous month and a year ago for the first time this year, according to reports on use of electric power by industries at six major cities in the district. The daily average consumption was 11 per cent below both June this year and July a year ago. The decline in activity was greatest in transportation equipment, machinery, fabricated metals and chemical manufacturers. Some strength was indicated in the food and shoe industries.

In contrast to the national steel situation (where production was 18 per cent of capacity), ingot production in the St. Louis area during July was 62 per cent of capacity. By the third week of August the St. Louis mills increased operations to over 100 per cent of capacity.

Lumber production in the district through mid-August continued at practically the same moderate levels as in June, in response to a still rather sluggish market. Inventories at dealers were relatively low, however, so any pickup in consumer demand was expected to be felt almost immediately at mills.

Whiskey production in Kentucky again fell off. At the end of July only 12 distilleries were in operation, five less than a month or a year ago.

Transportation activity reflected the generally lower level of industrial activity. Freight inter-

### CONSUMPTION OF ELECTRICITY Daily Average\*

(K.W.H. in thous.)	July, 1952			July, 1952 compared with	
	July, 1952 K.W.H.	June, 1952 K.W.H.	July, 1951 K.W.H.	June, 1952	July, 1951
Evansville.....	835	830	768	+ 1%	+ 9%
Little Rock.....	480	547	572	-12	-16
Louisville.....	3,717	4,135	3,936	-10	- 6
Memphis.....	1,121	1,458	1,484	-23	-24
Pine Bluff.....	321	328	447	- 2	-29
St. Louis.....	4,354	4,840	4,911	-10	-11
Totals.....	10,828	12,138	12,118	-11%	-11%

\*Selected Manufacturing firms.

changes at St. Louis showed a recovery in July from a 9 per cent drop in June, but were still 11 per cent below those of July, 1951. Furthermore, truck movements were affected throughout the month by a truck drivers strike in the city.

An exception to the general direction of industrial activity was district shoe production. It was up somewhat both in comparison with June and with July last year, according to the sample of use of industrial power. This experience corresponded to the situation nationally where shoe production for the first seven months of the year was estimated by the National Shoe Manufacturers Association to have been running at 5.5 million pairs ahead of the national annual rate of consumption.

**Mining**—Coal mines in district states reduced production 22 per cent in July compared with June, and 17 per cent compared with July a year ago, according to preliminary figures. This reflected the seasonal drop experienced in recent years and the lower level of sales this year. Crude oil production in July continued at about the same level, which also approximated that of a year ago.

## Construction

Construction activity during July in the nation increased less than seasonally. This was the net

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

July, '52	June, '52	July, '51	First Nine Days		7 mos. '52	7 mos. '51
			Aug., '52	Aug., '51		
108,461	98,767	117,779	33,393	33,795	758,848	819,367

Source: Terminal Railroad Association of St. Louis.

### COAL PRODUCTION INDEX 1935-39=100

Unadjusted			Adjusted		
July, '52	June, '52	July, '51	July, '52	June, '52	July, '51
92.0 P	118.5	111.4	104.5 P	126.0	126.6

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	July, '52	June, '52	July, '51	July, 1952 compared with	
				June, '52	July, '51
Arkansas.....	76.6	76.2	76.1	+ 1%	+ 1%
Illinois.....	165.1	170.0	169.3	— 3	— 2
Indiana.....	32.5	32.8	30.1	— 1	+ 8
Kentucky.....	33.5	33.9	29.4	— 1	+14
Total.....	307.7	312.9	304.9	— 2%	+ 1%

### SHOE PRODUCTION INDEX 1935-39=100

Unadjusted			Adjusted		
June, '52	May, '52	June, '51	June, '52	May, '52	June, '51
140.9	145.4	132.4	136.8	150.0	128.5

P—Preliminary

result of a decline in public expenditures after seasonal adjustment which was only partly offset by a gain in private construction expenditures. Defense construction remained at high levels. The steel strike had little effect on building operations during the period, but was expected to have some effect on work in later months.

New housing starts in June and July throughout the United States were at the seasonally adjusted annual rate of 1,063,000 and 1,088,000 respectively. If August starts are also less than 1,200,000 (seasonally adjusted annual rate) downpayment requirements under Regulation X on residential construction must be reduced to not more than 5 per cent as provided by the 1952 amendments to the Defense Production Act. Present requirements range from 5 to 40 per cent.

Contracts awarded for private residential construction in the St. Louis territory of the F. W. Dodge Corporation during the first seven months of the year were about the same as those in the corresponding months last year. Since March of this year, however, the dollar volume of contracts awarded has been improving over that of last year and the margin of gain was considerable by July. But a recent survey by this bank indicates that this uptrend may not continue. According to this survey, private housing starts for the next six months will be about one-sixth less than those in the corresponding period last year.

Public residential housing awards, in contrast to private, have shown sharp gains over year-ago figures. From January to July, the gain was 66 per cent. A notable start was made at St. Louis in July on a 1,736 unit public housing project.

Total construction contracts awarded in the Eighth District during July were \$106 million, excluding the \$459 million contract by the Atomic Energy Commission for an addition to the uranium separation plant near Paducah. Also excluding this one contract, awards were 41 per cent above July, 1951, but were 10 per cent below June, 1952.

While total construction contracts awarded in the first seven months have been larger than in the same period last year, not all areas of the district

### BUILDING PERMITS

Month of July

(Cost in thousands)	New Construction				Repairs, etc.			
	Number	1951	1952	Cost	Number	1951	1952	Cost
Evansville.....	107	94	\$ 242	\$ 241	99	95	\$ 116	\$ 58
Little Rock...	52	36	438	5,994	206	191	247	100
Louisville.....	177	214	968	974	87	93	194	83
Memphis.....	1,985	2,088	4,196	3,774	204	201	299	166
St. Louis.....	267	240	20,696	1,966	329	244	1,180	800
July Totals...	2,588	2,672	\$26,540	\$12,949	925	824	\$2,036	\$1,207
June Totals...	2,047	2,448	\$ 6,445	\$ 7,265	917	924	\$1,906	\$ 956

have shared the same experience. The most recent information available, that for the first half year, indicates that construction contracts awarded in the three largest cities of the district increased sharply over the corresponding period last year, but those awarded in Little Rock and Evansville decreased.

**TOTAL CONSTRUCTION CONTRACTS AWARDED IN FIRST HALF OF YEAR**

(Dollar amounts of thousands)

	1952	1951	Per cent change
St. Louis area.....	\$195,283	\$150,405	+30
Louisville .....	43,805	35,822	+22
Memphis .....	52,168	31,932	+63
Little Rock .....	9,697	10,711	-10
Evansville .....	6,545	13,612	-52

Source: F. W. Dodge Corporation.

**Trade**

Sales during July were at a somewhat lower level than in June. Normally sales drop seasonally from June to July, but this year the decline was somewhat more than seasonal in some lines of trade. This reflected chiefly a reaction to the concentrated buying of "hot weather" merchandise during June's record heat wave and secondly a reaction to the weather which continued depressingly hot through July. Interest in the political conventions was also a limiting factor in the month as was the protracted truck drivers strike in the St. Louis area. Automobile sales were restricted in July and early August by the reduced output of new cars.

Department store sales during July totaled almost one-fifth less than in June. The drop from June was somewhat more than seasonal, placing the seasonally adjusted index of daily average sales at 99 per cent of the 1947-49 average, which compared with 111 per cent in June. Adjusted sales a year ago were 104 per cent of the base. Cumulative district sales for the first seven months of 1952 totaled 2 per cent larger than in the like period last year.

In major district cities, department store sales generally declined from June to July. The smallest decline was recorded by Little Rock department stores where sales dipped 6 per cent below those a month ago. The largest decline occurred in Paducah where sales averaged almost one-third below those in June. In comparison to the general decline from June to July, St. Louis area department stores recorded the only decline from July, 1951. Elsewhere in district cities, sales increased. The largest gain from last year was reported in Paducah where sales were 14 per cent larger than in July, 1951.

District furniture store sales during July were somewhat above those a year ago. Indications were that much of the gain occurred in the major

**TRADE DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover
	July, 1952 compared with June, '52	7 mos. '52 to same period '51	July, 1952 compared with July, '51	July 31, '52 comp. with July 31, '51	Jan. 1 to July 31, 1952 1951
8th F.R. District.....	-18%	+ 2%	+ 2%	-11%	2.09 1.85
Ft. Smith, Ark. <sup>1</sup> .....	- 8	+ 1	+ 1	- 6	1.94 1.83
Little Rock, Ark.....	- 6	+ 8	+ 3	- 9	2.06 1.75
Quincy, Ill.....	-11	+ 3	- 7	-16	2.09 1.87
Evansville, Ind.....	-16	+ 6	+ 3	-15	1.85 1.67
Louisville, Ky.....	-21	+ 5	+ 3	+ 3	2.21 2.12
Paducah, Ky.....	-31	+14	+31	.....	.....
St. Louis Area <sup>2</sup> .....	-22	- 2	+ 1	-15	2.08 1.78
Springfield, Mo.....	-10	+ 1	+ 4	-12	1.85 1.60
Memphis, Tenn.....	-11	+ 5	+ 3	- 3	2.17 2.07
All Other Cities <sup>3</sup> .....	-15	+10	+ 5	+ 1	1.79 1.70

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

Outstanding orders of reporting stores at the end of July, 1952, were 11 per cent larger than on the corresponding date a year ago.

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

	Outstanding July 1, 1952, Collected During July			
	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....%	46%	.....	Quincy.....	18%
Little Rock.....17	44	.....	St. Louis.....	19
Louisville.....18	44	.....	Other Cities.....	13
Memphis.....20	36	.....	8th F.R. Dist....	18
				47

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

	8th Federal Reserve District			
	July, 1952	June, 1952	May, 1952	July, 1951
Sales (daily average), unadjusted <sup>3</sup> .....	81	103	106	85
Sales (daily average), seasonally adjusted <sup>3</sup> .....	99	111	102	104
Stocks, unadjusted <sup>4</sup> .....	112	118	124	129
Stocks, seasonally adjusted <sup>4</sup> .....	120	125	124	139

<sup>3</sup> Daily average 1947-49=100

<sup>4</sup> End of Month Average 1947-49=100

**SPECIALTY STORES**

	Net Sales			Stocks on Hand	Stock Turnover
	July, 1952 compared with June, '52	7 mos. '52 to same period '51	July, 1952 compared with July, '51	July 31, '52 comp. with July 31, '51	Jan. 1 to July 31, 1952 1951
Men's Furnishings.....	-36%	-10%	- 1%	-23%	1.26 1.10
Boots and Shoes.....	-21	- 8	+ 2	- 8	2.44 2.31

Percentage of accounts and notes receivable outstanding July 1, 1952, collected during July:

Men's Furnishings.....	45%	Boots and Shoes.....	42%
Trading days: July, 1952—26; June, 1952—25; July, 1951—25.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections
	July, 1952 compared with June, '52	July, '51	July, 1952 compared with June, '52	July, '51	
8th Dist. Total <sup>1</sup> .....	-10%	+ 8%	+ 1%	-10%	23% 26%
St. Louis Area <sup>2</sup> .....	- 3	+ 3	+ 1	- 7	55 57
St. Louis.....	- 4	+ 2	+ 1	- 7	58 60
Louisville Area <sup>3</sup> .....	-21	+ 6	+ 4	-17	13 14
Louisville.....	-17	+ 4	+ 4	-15	12 13
Memphis.....	-17	+25	- 2	-10	12 15
Little Rock.....	-28	+ 7	+ 4	+ 3	17 20
Springfield.....	- 8	+ 6	- 1	- 9	16 17
Fort Smith.....	-0-	+17	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**Percentage Distribution of Furniture Sales**

	July, '52	June, '52	July, '51
Cash Sales.....	15%	13%	14%
Credit Sales.....	85	87	86
Total Sales.....	100%	100%	100%

WHOLESALE TRADE			
Line of Commodities	Net Sales		Stocks
	July, 1952 compared with June, '52 July, '51		July 31, 1952 compared with July 31, 1951
Automotive Supplies.....	+ 9%	+25%	+ 3%
Drugs and Chemicals.....	-11	-11	+10
Dry Goods.....	-20	-21	-28
Groceries.....	+10	+12	- 6
Hardware.....	- 5	- 2	-18
Tobacco and its Products.....	+ 6	+13	+ 3
Miscellaneous.....	- 1	+ 7	-21
**Total All Lines.....	- 7%	-0-%	-20%

\*Preliminary.  
\*\*Includes certain items not listed above.

appliance division with mechanical refrigeration and cooling equipment accounting for the major portion of the increase. Some renewal of interest in purchase of television sets was credited to sales promotions and interest shown in political conventions.

Inventories held by reporting retail lines on July 31 were below those a year ago. Department store inventories throughout the district averaged about one-tenth below their July, 1951, levels. Furniture store inventories on July 31 were off a similar amount.

At department stores throughout the district the volume of outstanding orders on July 31 was larger than a month earlier and 11 per cent over July 31, 1951.

## Banking and Finance

Tightness in the money market was the dominant factor in the financial picture during July and early August. Despite the pressure, banks in the district expanded their credit sharply, especially their loans to businesses. By contrast, banks in the rest of the country expanded their loans and investments only moderately with business loans showing little change. Also reflecting the tightness of the money market and the demand for credit, interest rates moved up somewhat in the period.

The amount of checks cashed at district banks in July (seasonally adjusted) was larger than in recent months but slightly less than the peak levels.

**Money Market**—During July and early August the money market remained very tight. This situation dominated the financial picture. Commencing the period without much cushion, banks were drained of a sizable amount of funds as a result of an outflow of money into circulation, Treasury operations and an increase in foreign Federal Reserve deposits. A partial offset to these drains was provided by net System purchases of Government securities.

**Banking**—Commercial banks, to meet the drain of funds, increased their borrowings sharply, sold a sizable amount of short-term Government securities or allowed maturing issues to run off, and in some cases tightened their loan policies (most large banks, for instance, increased their rates on loans to brokers against Stock Exchange collateral from 2½ per cent to 2¾ per cent).

Total loans at all commercial banks in the country showed only a moderate climb during July and early August. Expansion centered in a further gain in loans to consumers and on real estate. Outstanding loans to businesses showed little change on balance over the period. Public utilities and manufacturers of metal and metal products made substantial net repayments. Most other types of businesses increased their borrowings moderately.

Loans to dealers for purchasing or carrying U. S. Government securities jumped sharply early in July, reflecting bank financing associated with Treasury borrowings, but then declined steadily over the rest of the period.

Districtwise, bank credit rose substantially in July and early August. As in the entire nation, both consumer and real estate loans continued to climb. But in contrast with the rest of the country, business loans rose sharply. The gain, which was much more than seasonal, centered in banks at St. Louis, Louisville and Memphis. Normally, loans decline somewhat at this time at Memphis and Louisville. The largest increases in loans went to sales finance companies. However, banks reported increases in loans to most other types of businesses also.

Banks in both the large and small centers increased their Government security holdings in July and early August. The gains consisted primarily of net purchases of Government bonds.

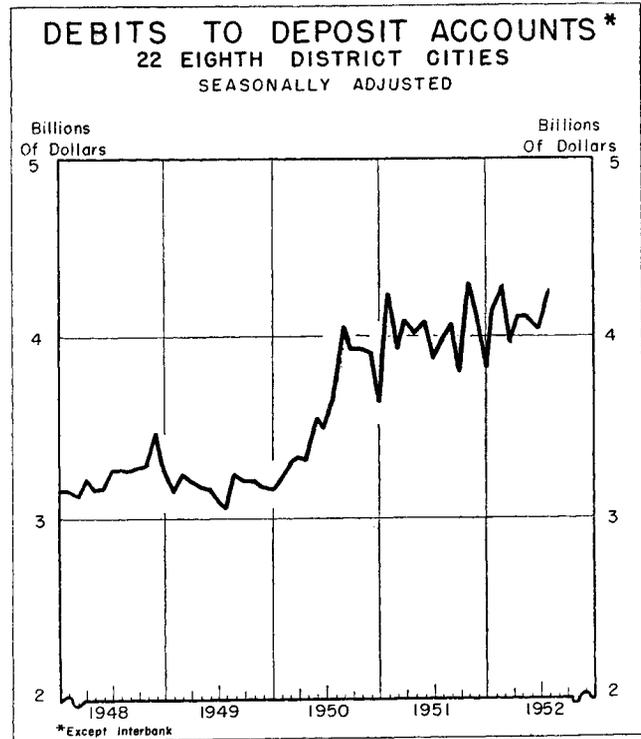
**Interest Rates**—Also reflecting in part the tight money market conditions, interest rates hardened somewhat in the period. Average rate on accepted bids for Treasury bills dated June 26 was 1.68 per cent. For bills dated August 14, the rate rose to 1.90 per cent (a record high since 1933). At the same time yields on short-term Government bonds rose from less than 2 per cent to roughly 2¼ per cent. Long-term bank restricted bonds declined in price from over 98 to less than 97. Yields on both medium and high grade municipal bonds were up somewhat over the period also. In addition most large banks increased their rates on loans to brokers on securities other than U. S. Government obligations from 2½ per cent to a level of 2¾ per cent.

**Checks Cashed**—Debits to deposit accounts at 22 cities in the Eighth District were \$4.3 billion

on a seasonally adjusted basis during July. This was up somewhat from the levels of recent months but slightly below the peaks on October, 1951, and February, 1952.

Largest gains over the previous month were reported by banks in Fort Smith and Pine Bluff, Arkansas; Evansville, Indiana; and Jefferson City, Missouri. On the other hand, Owensboro, Kentucky, had a substantially smaller amount of checks cashed than in June.

Nationally, as well as in the district, there appeared to be a sharp uptrend in the number of checks cashed. Debits to deposit accounts reported by banks in 342 cities totaled \$147 billion during



**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	July, 1952 compared with				
	July, '52	June, '52	July, '51	June, '52	July, '51
El Dorado, Ark.....	\$ 24,339	\$ 23,762	\$ 25,976	+ 2%	- 6%
Fort Smith, Ark.....	47,912	44,459	41,630	+ 8	+ 15
Helena, Ark.....	6,700	7,010	7,282	- 5	- 8
Little Rock, Ark.....	146,166	150,937	136,705	- 3	+ 7
Pine Bluff, Ark.....	38,161	34,278	30,430	+ 11	+ 25
Texarkana, Ark.*.....	18,954	18,057	13,579	+ 5	+ 40
Alton, Ill.....	32,743	33,045	28,275	- 1	+ 16
E. St. L.-Nat. S. Y., Ill..	130,332	129,552	124,036	+ 1	+ 5
Quincy, Ill.....	34,138	35,241	31,235	- 3	+ 9
Evansville, Ind.....	154,518	142,987	149,367	+ 8	+ 3
Louisville, Ky.....	684,681	656,861	633,838	+ 4	+ 8
Owensboro, Ky.....	35,060	43,150	36,469	- 19	- 4
Paducah, Ky.....	42,391	43,126	22,596	- 2	+ 88
Greenville, Miss.....	19,083	19,995	20,087	- 5	- 5
Cape Girardeau, Mo.....	13,233	12,505	12,459	+ 6	+ 6
Hannibal, Mo.....	10,462	10,413	8,922	-0-	+ 17
Jefferson City, Mo.....	54,515	48,758	49,421	+ 12	+ 10
St. Louis, Mo.....	1,956,287	1,989,005	1,808,652	- 2	+ 8
Sedalia, Mo.....	11,430	10,843	9,567	+ 5	+ 19
Springfield, Mo.....	70,695	67,832	65,962	+ 4	+ 7
Jackson, Tenn.....	19,924	19,277	20,048	+ 3	- 1
Memphis, Tenn.....	526,738	540,883	507,235	- 3	+ 4
Totals.....	\$4,078,462	\$4,081,976	\$3,783,771	-0-%	+ 8%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$40,074.

July, an amount 18 per cent above July, 1951. By contrast the cumulative total for checks paid for customers of these banks in the first six months of 1952 was only 5 per cent over the corresponding period of a year ago.

**Agriculture**

Prospects for Eighth District crop production continued to decline during July and early August due to hot, dry weather. Rains during the second

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Assets	Change from:		July, 1952	Change from:		July, 1952	Change from:	
		June, 1952 to July, 1952	July, 1951 to July, 1952		June, 1952 to July, 1952	July, 1951 to July, 1952		June, 1952 to July, 1952	July, 1951 to July, 1952
1. Loans and Investments.....	\$4,317	+106	+316	\$2,522	+ 79	+189	\$1,795	+ 27	+127
a. Loans.....	1,928	+ 39	+137	1,262	+ 38	+ 90	666	+ 1	+ 47
b. U.S. Government Obligations.....	1,989	+ 68	+144	1,061	+ 44	+ 71	928	+ 24	+ 73
c. Other Securities.....	400	- 1	+ 35	199	- 3	+ 28	201	+ 2	+ 7
2. Reserves and Other Cash Balances.....	1,336	-28	+ 19	817	-35	+ 6	519	+ 7	+ 13
a. Reserves with the F.R. bank.....	699	- 4	+ 25	448	- 6	+ 14	251	+ 2	+ 11
b. Other Cash Balances <sup>3</sup> .....	637	-24	- 6	369	-29	- 8	268	+ 5	+ 2
3. Other Assets.....	50	-0-	- 1	32	-0-	+ 4	18	-0-	- 5
4. Total Assets.....	\$5,703	+ 78	+334	\$3,371	+ 44	+199	\$2,332	+ 34	+135
5. Gross Demand Deposits.....	\$4,186	+ 19	+193	\$2,552	- 5	+ 99	\$1,634	+ 24	+ 94
a. Deposits of Banks.....	636	+ 7	- 4	600	+ 6	+ 2	36	+ 1	- 6
b. Other Demand Deposits.....	3,550	+ 12	+197	1,952	- 11	+ 97	1,598	+ 23	+100
6. Time Deposits.....	1,031	+ 9	+ 55	498	+ 2	+ 19	533	+ 7	+ 36
7. Borrowings and Other Liabilities.....	113	+ 50	+ 71	103	+ 47	+ 68	10	+ 3	+ 3
8. Total Capital Accounts.....	373	-0-	+ 15	218	-0-	+ 13	155	-0-	+ 2
9. Total Liabilities and Capital Accounts.....	\$5,703	+ 78	+334	\$3,371	+ 44	+199	\$2,332	+ 34	+135

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

week of August were beneficial over much of the district, although coming too late to help some crops. Up to mid-August the drouth had not been broken in Southeastern Indiana and South-Central Kentucky. Nationally, prospects for crops were reasonably favorable due chiefly to a bumper wheat crop already harvested and to good crop conditions in the main Corn Belt.

**Grain Production**—August estimates for district crop production were below July estimates. However, the August estimates, although below 1951 production figures, still point to relatively large crop production despite the widespread drouth. District corn production is expected to be 15 million bushels, or 4 per cent, less than in 1951 and 5 per cent less than the 1941-50 average. This forecast is the net result of expectations for a larger 1952 crop of corn in Missouri than in 1951, but substantially smaller crops in other district states where the drouth was more severe. In Arkansas, for example, a 48 per cent reduction is expected, compared with the 1951 crop. The district wheat crop, produced under favorable conditions, is nearly one-third larger than in 1951; the oats crop is practically the same as last year's. The district soybean and burley tobacco crops are estimated at 4 and 12 per cent less than in 1951 but 1952 production will exceed the 1941-50 average considerably. The district rice crop will be 51 per cent larger than the ten-year average and 7 per cent larger than the 1951 crop.

#### ESTIMATED PRODUCTION FOR MAJOR CROPS, EIGHTH DISTRICT, AUGUST 1, 1952

	(In thousands) Estimated production Aug. 1, 1952	Per cent change from 1951	Per cent change from 1941-50 average
Corn (bu.) .....	335,705	- 4%	- 5%
Wheat (bu.) ..	52,754	+30	+38
Oats (bu.) .....	41,979	-0-	-33
Soybeans (bu.) .....	78,737	- 4	+60
Rice (bags) .....	10,367	+ 7	+51
Cotton (bales) .....	3,104	- 8	-14
Burley tobacco (lbs.) .....	174,288	-12	+ 7

Source: Adapted from Crop Production, USDA, August, 1952.

**Hay and Pasture Crops**—Hay and pasture were among the most severely affected crops in district states. Less hay will be harvested in all district states in 1952 than in 1951; the reductions in Kentucky, Missouri, Arkansas and Tennessee are estimated to be 15, 26, 38 and 43 per cent, respectively. Pasture conditions in Illinois and Indiana were higher as a percentage of normal than the national average, the other district states being below the national average condition. The 30 per cent of normal in Tennessee was the lowest of any state in the nation.

#### ESTIMATED HAY PRODUCTION AND PASTURE CONDITION, EIGHTH DISTRICT STATES, AUGUST 1

	(1,000 Tons)		Pasture Condition Aug. 1	
	All Hay Production		Per cent of normal	
	1952	Per cent change from 1951	1952	1951
Arkansas .....	807	-38%	35%	91%
Illinois .....	4,426	- 6	79	95
Indiana .....	2,491	- 7	73	92
Kentucky .....	1,933	-15	49	78
Mississippi .....	751	- 3	45	75
Missouri .....	3,651	-26	55	99
Tennessee .....	958	-43	30	82
U. S. ....	99,646	- 8	69	86

Source: Crop Production, USDA.

#### CASH FARM INCOME

(In thousands of dollars)	June, 1952 compared with			6 month total Jan. thru June 1952		
	June, 1952	May, 1952	June, 1951	1952	compared with 1951 1950	
Arkansas.....	\$ 26,817	- 5%	+ 11%	\$ 187,647	+ 9%	+46%
Illinois.....	136,286	-10	- 2	875,902	- 2	+13
Indiana.....	74,777	- 2	- 5	477,114	- 1	+20
Kentucky.....	32,423	+10	- 9	244,842	+ 4	+ 7
Mississippi.....	23,126	+ 6	+ 33	139,238	- 5	+41
Missouri.....	74,922	- 1	-11	440,034	- 5	+13
Tennessee.....	33,831	+10	+ 14	189,687	+ 5	+19
Totals.....	\$402,182	- 3%	- 2%	\$2,554,464	- 1%	+17%

#### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	July 1952	July, '52 compared with		July, 1952	July, '52 compared with	
		June, '52	July, '51		June, '52	July, '51
Cattle and calves.....	125,850	+30%	+ 8%	53,554	+39%	-14%
Hogs.....	221,573	-17	-19	78,807	-13	-32
Sheep.....	64,980	+10	+ 7	41,553	+24	+24
Horses.....						
Totals.....	412,403	- 3%	- 8%	173,914	+ 7%	-17%

**Soybeans**—In Missouri, 1952 soybean production is expected to be substantially higher than in 1951 when floods and wet weather reduced the size of the crop materially. Substantial declines are expected, however, in the other important soybean-producing states of Illinois and Indiana. Soybean production has been hit particularly hard by drouth in Kentucky, but declines also are expected in other district states.

**Cotton**—Cotton production is expected to be less than in 1951 in all district states with the exception of Missouri, where a one-third larger crop is indicated this year than last. The decrease in production in the mid-South and southeast is expected to be partially offset by expected increased production in Arizona and California.

#### ESTIMATED SOYBEAN AND COTTON PRODUCTION, EIGHTH DISTRICT STATES, AUGUST 1

	(Production in thousands)				
	Soybeans		Cotton		
	Indicated production bushels	Per cent change from 1951	Indicated production bales	Per cent change from 1951	Per cent change from 1941-50 average
Arkansas .....	11,310	- 9%	1,050	-16%	-24%
Illinois .....	82,203	-13	—	—	—
Indiana .....	31,842	-13	—	—	—
Kentucky .....	1,768	-28	—	—	—
Mississippi .....	5,850	- 2	1,450	-10	-12
Missouri .....	29,104	+13	410	+33	+13
Tennessee .....	3,045	- 5	500	- 6	- 9
United States ..	264,395	- 6	14,735	- 3	+17

Source: Crop Production, USDA.

tial changes in the styling and engineering of new models, which will probably be unveiled by manufacturers before the end of the year. But there was little feeling that a completely new low price auto would be added to their line. Other factors mentioned by reporting auto dealers that would tend to hold back volume were the effects of the drouth, crop failures, and local economic conditions in various parts of the district.

*. . . not much change in furniture and appliance sales, . . .*

Relatively little opinion existed that furniture and appliance sales would drop during the last half of 1952. Continued high level of consumers' disposable income and improved dealer (and consumer) inventory pictures were expected to produce a favorable volume of sales. On the other hand, in some areas local unemployment and crop failures due to the drouth were expected to hold down the level of sales.

*. . . and better volumes in department stores, women's specialty and men's wear stores.*

Continued high levels of income, the prospect of few inventory problems and the fact that consumers apparently are not as "cautious" as last year were advanced by department stores, women's specialty and men's wear stores as reasons for increased sales volume over the rest of this year. Some concern was expressed by department store executives that other lines of trade might cut into department stores' share of consumer spending as "good buys" were sought. At men's wear stores lagging sales last year were cited as one reason why sales in the last half of 1952 should hold up well. At women's specialty shops changing styles were expected to hold volume at favorable levels. At all three lines, however, it was brought out that increased efforts to maintain sales would be made. Store expansion, opening of branch stores and modernization were cited as factors.



# Survey of Current Conditions

**B**USINESS activity in the Eighth District recovered quickly during August and early September from the effects of the steel strike. In addition, some lines of business activity which have been otherwise depressed in the past months increased output to meet a growing volume of orders. Industrial output snapped back to pre-strike levels and employment increased as most workers returned to their jobs. Construction activity continued at its rapid pace despite some minor curtailments resulting from lack of steel supplies. Department store sales throughout the district gained more than seasonally from July to August and nearly recovered (seasonally adjusted basis) to the level of June when sales were stimulated by hot weather. Business loans, reflecting the upswing in activity, likewise increased more than seasonally during August and early September and consumer loans, as in

recent months, continued to rise rather sharply. Prospects for farm production improved during August and the first half of September with the rains which fell throughout the district.

In the nation also, economic activity recovered rapidly during August. Industrial production, as measured by the Federal Reserve Board index, increased from 193 per cent of the 1935-39 average for July to 215 per cent for August, approximately equal to the April level but still 3 per cent below the 1952 peak reached last February. Durable goods production, hit hardest by the steel strike, jumped 18 per cent from July to August but was still 7 per cent below its March, 1952, peak. Steel mill operations increased rapidly in August and continued at 100 per cent of capacity in the first three weeks of September. August operations averaged 92 per cent of capacity. Automobile output was

curtailed in July and early August but increased rapidly thereafter and was close to pre-strike levels by the end of the month. Total output for August was about 298,000 cars and trucks, and September output of more than 550,000 vehicles was indicated by production rates in the first three weeks of the month.

Nondurable manufactures also picked up in August due in part to resumption of work after many plant-wide vacations in textiles and some other industries. The textile industry, with reduced inventories, increased its output to meet the larger volume of orders received recently.

The general level of wholesale commodity prices advanced slightly in the first three weeks of August but declined in the following three weeks. Most of the decline was due to lower farm products and processed food prices. Consumer prices, on the other hand, advanced slightly to another all-time high. As of August 15 the national average for consumer prices was 191.1 per cent of the 1935-39 average, an increase of 0.2 per cent in the month and an increase of 3 per cent in the past year.

## Employment

Nonfarm employment in the nation rose by almost 900,000 in the month ending mid-August to reach a total of 46.9 million persons. And it continued to expand so that by the latter part of the month the number of people claiming unemployment insurance benefits dropped to a postwar low for August. Manufacturing employment increased by 700,000 in the month ended August 15 as the effects of the steel strike faded and food processing

and soft goods industries expanded seasonally. However, mining employment was down 50,000 and factory employment was 120,000 below August, 1951, levels, reflecting in part the delay in recalling some workers idled by the 55-day steel strike. The largest increases over twelve months ago were in government, finance, and trade employment.

Unemployment, reflecting the revival of business activity, dropped from 1.9 million persons in July to 1.6 million in August. This level, 2.5 per cent of the civilian labor force, was only slightly higher than the record peacetime low of August, 1951.

In the Eighth District, unemployment continued to decline during August. Unemployment insurance benefits paid in seven district states for the week ended September 6 were off (117,000 fewer payments) from the level of payments six weeks earlier when they were at a peak for the year.

In Louisville total nonagricultural employment increased slightly from July as manufacturing and construction activity expanded. Part of the increase in manufacturing employment resulted from seasonal increases as well as returns to plants affected by steel supplies. Employment in whiskey distilleries and chemical process plants dropped in August and limited the over-all increase.

In Evansville, employment increased from July to August and was substantially larger than in August, 1951. Total manufacturing employment was about 7,000 workers greater this year than last, but nonmanufacturing employment was down slightly. Most of the increase was at the refrigerator plants which also have defense contracts, and at metal fabricating plants.

In addition to the recovery in plants affected by the steel strike, employment in many other plants increased from July to August in St. Louis. Paper products, apparel, and shoe manufacturing plants increased employment, but chemical plants were using fewer workers in August. In nonmanufacturing, construction employment decreased and retail trade employment declined seasonally.

## Industry

In the district, as nationally, industry gained pre-strike output levels in August and early September.

**Manufacturing.** A return to the high level of industrial activity was shown in August by the volume of use of industrial electric power. At the six reporting cities in the district, industrial consumption of electric energy, on a daily average

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	August, 1952 compared with				
	Aug., '52	July, '52	Aug., '51	July, '52	Aug., '51
All Commodities.....	112.1	111.8	113.7	- 0 - %	- 2 %
Farm Products...	109.9	110.2	110.4	- 0 -	- 1
Foods.....	110.5	110.0	111.2	- 0 -	- 1
Other.....	112.9	112.6	114.9	- 0 -	- 2

### CONSUMER PRICE INDEX \*

Bureau of Labor Statistics (1935-39=100)	August 15, 1952 compared with				
	Aug. 15, 1952	July 15, 1952	Aug. 15, 1951	July 15, '52	Aug. 15, '51
United States.....	191.1	190.8	185.5	- 0 - %	+ 3 %

\* New series.

### RETAIL FOOD \*

Bureau of Labor Statistics (1935-39=100)	August 15, 1952 compared with				
	Aug. 15, 1952	July 15, 1952	Aug. 15, 1951	July 15, '52	Aug. 15, '51
U. S. (51 cities).....	235.5	234.9	227.0	- 0 - %	+ 4 %
St. Louis.....	249.0	248.6	237.2	- 0 -	+ 5
Little Rock.....	233.6	230.4	222.9	+ 1	+ 5
Louisville.....	224.4	221.2	214.8	+ 1	+ 4
Memphis.....	243.7	236.8	234.7	+ 3	+ 4

\* New series.

basis, increased 7 per cent over July and was slightly better than August, 1951. All of the reporting cities showed improvement from July to August except Little Rock (see table) where a slight decrease was recorded. However, in comparison with 1951, Little Rock, Memphis, and Pine Bluff showed declines in use of industrial power. Major reasons for the declines were reductions in stone and concrete manufacture at Little Rock, in paper and paper products manufacture at Memphis, and in chemical output at Pine Bluff.

Improvement in output at refrigerator plants, which also have defense contracts, largely accounted for a 19 per cent daily average gain in use of industrial power at Evansville over a year ago.

The steel ingot production rate reached in August was the highest rate for any month this year, 99 per cent of capacity, compared with 62 per cent a month earlier. The rate was down in the first week of September due to the Labor Day holiday and furnace maintenance problems, but was at more than capacity rates in the following two weeks.

Lumber production generally showed improvement in August. Average weekly production of Southern pine was 2 per cent above that of July. Southern hardwood producers operated at a rate 12 per cent higher. This latter rate was still slightly below that of August, 1951, while Southern pine operations were at about the same level. According to trade reports the market is being supported by steady demand.

Because of large accumulated stocks, whiskey production continued at a low level in August, with only 12 of Kentucky's distilleries in operation at month's end.

The shoe and leather goods business continued to improve, according to trade reports. Tanners' inventories are described as moderate and hides and skins supplies adequate through 1952 to meet current needs. According to reported use of industrial power, Eighth District manufacturing in August was slightly better than that a year ago.

Livestock slaughter in the St. Louis area was markedly above that of July, but below comparable weeks in August, 1951. Work stoppages and embargoes on hogs affected local output.

**Mining.** Coal production showed a 34 per cent gain in August over July, in district states, as markets improved with the first start of laying in domestic stocks for winter and also reflecting some preparation on the part of consumers for a possible coal strike.

Crude oil production in district producing states continued at levels of previous months and of a year earlier.

**CONSUMPTION OF ELECTRICITY**

(K.W.H. in thous.)	Daily Average *			August, 1952 compared with	
	Aug., 1952 K.W.H.	July, 1952 K.W.H.	Aug., 1951 K.W.H.	July, '52	Aug., '51
Evansville.....	886	835	747	+ 6%	+19%
Little Rock.....	477	480	531	- 1	-10
Louisville.....	3,806	3,717	3,750	+ 2	+ 1
Memphis.....	1,251	1,121	1,290	+12	- 3
Pine Bluff.....	345	321	439	+ 7	-22
St. Louis.....	4,790	4,354	4,723	+10	+ 1
Totals.....	11,555	10,828	11,480	+ 7%	+ 1%

\* Selected manufacturing firms.

**LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS**

Aug., '52	July, '52	Aug., '51	First Nine Days		8 mos. '52	8 mos. '51
			Sept. '52	Sept., '51		
114,211	108,461	117,952	31,341	30,315	873,059	937,319

Source: Terminal Railroad Association of St. Louis.

**COAL PRODUCTION INDEX**

1935-39=100					
Unadjusted			Adjusted		
Aug., '52	July, '52	Aug., '51	Aug., '52	July, '52	Aug., '51
112.4 P	92.0 P	144.1	113.5 P	104.5 P	145.6

P—Preliminary.

**CRUDE OIL PRODUCTION**

(In thousands of bbls.)	Daily Average			August, 1952 compared with	
	Aug., 1952	July, 1952	Aug., 1951	July, '52	Aug., '51
Arkansas.....	76.1	76.6	76.7	- 1%	- 1%
Illinois.....	166.5	165.1	165.4	+ 1	+ 1
Indiana.....	33.3	32.5	32.0	+ 2	+ 4
Kentucky.....	32.8	33.5	30.6	+ 2	+ 7
Total.....	308.8	307.7	304.7	- 0 - %	+ 1%

**SHOE PRODUCTION INDEX**

1935-39=100					
Unadjusted			Adjusted		
July, '52	June, '52	July, '51	July, '52	June, '52	July, '51
121.3	140.9	106.9	126.4	136.8	111.4

**Construction**

Expenditures for construction in the nation during August increased seasonally to a record \$3.2 billion, an increase of 11 per cent from August, 1951, and an increase of 2 per cent from the previous month. However, the physical volume of construction put in place during August was about the same as last year. The higher expenditures this year resulted in large part from higher labor costs and continued high prices of materials which have pushed total construction costs up about 5 per cent in the past year. The seasonal increase from July to August occurred despite the prolonged steel strike which was expected by some to have a more serious effect on the volume of construction.

New housing starts in August throughout the United States totaled 99,000 units, down 5 per cent from July but 11 per cent over August, 1951. The

decrease from July was mostly in privately owned housing construction. Effective September 16 the Board of Governors of the Federal Reserve System, with the concurrence of the Housing and Home Finance Administrator, suspended Regulation X on real estate construction credit, both residential and nonresidential. Terms of conventional real estate construction mortgage credit are now fixed by borrowers and lenders within limits set by state laws and certain Federal laws other than Regulation X. Suspension of Regulation X restrictions on conventional mortgage credit was dictated by the 1952 amendments to the Defense Production Act. These amendments required the relaxation of down payment percentages on residential structures to no more than 5 per cent whenever the rate of new housing starts fell below 1.2 million units (seasonally adjusted annual rate) for three consecutive months.

At the same time Regulation X was suspended, FHA and VA loan terms were eased. For FHA loans, down payments will run from 5 per cent to 20 per cent where they had ranged from 5 to 40. In the case of VA loans, the maximum down payment required will not exceed 5 per cent in any case. Previously they had gone as high as 35 per cent.

In addition to the stimulation to housing construction by the easier terms for FHA insured mortgages and VA guaranteed home loans, impetus to other segments of the construction industry will be given by the high level of plant and equipment expenditures being planned for the last half of 1952. United States corporations plan to spend a total of \$14.3 billion on new plants, compared with \$13.2 billion for the first half of the year. Public construction expenditures are also increasing under the stimulus of the defense program. Military and naval facilities are being expanded at a rapid rate and the Atomic Energy Commission has recently announced several large additional construction programs.

In this district total construction contracts awarded during August were \$88 million, bring-

ing the total for the first eight months to \$801 million. Total contracts awarded so far this year, however, do not match the same period last year when the Atomic Energy Commission project at Paducah was started. In this district, excluding the Paducah AEC project, contracts awarded for manufacturing plants, public works and utilities facilities, and residential building have been larger so far this year than last. Contracts awarded for commercial building have been about the same as in the same period last year. Residential construction contracts awarded have increased in Louisville and Memphis, but have decreased in Little Rock. The decrease in Little Rock was primarily due to the start of a public housing project early in 1951.

In St. Louis and Evansville, the number of dwelling units included in the contracts awarded in the first eight months are nearly the same as last year. In St. Louis the dollar value of residential contracts is 7 per cent ahead of last year but only slightly greater in Evansville.

**TOTAL RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED FIRST EIGHT MONTHS**

Metropolitan Area	Dwelling Units		Valuation (in thousands)	
	1952	1951	1952	1951
St. Louis .....	8,507	8,516	\$105,423	\$98,610
Louisville .....	3,111	2,446	43,015	28,558
Memphis .....	5,046	3,595	40,308	28,016
Little Rock .....	496	1,187	4,982	10,652
Evansville .....	590	588	5,796	5,745

Source: F. W. Dodge Corporation.

In six of the ten areas in this district which have been certified as critical defense housing areas, the percentage of units started (for sale and rental combined) to total units approved for private construction under provisions of Public Law 139 ranged from 40 to over 80 per cent as of August 20. In one case—Knob Noster, Missouri—started units amounted to 21 per cent of the number of units approved, and in another—Milan, Tennessee, reports on the status of defense housing were not available at August 20 as the area had been certified as critical less than 90 days before. At the remaining two areas virtually nothing had been done. In Camden-Shumaker, Arkansas, only 2 of the 500 units approved had been started, and in Pine Bluff, Arkansas, none of the 340 units approved had been started. In Paducah, builders had applied for construction of only 76 of the 485 programmed sales units as of August 20 despite the removal of restrictions on price. However, applications for rental housing exceeded the planned number. Elsewhere applications outnumbered the programmed units for both sales and rental housing.

**BUILDING PERMITS**

Month of August, 1952

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1952	1951	1952	1951	1952	1951	1952	1951
Evansville.....	86	86	\$ 182	\$ 185	105	98	\$ 134	\$ 72
Little Rock.....	59	53	534	480	185	227	126	136
Louisville.....	207	236	1,283	1,778	93	101	183	93
Memphis.....	2,365	2,228	4,907	2,495	209	186	190	130
St. Louis.....	306	320	3,208	2,874	286	256	451	781
Aug. Totals.....	3,023	2,923	\$10,114	\$ 7,812	878	868	\$1,084	\$1,212
July Totals.....	2,588	2,672	\$26,540*	\$12,949	925	824	\$2,036	\$1,207

\* St. Louis Housing Authority project.

**TRADE**

**DEPARTMENT STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	Aug., 1952 compared with July, '52		8 mos., '52 to same period '51		Aug. 31, '52 comp. with Aug. 31, '51	
	July, '52	Aug., '51	July, '52	Aug., '51	1952	1951
8th F.R. District	+23%P	+ 3%P	+ 2%P	-11%	2.41	2.12
Ft. Smith, Ark. <sup>1</sup>	+18	-0-	+ 1	-10	2.24	2.10
Little Rock, Ark.	+24	+ 7	+ 4	-10	2.37	2.02
Quincy, Ill.	+23P	- 0-P	- 6P	-15	2.43	2.16
Evansville, Ind.	+36	+15	+ 5	-24	2.28	1.93
Louisville, Ky.	+17	+ 6	+ 4	- 2	2.51	2.41
Paducah, Ky.	+16	+18	+30	.....	.....	.....
St. Louis Area <sup>2</sup>	+26	+ 2	+ 1	-15	2.40	2.04
Springfield, Mo.	+16	+ 1	+ 4	- 5	2.14	1.86
Memphis, Tenn.	+20	+ 1	+ 3	- 2	2.50	2.37
All Other Cities*	+14	+ 9	+ 6	- 5	2.07	1.95

<sup>1</sup>In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup>Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

<sup>3</sup>Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

OUTSTANDING ORDERS of reporting stores at the end of August, 1952, were 28 per cent larger than on the corresponding date a year ago.

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

Outstanding August 1, 1952, collected during August

	Instalment Accounts		Excl. Instal. Accounts	
	Accounts	Accounts	Accounts	Accounts
Fort Smith	.....%	45%	Quincy	18%P
Little Rock	17	45	St. Louis	19
Louisville	19	47	Other Cities	14
Memphis	19	36	8th F.R. Dist.	18P

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	Aug. 1952	July 1952	June 1952	Aug. 1951
Sales (daily average), unadjusted <sup>3</sup>	98P	81	103	95
Sales (daily average), seasonally adjusted <sup>3</sup>	110P	99	111	106
Stocks, unadjusted	126P	112	118	135
Stocks, seasonally adjusted	129P	120	125	139

<sup>3</sup>Daily average 1947-49=100.

<sup>4</sup>End of Month average 1947-49=100.

**SPECIALTY STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	Aug., 1952 compared with July, '52		8 mos., '52 to same period '51		Jan. 1 to August 31, 1952	
	July, '52	Aug., '51	July, '52	Aug., '51	1952	1951
Men's Furnishings	+19%	+10%	-0%	-17%	1.41	1.22
Boots and Shoes	+15	+ 5	+ 2	+ 1	2.72	2.59

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

Outstanding Aug. 1, 1952, collected during August:

Men's Furnishings	.....43%	Boots and Shoes	.....35%
Trading days: Aug., 1952—26; July, 1952—26; Aug., 1951—27.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	August, 1952 compared with July, '52		August, 1952 compared with July, '52		Aug., '52 Aug., '51	
	July, '52	Aug., '51	July, '52	Aug., '51	Aug., '52	Aug., '51
8th Dist. Total <sup>1</sup>	+11%	- 4%	- 0%	- 6%	23%	27%
St. Louis Area <sup>2</sup>	+16	- 7	+ 2	- 2	58	64
St. Louis	+16	- 7	+ 2	- 2	61	67
Louisville Area <sup>3</sup>	+17	- 3	- 0-	-12	13	15
Louisville	+20	- 3	- 0-	-10	12	13
Memphis	+11	+15	- 1	-16	13	15
Little Rock	+23	+ 8	- 1	+ 5	17	20
Springfield	- 4	-13	- 1	- 3	16	17
Fort Smith	- 6	+ 2	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup>In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup>Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Aug., '52	July, '52	Aug., '51
Cash Sales	15%	16%	14%
Credit Sales	85	84	86
Total Sales	100%	100%	100%

In terms of completed units, the private defense housing program had provided about 300 dwelling units at all ten critical areas in the district as of August 20, two-thirds being rental units and one-third on an ownership basis.

**STATUS OF DEFENSE HOUSING**  
**EIGHTH FEDERAL RESERVE DISTRICT**  
**AUGUST 20, 1952 \***

Critical Defense Housing Areas	Number of Dwelling Units					
	Programmed Rental	Approved Rental	Started Rental	Completed Rental	Not Reported	Completed Rental
Milan, Tenn.	80	20				
Camp Breckenridge, Ky.	175	50	168	50	127	39
Fort Campbell, Ky.	625	0	575	0	491	0
Fort Knox, Ky.	131	75	131	75	52	31
Paducah, Ky.	515	485	515	76	313	76
Fort Leonard Wood, Mo.	150	100	64	100	36	35
Knob Noster, Mo.	212	88	209	85	58	5
Benton-Bauxite, Ark.	250	0	249	0	163	0
Camden-Shumaker, Ark.	250	250	250	250	2	0
Pine Bluff, Ark.	340	0	340	0	0	0

\* Programmed for private construction under Public Law 139.

Source: MONTHLY STATISTICAL REVIEW, Housing and Home Finance Agency.

**Trade**

Retail sales during August showed varying results. Traditional promotions apparently proved most successful for nondurables retailers. "White sales" at durable goods stores were somewhat below expectations. There were apparently fewer consumers waiting for the August "white sales" of major appliances after the heavier-than-normal buying of major appliances during the summer's record-breaking heat wave. And there was little indication that fear of shortages as a result of the steel strike had brought about any noticeable increase in buying. At automobile dealers, with already low stocks and light deliveries from the manufacturers, sales were at a slow pace.

Department store sales throughout the district during August gained more than seasonally from July and were somewhat above those in August, 1951. Sales were only slightly higher than a year ago during the first half of the month but they picked up during the last half. The more-than-

**WHOLESALE TRADE**

Line of Commodities	Net Sales		Stocks August 31, 1952 compared with August 31, 1951
	August, 1952 compared with July, '52	Aug., '51	
Data furnished by Bureau of Census U.S. Dept. of Commerce*			
Automotive Supplies	+ 2%	+ 4%	+ 2%
Drugs and Chemicals	+17	- 8	+17
Dry Goods	+86	+ 6	-22
Groceries	- 4	- 1	- 1
Hardware	- 9	-15	-15
Tobacco and its Products	- 6	+ 4	+ 7
Miscellaneous	+17	+13	-17
**Total All Lines	+13%	- 5%	-16%

\* Preliminary.

\*\*Includes certain items not listed above.

seasonal gain from July placed adjusted daily sales at 110 per cent of the 1947-49 average. They were 99 per cent in July. Preliminary reports through mid-September indicated that the cumulative gain in sales for the first eight months this year will be maintained in the month.

St. Louis area women's specialty store sales volume during August was about two-thirds larger than in July and was one-sixth larger than in August, 1951. Sales at men's wear stores throughout the district were reported almost one-fifth above those in July and about one-tenth larger than a year ago.

Furniture store sales at reporting stores in the district totaled 11 per cent larger than in July but were 4 per cent below those a year ago.

Inventories held by reporting retail lines on August 31 were generally below those a year ago. In comparison with those held on July 31 increased inventories were reported by department stores, women's specialty stores, and men's wear stores. Furniture store inventories were about at the same level as a month earlier.

Outstanding orders at department stores on August 31 averaged slightly higher than a month earlier and were almost one-fourth larger than a year ago.

## Banking and Finance

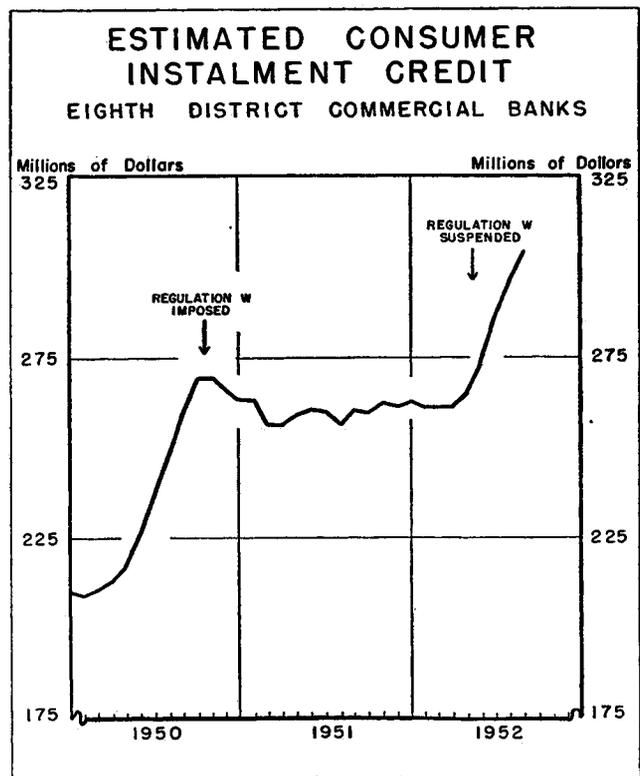
During August and early September the money market remained tight. Reflecting the pressure, banks, both districtwise and nationally, sold short-term securities and continued to borrow heavily. Consumer loans continued to rise rather sharply; both real estate and business loans were up moderately.

**Banking**—During August and early September district member banks' lending and investment policies continued to be conditioned significantly by tight reserve positions. At the end of July excess reserves of member banks were below normal. In addition, over the six-week period, district banks, particularly the larger city banks, were drained of funds as the result of an outflow of payments to other areas, reflecting a net import of goods and services into the district. The heaviest outflow of funds went to the Chicago and New York areas. District banks were also called upon to meet a large demand for currency, centering in the week before Labor Day. A partial offset to these drains was provided by net Treasury expenditures in the period.

To meet the drain of funds, district banks, especially in the larger cities, sold short-term Government securities. Over the six weeks, weekly reporting banks reduced their Treasury bill holdings \$26 million, certificate holdings \$18 million and their note holdings \$7 million. In addition, banks increased their already substantial borrowings. As a result, borrowings reached their highest level in recent years and were above excess reserves throughout the period.

Despite the tightness of reserve positions member banks expanded their loans during August and early September. The expansion, however, was moderate and centered in the larger city banks. Business loans were up. The gain at Memphis was substantial and was offset only in part by a decline at Louisville; other reporting centers had small increases. Outstanding loans to consumers continued to rise rather sharply although the volume of new loans made was down somewhat from the high levels of June and July. Greatest expansion, as in July, was in repair and modernization loans. Real estate loans continued to climb.

Nationally, as well as in the district, reserve positions of banks were tight during August and early September. This condition coupled with an increase in loan volume, as business loans rose about seasonally and consumer and real estate loans expanded, caused the banks to liquidate a substantial



amount of short-term Government securities and to maintain their borrowings from the Reserve Banks at a high level.

**Checks Cashed**—Both amount and number of checks written in August were down from the high level of July. Debits to deposit accounts at 22 cities in the district were \$3.6 billion in August, down 11 per cent from July and 5 per cent from August a year ago. Sharpest declines from the previous month were at banks in Springfield (Missouri), St. Louis, and Evansville.

The daily average number of checks cleared through the Federal Reserve Bank of St. Louis and

its branches was 557,000 in August, off 1 per cent from July and the smallest amount for any month this year.

Nationally, as in the district, debits were in smaller volume during August. In leading cities outside New York, debits to deposit accounts were \$81.5 billion, 9 per cent less than in July and 3 per cent less than in August, 1951.

**Business Loans**—The gain in business loans noted at district banks in August and early September continued a trend in evidence for several months. Normally business loans in the district expand in the fall of the year, the upswing starting at about mid-year. This year from June 25 through September 10, business loans at weekly reporting banks rose \$44 million. The gain—sharpest at Memphis and St. Louis member banks—compared with a rise of \$15 million in the corresponding period last year.

Not only was the expansion in business loans larger than usual, but the pattern of expansion was different this year. The bulk of the rise is usually occasioned at this time of year by an expansion of loans to food manufacturers and commodity dealers. However, this year these borrowers accounted for only a third of the total business loan expansion. Also in contrast to last year, loans to metal manufacturers were down somewhat. The greater-than-seasonal gain this year was primarily the result of an increase in outstanding loans to sales finance companies, manufacturers of textile, apparel and leather goods, wholesale concerns and contractors.

**DEBITS TO DEPOSIT ACCOUNTS**

(In thousands of dollars)	Aug., 1952	July, 1952	Aug., 1951	August, 1952 compared with	
				July, '52	Aug., '51
El Dorado, Ark.....	\$ 25,937	\$ 24,339	\$ 27,993	+ 7%	- 7%
Fort Smith, Ark.....	45,112	47,912	43,418	- 6	+ 4
Helena, Ark.....	6,189	6,700	6,517	- 8	- 5
Little Rock, Ark.....	130,664	146,166	135,708	-11	- 4
Pine Bluff, Ark.....	35,648	38,161	29,653	- 7	+ 20
Texarkana, Ark.*.....	17,984	18,954	14,271	- 5	+ 26
Alton, Ill.....	31,021	32,743	29,355	- 5	+ 6
E. St. L.-Nat. S. Y., Ill..	118,865	130,332	145,908	- 9	+ 19
Quincy, Ill.....	33,437	34,138	33,207	- 2	+ 1
Evansville, Ind.....	130,072	154,518	150,096	-16	-13
Louisville, Ky.....	659,788	684,681	678,887	- 4	- 3
Owensboro, Ky.....	37,328	35,060	41,139	+ 6	- 9
Paducah, Ky.....	42,113	42,391	26,296	- 1	+ 60
Greenville, Miss.....	18,393	19,083	19,723	- 4	- 7
Cape Girardeau, Mo.....	12,068	13,233	12,494	- 9	- 3
Hannibal, Mo.....	9,199	10,462	9,534	-12	- 4
Jefferson City, Mo.....	52,115	54,515	49,425	- 4	+ 5
St. Louis, Mo.....	1,654,776	1,956,287	1,775,148	-15	- 7
Sedalia, Mo.....	11,008	11,430	10,635	- 4	+ 4
Springfield, Mo.....	61,455	70,695	73,406	-13	-16
Jackson, Tenn.....	19,870	19,924	19,667	- 0	+ 1
Memphis, Tenn.....	483,157	526,738	491,795	- 8	- 2
Totals.....	\$3,636,199	\$4,078,462	\$3,824,275	-11%	- 5%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$38,897.

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Aug., 1952	July, 1952 to Aug., 1952	Aug., 1951 to Aug., 1952	Aug., 1952	July, 1952 to Aug., 1952	Aug., 1951 to Aug., 1952	Aug., 1952	July, 1952 to Aug., 1952	Aug., 1951 to Aug., 1952
<b>Assets</b>									
1. Loans and Investments.....	\$4,305	\$- 12	\$+291	\$2,506	\$- 16	\$+182	\$1,799	\$+ 4	\$+109
a. Loans.....	1,938	+ 10	+142	1,270	+ 8	+ 98	668	+ 2	+ 44
b. U.S. Government Obligations.....	1,961	- 28	+100	1,032	- 29	+ 47	929	+ 1	+ 53
c. Other Securities.....	406	+ 6	+ 49	204	+ 5	+ 37	202	+ 1	+ 12
2. Reserves and Other Cash Balances.....	1,369	+ 33	+ 70	842	+ 25	+ 42	527	+ 8	+ 28
a. Reserves with the F.R. Bank.....	714	+ 15	+ 37	465	+ 17	+ 23	249	- 2	+ 14
b. Other Cash Balances <sup>3</sup> .....	655	+ 18	+ 33	377	+ 8	+ 19	278	+ 10	+ 14
3. Other Assets.....	53	+ 3	- 10	33	+ 1	+ 2	20	+ 2	- 12
4. Total Assets.....	\$5,727	\$+ 24	\$+351	\$3,381	\$+ 10	\$+226	\$2,346	\$+ 14	\$+125
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,184	\$- 2	\$+205	\$2,540	\$- 12	\$+117	\$1,644	\$+ 10	\$+ 88
a. Deposits of Banks.....	635	- 1	+ 12	598	- 2	+ 10	37	+ 1	+ 2
b. Other Demand Deposits.....	3,549	- 1	+193	1,942	- 10	+107	1,607	+ 9	+ 86
6. Time Deposits.....	1,037	+ 6	+ 56	500	+ 2	+ 20	537	+ 4	+ 36
7. Borrowings and Other Liabilities.....	130	+ 17	+ 76	122	+ 19	+ 78	8	- 2	- 2
8. Total Capital Accounts.....	376	+ 3	+ 14	219	+ 1	+ 11	157	+ 2	+ 3
9. Total Liabilities and Capital Accounts.....	\$5,727	\$+ 24	\$+351	\$3,381	\$+ 10	\$+226	\$2,346	\$+ 14	\$+125

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

## Agriculture

Prospects for district agricultural production improved during August and the first half of September. Sufficient moisture had fallen over most of the district to permit considerable improvement in the condition of pastures and late hay crops in particular, as well as the corn, soybean, tobacco and cotton crops. However, fall plowing and progress of fall-sown crops was slowed in some areas due to lack of adequate rainfall.

Nationally, crop conditions improved also. The volume of all crop production is third largest on record and only slightly less than the second largest crop. Nationally, the corn, soybean, rice, hay, and tobacco crops improved during August. On the other hand, and in contrast with the brighter prospects for the Eighth District cotton crop, the estimate of cotton production on September 1, for the nation as a whole was 6 per cent less than the August 1 estimate, as a result of serious drouth losses in Texas and Oklahoma.

Expected production of major crops produced in the Eighth District equaled or exceeded the August estimates with the exception of rice. Prospects for district rice production declined during the month. Estimated corn production September 1 was 18 million bushels higher than a month earlier, a 2 per cent increase and within 3 per cent of 1951 production. The oats crop also turned out to be somewhat larger than earlier estimates indicated.

### ESTIMATED PRODUCTION FOR MAJOR CROPS EIGHTH DISTRICT SEPTEMBER 1, 1952

	(in thousands) Est. Production Sept. 1, 1952	Per Cent Change from 1951	Per Cent Change from Aug. 1, 1952
Corn (bu.).....	353,370	- 3%	+ 2%
Wheat (bu.).....	52,754	+30	- 0-
Oats (bu.).....	43,018	+ 3	+ 2
Soybeans (bu.).....	85,391	+ 4	+ 8
Rice (bags).....	10,250	+ 6	- 1
Cotton (bales).....	3,340	- 1	+ 8
Burley tobacco (lbs.).....	196,993	- 1	+13

Source: Adapted from CROP PRODUCTION, USDA, September, 1952.

**Tobacco**—The tobacco crop improved materially in August. Expected burley production on September 1 was 13 per cent higher than the August estimate and only 1 per cent less than the large 1951 crop. Conditions improved to a lesser extent in dark air-cured tobacco, but the estimate of dark fire-cured tobacco remained the same. Harvesting of the crop proceeded rapidly and by mid-September an estimated two-thirds of the crop had been cut.

**Cotton**—Estimated district cotton production in September was 236,000 bales or 8 per cent larger than a month earlier. Increases over a month earlier were expected in Arkansas, Mississippi and Tennessee. Although no increase during the month

occurred in Missouri, the current crop is a third larger than the 1951 crop.

**Soybeans**—The September estimate of soybean production was 7 million bushels or 8 per cent larger than the August estimate. Better prospects in Arkansas, Illinois, and Missouri, accounted for the bulk of the increase. A further decline in soybean production is expected in Kentucky, the crop now being estimated to be 40 per cent smaller than the 1951 crop. Some of the decrease can be attributed to a larger portion of the crop being harvested for hay.

**Hay**—Although the 1952 hay crop will be smaller in all district states than in 1951, some encouragement was received during the month in states hardest hit by drouth. Rains were beneficial for late hay crops, lespedeza in particular. Pasture conditions—particularly in Missouri—on September 1, also were improved considerably over the August condition.

### ESTIMATED HAY PRODUCTION AND PASTURE CONDITION, EIGHTH DISTRICT STATES, SEPTEMBER 1, 1952

(Thousands of tons)	All Hay Production, 1952		Pasture Condition	
	Sept., 1952	Per Cent Change from Aug., 1952	Per Cent of Normal Sept., 1952	Aug., 1952
Arkansas.....	895	+11%	50%	35%
Illinois.....	4,426	- 0-	75	79
Indiana.....	2,457	- 1	70	73
Kentucky.....	2,051	+ 6	52	49
Mississippi.....	724	- 4	50	45
Missouri.....	3,821	+ 5	76	55
Tennessee.....	1,147	+20	48	30
United States.....	102,417	+ 3	70	69

Source: CROP PRODUCTION, USDA.

Agricultural prices remained unchanged between July 15 and August 15. Prices paid by farmers, however, went up one point, but the parity ratio remained unchanged at 103. Prices of poultry, dairy products, hogs and small grains were higher at the end of this period but were offset by declines in prices of cattle, calves, and truck crops.

### CASH FARM INCOME

(In thousands of dollars)	July, 1952	July, 1952 compared with		7 month total Jan. to July 1952		
		June, 1952	July, 1951	1952	1951	1950
Arkansas.....	\$ 28,971	+ 8%	+ 4%	\$ 216,615	+12%	+42%
Illinois.....	197,703	+45	- 2	1,073,600	- 2	+13
Indiana.....	104,955	+40	+ 6	582,068	- 2	+17
Kentucky.....	37,263	+15	- 6	282,104	- 3	+ 7
Mississippi.....	18,040	-22	- 6	157,270	- 2	+37
Missouri.....	96,076	+28	-17	536,108	-12	+ 9
Tennessee.....	31,946	- 6	+ 3	221,630	+ 1	+18
Totals.....	\$514,954	+28%	- 3%	\$3,069,395	- 3%	+15%

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Aug., 1952	August, '52 compared with July, '52	Aug., '51	Aug., 1952	August, '52 compared with July, '52	Aug., '51
Cattle and calves....	130,014	+ 3%	- 7%	64,521	+20%	-15%
Hogs.....	180,844	-18	-31	60,137	-24	-36
Sheep.....	72,119	+11	- 1	47,581	+15	- 3
Totals.....	382,977	- 7%	-20%	172,239	- 1%	-24%



frequently by district banks to make payments outside the district.

Also there are many businesses with head offices outside the district that operate branches within the Eighth District. In some cases funds are moved from the branch to the head office, draining the district of funds. All of these funds do not come back to the district. Some are used to purchase materials in other areas; some are used to pay interest on debt or to give a return to the suppliers of capital. Financial transactions such as these help account for the continuous net outflow of funds from the Eighth District to Chicago and New York.

The other important contribution of interdistrict flow data is the light thrown on commercial bank

operations. Bank reserves and the *flow* of money payments are at the very heart of the commercial banking process. A false concept of this dynamic banking process may be gained if only a static picture is considered. To put it another way, the commercial banking process cannot be seen in a single snapshot; it can only be viewed on motion pictures.

The picture of the flow of funds between this district and other sections of the country is not complete. As the pattern emerges and more comprehensive data become available, additional insight will be afforded into the complex forces at work on district member bank reserves and into the relationship of the district economy to that of the nation.

NORMAN N. BOWSHER

# Survey of Current Conditions

THE TEMPO of business activity continued to quicken in the Eighth District during September and early October. Defense activity expanded and further improvement resulted in some other lines from the increased availability of steel items. Employment increased throughout September and unemployment reached a postwar low in many areas of the district. Construction and industrial production remained at high levels although, as might be expected in a period without the stimulus of inflationary price pressure, not all components of production moved in the same direction. Retail sales, likewise, generally showed improvement in September and early October as compared with August but with considerable variation between lines. Business loans expanded about as usual over the six-week period.

District production of major crops for 1952, except corn and tobacco, was estimated at more than in 1951, despite the drouth. But pasture conditions in many parts of the district worsened.

Economic activity in the nation during September also was at a brisker pace than earlier. Industrial production, as measured by the Federal Reserve Board index, increased from 215 per cent of the 1935-39 average for August to 225 per cent for September, and exceeded the previous postwar high reached in April, 1951. Industries which had previously reduced output in order to adjust their inventory positions increased output during September. Durable goods production rose 7 per cent

from August to September. Steel production averaged 101.6 per cent of capacity, compared with 92 per cent in August. Automobile output also increased rapidly in September with 559,000 passenger cars and trucks assembled, the largest monthly output since June, 1951. Production of television and major household appliances also increased in September, reflecting increased consumer buying and moderate rebuilding of inventories.

Nondurable manufactures increased from 191 per cent in August to 194 per cent for September. As in other industries some of the increased production resulted from the rebuilding of depleted inventories at the various levels of distribution as well as at the manufacturers' plants.

Coal and crude oil production during September was at a higher rate than in August and the same period a year ago. Total mineral output increased 11 per cent from August to September.

Early in September 62.3 million persons were employed, leaving only 2.3 per cent of the civilian labor force unemployed.

The general level of wholesale commodity prices declined one per cent during September and the first two weeks in October. The major decreases were in farm products and processed foods, especially meats, reflecting the larger supplies being marketed and in prospect. The average of raw industrial commodity prices in the spot primary markets showed little change in September. The

average level of retail food prices dropped 1.8 per cent in the five weeks ended September 30.

The increase in total economic activity in August and September roughly offset the decline in July when effects from the steel strike were sharpest. As a result, total economic activity in the nation during the third quarter was at about the level of the previous quarter. National security expenditures did not rise. Small increases in personal consumption and gross private domestic investment were partially offset by a slight decline in net foreign investment.

## Employment

The labor market became somewhat tighter during September. In part, this tightening resulted from the withdrawal of students from the labor market, on the supply side, and from seasonal expansions and other quickening in many lines of activity on the demand side.

Nonfarm employment in the nation rose by 520,000 to a total of 47.6 million persons in September, a record high for that month, and 600,000 above a year earlier. Continued expansion of manufacturing employment and seasonal gains in retail trade and public school employment were primarily responsible for the increase from August.

Unemployment in the nation in early September was estimated at 1.4 million, probably the lowest level in the postwar period. And the decline in unemployment which has occurred since the settlement of the steel strike continued throughout September. Claims for unemployment insurance in the nation for the week ended September 27 totaled

657,000, compared with 869,000 four weeks earlier, a decline of 24 per cent. In the seven district states claims for state unemployment insurance also declined during September. For the week ended September 27, 118,000 claims were filed, compared with 158,000 in the week ended August 30, a decline of 25 per cent. Insured unemployment was also less than in September, 1951, in both the nation and the district states. In this district, the decrease centered in Illinois, Indiana, Missouri and Tennessee, while the other district states, Arkansas, Kentucky and Mississippi, reported higher insured unemployment than in September, 1951.

Over the past year wage rates have continued to rise in many industries. In this district hourly earnings in manufacturing industries have increased without much change in the differentials between areas, as indicated in the following table.

### AVERAGE HOURS AND EARNINGS IN MANUFACTURING INDUSTRIES

Area	August, 1952		August, 1951	
	Hours	Hourly Earnings	Hours	Hourly Earnings
St. Louis .....	40.3	\$1.66	39.8	\$1.58
Memphis .....	42.5	1.43	42.3	1.37
Little Rock .....	41.5	1.12	41.3	1.09
United States.....	40.6	1.67	40.3	1.60

Source: Compiled from reports by state Employment Security Divisions and the United States Bureau of Labor Statistics.

In Louisville total employment continued to increase from August to September and reached a level 2 per cent higher than in September, 1951. The increase from August was primarily at plants producing tobacco, lumber products and furniture, ordnance, primary and fabricated metal products. Seasonal influences were largely responsible for the increased activity at the first two industries mentioned above. While metal-working plants had already expanded employment in August when the supply of steel improved, some further increase also was made in September. Employment in construction activity continued to increase from August to September and was 17 per cent greater than a year earlier. The greatest increase in employment since September, 1951, was in ordnance and powder manufacturing plants.

## Industry

The over-all level of district industrial activity was high in September, although some lines were below their year-ago rate. There was continuing improvement in textile and shoe production. Coal mining increased sharply. Transportation equipment and fabricated metals production gained. And steel ingot production reached 109 per cent of theoretical capacity in early October. Some lines,

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	Sept., '52	Aug., '52	Sept., '51	September, 1952 compared with	
				Aug., '52	Sept., '51
All Commodities.....	111.7	112.2	113.4	- 1%	- 2%
Farm Products....	106.4	109.9	109.9	- 3	- 3
Foods.....	110.5	110.5	110.9	- 0 -	- 0 -
Other.....	113.1	113.0	114.8	- 0 -	- 2

### CONSUMER PRICE INDEX \*

Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1952	June 15, 1952	Sept. 15, 1951	Sept. 15, 1952 compared with	
				June 15, '52	Sept. 15, '51
United States.....	190.8	189.6	186.6	+ 1%	+ 2%
St. Louis.....	192.7	192.7	186.2	- 0 -	+ 3
Memphis.....	192.9	191.2	189.9	+ 1	+ 2

### RETAIL FOOD \*

Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1952	Aug. 15, 1952	Sept. 15, 1951	Sept. 15, 1952 compared with	
				Aug. 15, '52	Sept. 15, '51
U. S. (51 cities).....	233.2	235.5	227.3	- 1%	+ 3%
St. Louis.....	244.3	249.0	238.8	- 2	+ 2
Little Rock.....	231.6	233.6	223.0	+ 1	+ 4
Louisville.....	221.1	224.4	215.6	- 2	+ 3
Memphis.....	240.8	243.7	237.4	- 1	+ 1

\* New series.

such as lumber, oil and whiskey showed no significant changes, however, and there was a drop in output in a number of other industries, as noted below. Since the declines were largely in industries with fewer employees per unit of output, while gains were in industries with a high worker-to-output ratio, industrial employment was favorable, as noted earlier. In addition, defense output, not fully reflected in the year-to-year statistics, was expanding.

**Manufacturing**—Manufacture of transportation equipment, textiles and shoes, which had been weak earlier in the year, showed strength in September. Fabricated metals production was about 8 per cent above a month and a year ago, according to the sample of electric power used. But non-electrical machinery, stone-clay-glass, and rubber production dropped substantially from a year ago, and manufacture of chemicals and petroleum products and paper and paper products were reduced in some areas. As a result, although daily average use of power at selected industrial firms in six district cities rose 2 per cent from August, it was 10 per cent below that of September, 1951. Plants at Evansville, however, showed a net gain in daily average use of power compared with 1951 largely due to increased manufacture of nonelectrical machinery and transportation equipment and defense production in those plants.

Steel ingot production was particularly strong. Furnaces in the St. Louis area for the first three weeks of October poured out ingot at 109 per cent of capacity rate. They had been run during September at 96 per cent of capacity.

**Mining**—September coal production, reflecting anticipation of a coal strike and seasonal demand, jumped 45 per cent over August and 20 per cent over September, 1951, in district states, according to preliminary figures.

## Construction

Construction activity in the nation during September continued at about the same level as in August. Total expenditures for new construction during September of \$3.1 billion raised the third-quarter total to a record level. During the third quarter private residential building, public utilities construction and all major types of new public construction (except housing) were greater than in the same quarter last year.

The number of dwellings started in September totaled 98,000 units, compared with 99,000 in the previous month and 96,400 in September, 1951. So

## CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	Daily Average *			September, 1952 compared with	
	Sept., 1952	Aug., 1952	Sept., 1951	Aug., '52	Sept., '51
Evansville.....	853	886	793	-4%	+7%
Little Rock.....	169 R	133 R	179 R	+27	-6
Louisville.....	3,860	3,806	4,344	+1	-11
Memphis.....	1,346	1,251	1,626	+8	-17
Pine Bluff.....	280	345	532	-19	-47
St. Louis.....	4,974	4,790	5,292	+4	-6
Totals.....	11,482	11,211	13,766	+2%	-10%

\* Selected manufacturing firms.  
R—Revised.

## LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

First Nine Days						
Sept., '52	Aug., '52	Sept., '51	Oct., '52	Oct., '51	9 mos. '52	9 mos. '51
112,994	114,211	112,312	35,363	35,322	986,053	1,049,631

Source: Terminal Railroad Association of St. Louis.

## COAL PRODUCTION INDEX

1935-39=100					
Unadjusted			Adjusted		
Sept., '52	Aug., '52	Sept., '51	Sept., '52	Aug., '52	Sept., '51
197.8 P	112.4 P	161.2	188.4 P	113.5 P	153.5

## CRUDE OIL PRODUCTION

(In thousands of bbls.)	Daily Average			September, 1952 compared with	
	Sept., 1952	Aug., 1952	Sept., 1951	Aug., '52	Sept., '51
Arkansas.....	75.0	76.1	76.6	-2%	-2%
Illinois.....	166.9	166.5	167.0	-0	-0
Indiana.....	33.7	33.3	31.2	+1	+8
Kentucky.....	32.2	32.8	31.8	+2	+1
Total.....	307.8	308.8	306.6	-0-%	-0-%

## SHOE PRODUCTION INDEX

1935-39=100					
Unadjusted			Adjusted		
Aug., '52	July, '52	Aug., '51	Aug., '52	July, '52	Aug., '51
165.4 P	121.3	121.5	170.5 P	126.4	125.3

P—Preliminary.

## BUILDING PERMITS

(Cost in thousands)	Month of September, 1952							
	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
Evansville.....	127	100	\$ 231	\$ 322	115	114	\$ 68	\$ 305
Little Rock.....	50	61	457	596	258	211	165	112
Louisville.....	208	152	1,381	1,557	105	88	486	124
Memphis.....	2,260	2,542	2,894	5,483	234	192	185	183
St. Louis.....	328	373	6,029	4,991	321	262	714	766
Sept. Totals.....	2,973	3,228	\$10,992	\$12,949	1,033	867	\$1,618	\$1,490
Aug. Totals.....	3,023	2,923	\$10,114	\$ 7,812	878	868	\$1,084	\$1,212

## WHOLESALE TRADE

Line of Commodities	Net Sales		Stocks
	Sept., 1952 compared with		
	Aug., '52	Sept., '51	Sept. 30, 1952 compared with Sept. 30, 1951
Automotive Supplies.....	+12%	+16%	-1%
Drugs and Chemicals.....	+17	+13	+5
Dry Goods.....	+1	+27	-12
Groceries.....	+3	+10	+5
Hardware.....	+16	+14	-14
Tobacco and its Products.....	+3	+15	+8
Miscellaneous.....	+4	+9	-6
**Total All Lines.....	+9%	+16%	-12%

\*Preliminary.

\*\*Includes certain items not listed above.

far this year a total of 866,800 new dwelling units have been started, practically the same number as last year. However, the number of starts in the third quarter were 9 per cent greater than in the third quarter last year.

In the Eighth District, total construction contracts awarded during September totaled \$518

**DEPARTMENT STORES**

	Net Sales			Stocks	Stock
	compared with			on Hand	Turnover
	Sept., 1952 Aug., '52	9 mos.'52 Sept., '51	to same period '51	Sept. 30, '52 comp. with Sept. 30, '51	Jan. 1 to Sept. 30, 1952 1951
8th F. R. District...	+ 8%	+ 4%	+ 2%	- 2%	2.72 2.42
Ft. Smith, Ark. <sup>1</sup> .....	+19	+ 1	+ 1	- 8	2.58 2.41
Little Rock, Ark....	+11	+ 6	+ 4	- 5	2.71 2.32
Quincy, Ill.....	+ 2	- 5	- 6	- 7	2.72 2.45
Evansville, Ind.....	-11	+ 7	+ 5	Na	Na Na
Louisville, Ky.....	+13	+ 7	+ 4	+10	2.83 2.75
Paducah, Ky.....	+10	+17	+28	.....	.....
St. Louis Area <sup>2</sup> .....	+ 7	+ 3	+ 2	- 6	2.70 2.32
Springfield, Mo.....	+ 4	- 3	+ 3	+ 2	2.42 2.14
Memphis, Tenn.....	+12	+ 5	+ 3	+ 2	2.87 2.71
All Other Cities*....	+ 2	+ 2	+ 5	+ 4	2.33 2.23

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

**OUTSTANDING ORDERS** of reporting stores at the end of September, 1952, were 42 per cent larger than on the corresponding date a year ago.

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

Outstanding September 1, 1952, collected during September, by cities				
	Instalment Accounts		Excl. Instal. Accounts	
	Accounts	%	Accounts	%
Fort Smith.....	45%	20%	65%	
Little Rock....	16	20	51	
Louisville.....	20	13	48	
Memphis.....	23	19	47	

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

	8th Federal Reserve District			
	Sept., 1952	Aug., 1952	July, 1952	Sept., 1951
Sales (daily average), unadjusted <sup>3</sup> .....	110	98	81	111
Sales (daily average), seasonally adjusted <sup>3</sup> ....	104	110	99	105
Stocks, unadjusted <sup>4</sup> .....	140	125	112	134
Stock, seasonally adjusted <sup>4</sup> .....	132	129	120	127

<sup>3</sup> Daily average 1947-49 = 100.

<sup>4</sup> End of Month Average 1947-49 = 100.

**SPECIALTY STORES**

	Net Sales			Stocks	Stock
	compared with			on Hand	Turnover
	Sept., 1952 Aug., '52	9 mos.'52 Sept., '51	to same period '51	Sept. 30, '52 comp. with Sept. 30, '51	Jan. 1 to Sept. 30, 1952 1951
Men's Furnishings + 8%	+ 5%	+ 2%	- 1%	-11%	1.56 1.36
Boots and Shoes....	+ 4	+ 1	+ 7	+ 7	3.08 2.95

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

Outstanding Sept. 1, 1952, collected during September			
	Accounts	%	Accounts
Men's Furnishings.....	42%		38%
Boots and Shoes.....			
Trading days: Sept., 1952—25; Aug., 1952—26; Sept., 1951—24.			

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	September, 1952 compared with		September, 1952 compared with		Ratio of Collections	
	Aug., '52	Sept., '51	Aug., '52	Sept., '51	Sept., '52	Sept., '51
8th Dist. Total <sup>1</sup> .....	- 2%	+ 5%	+ 3%	+ 2%	23%	25%
St. Louis Area <sup>2</sup> .....	- 0	+ 4	- 0	+ 1	57	57
St. Louis.....	- 0	+ 4	- 0	+ 1	60	60
Louisville Area <sup>3</sup> .....	-12	- 5	+ 7	+ 4	12	14
Louisville.....	-13	- 6	+ 7	+ 6	11	13
Memphis.....	-17	+10	- 0	-16	13	14
Little Rock.....	- 4	+15	+ 6	+ 8	19	21
Springfield.....	+19	- 0	- 1	- 0	16	14
Fort Smith.....	+ 2	+20	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Sept., '52	Aug., '52	Sept., '51
Cash Sales.....	16%	15%	14%
Credit Sales.....	84	85	86
Total Sales.....	100%	100%	100%

million, and included the \$459 million contract for the expansion of the Paducah Atomic Energy Commission plant. For the first nine months, work contracted for totaled \$1,318 million, compared with \$1,111 million in the corresponding period of 1951. Contracts awarded for public works, manufacturing buildings, and public buildings in the first nine months this year were about double the amount contracted in the same period last year. But hospital and institutional building was off 42 per cent. While residential construction contracts have been awarded at about the same rate as last year, those for apartment buildings and dormitories have been substantially less. The increase in one family dwellings for sale or rent has more than offset these declines. Construction of residences for owner occupancy remained at about the same rate as last year.

**Trade**

Retail sales generally showed improvement in September over August, but there was much variation. Apparel and department store sales were up from August, but the gain was less than usual in the latter. In contrast, furniture store sales declined. In comparison with a year ago, sales at both department and furniture stores were higher, but at apparel stores were lower. Thus, the rather spotty pattern that has developed over the summer was continued into early fall.

Sales at auto dealers in September increased as deliveries improved during the month. However, the pattern of sales was not uniform. Used car dealers reported that new car dealers were selling a larger share of trade-ins themselves. Sales of appliances were relatively slow in the month, this being attributed to a reaction from the above-normal buying during the preceding hot months.

The effect of seasonal promotions at district department and apparel stores during the month was somewhat limited as weather conditions continued mild and dry in many portions of the district. As a result, sales in these stores gained less than seasonally from August. Department store sales, while 8 per cent greater than in August, declined on a seasonally adjusted basis from 110 per cent of the 1947-49 base period in August to 104 per cent in September. In September, 1951, they were 105 per cent of the base period. Preliminary reports through mid-October indicate that the 3 per cent cumulative 1952 rate of increase over 1951 will be maintained in the month.

At furniture stores throughout the district September sales volume dropped slightly below that

in August but was 5 per cent over that in September, 1951. Indications were that much of the strength in sales over a year ago was in furniture lines with appliance sales lagging.

Inventories held on September 30 by reporting department stores, furniture stores and apparel stores were somewhat larger than a month earlier. On September 30 the retail value of inventories at furniture stores was greater than a year earlier. Apparel store and department store inventories were somewhat below those a year ago.

The volume of outstanding orders at district department stores on September 30 was 2 per cent below that at the end of August and was 42 per cent larger than a year ago.

## Banking and Finance

Business loans expanded about the seasonal amount at district banks in the six weeks to mid-October. These loans were up less than usual during early October in contrast to a sharp growth in September. Both real estate and consumer loans continued to climb. Volume of checks written during September rose substantially, reflecting an increased use of both business and Government accounts.

**District Banking**—For district bank lending officers, autumn is a time of brisk activity. Both volume of new business loans and amounts of business loans outstanding increase in the period. The seasonal pattern reflects in large measure the demand for funds to harvest, market and process

farm produce. In addition, some funds are normally needed in the fall to stock up for the Christmas season.

The autumn growth in business loans, however, is somewhat different each year. Both size and time of harvesting of crops vary from year to year. Market prices fluctuate. Retailers and wholesalers build up inventories at different times and to varying extents. As a result, gauging the size of each autumnal growth in business loans is as difficult as it is important.

During August, September and early October, businesses in the district expanded their borrowings as usual at this time. However, the growth was uneven. Over August and September the increase in business loans was sharp—much more than normal. By contrast, in early October the growth was less than usual. As a result, over the entire two-and-a-half months, business loans at district banks showed their “normal” growth.

The sharp increase in loans (seasonally adjusted basis) during August and September was the net result of several factors. The gain in August and the first half of September primarily reflected an increase in outstanding loans to sales finance companies, manufacturers of textile, apparel and leather goods and contractors. This gain was partially offset by the behavior of loans to food manufacturers and commodity dealers. In the last two weeks of September the pattern of growth was different. Here it centered in a sharp increase in borrowings by commodity dealers, largely on cotton at Memphis. In early October there were net repayments

### EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Sept., '52	Change from:		Sept., '52	Change from:		Sept., '52	Change from:	
		Aug., '52	Sept., '51		Aug., '52	Sept., '51		Aug., '52	Sept., '51
<b>Assets</b>									
1. Loans and Investments.....	\$4,359	\$+ 54	\$+284	\$2,533	\$+ 27	\$+171	\$1,826	\$+ 27	\$+113
a. Loans .....	2,004	+ 66	+151	1,325	+ 55	+103	679	+ 11	+ 48
b. U.S. Government Obligations.....	1,954	— 7	+101	1,013	— 19	+ 47	941	+ 12	+ 54
c. Other Securities .....	401	— 5	+ 32	195	— 9	+ 21	206	+ 4	+ 11
2. Reserves and Other Cash Balances.....	1,467	+ 98	+ 72	930	+ 88	+ 54	537	+ 10	+ 18
a. Reserves with the F.R. Bank.....	744	+ 30	+ 60	493	+ 28	+ 50	251	+ 2	+ 10
b. Other Cash Balances <sup>3</sup> .....	723	+ 68	+ 12	437	+ 60	+ 4	286	+ 8	+ 8
3. Other Assets.....	52	— 1	+ 4	32	— 1	+ 3	20	— 0	+ 1
4. Total Assets .....	<u>\$5,878</u>	<u>\$+151</u>	<u>\$+360</u>	<u>\$3,495</u>	<u>\$+114</u>	<u>\$+228</u>	<u>\$2,383</u>	<u>\$+ 37</u>	<u>\$+132</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,341	\$+157	\$+221	\$2,670	\$+130	\$+136	\$1,671	\$+ 27	\$+ 85
a. Deposits of Banks.....	722	+ 87	+ 65	679	+ 81	+ 61	43	+ 6	+ 4
b. Other Demand Deposits.....	3,619	+ 70	+156	1,991	+ 49	+ 75	1,628	+ 21	+ 81
6. Time Deposits .....	1,041	+ 4	+ 59	502	+ 2	+ 21	539	+ 2	+ 38
7. Borrowings and Other Liabilities.....	112	— 18	+ 61	102	— 20	+ 59	10	+ 2	+ 2
8. Total Capital Accounts .....	384	+ 8	+ 19	221	+ 2	+ 12	163	+ 6	+ 7
9. Total Liabilities and Capital Accounts....	<u>\$5,878</u>	<u>\$+151</u>	<u>\$+360</u>	<u>\$3,495</u>	<u>\$+114</u>	<u>\$+228</u>	<u>\$2,383</u>	<u>\$+ 37</u>	<u>\$+132</u>

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

by sales finance companies and textile, apparel and leather manufacturers.

Both real estate and consumer loans continued to expand at district banks from mid-September to mid-October. Banks at all weekly reporting centers shared in the gains.

## Agriculture

District agricultural reports were both encouraging and discouraging for September and early October. The outturn of 1952 crops generally, with the exception of corn, was more favorable than earlier reports had indicated. However, drouth again had dried up pastures in Missouri and Arkansas and to a lesser extent had cut pasture production in district states east of the Mississippi River. Late hay production was reduced and water for stock was scarce in some areas. Even more serious was the fact that top soil was too dry for fall-sown pasture seeds and fall-sown wheat to make any growth or in some instances to germinate.

**Cotton**—The extremely dry weather was nearly perfect for maturing and harvesting 1952 crops. Estimated district cotton production on October 1 is 250,000 bales higher than the September estimate, an 8 per cent increase for the month and a 7 per cent increase over the 1951 crop. The crop in Missouri deteriorated slightly during the month, but this decline was more than offset by improved crop prospects in other district states. The October estimate for the nation is 524,000 bales more than that of September, but falls short of 1951 production by 731,000 bales, or 5 per cent.

### ESTIMATED PRODUCTION FOR MAJOR CROPS, EIGHTH DISTRICT, OCTOBER 1, 1952

	Estimated Production Oct. 1, 1952 (In thousands)	Per Cent Change From 1951	Per Cent Change From Previous Month
Corn (bu.)	325,878	-11%	- 8%
Oats (bu.)	43,018	+ 3	- 0 -
Soybeans (bu.)	88,209	+ 7	+ 3
Rice (bags)	10,458	+ 8	+ 2
Cotton (bales)	3,594	+ 7	+ 8
Burley tobacco (lbs.)	197,038	- 1	- 0 -

Source: Adapted from CROP PRODUCTION, U. S. D. A., October, 1952.

**Corn**—Prospects for district corn production declined 8 per cent during September in contrast to a 2 per cent increase nationally. Slight improvement of the corn crop in Indiana and Illinois during the month was more than offset by a decline in Missouri and further deterioration of the already poor crops in Kentucky and Mississippi. Compared with 1951, the 1952 district crop is 11 per cent smaller. Nationally, however, the crop is 11 per cent larger and is also of much better quality than the 1951 crop.

**Farm Real Estate**—Farm real estate prices rose 1 per cent both nationally and in the Eighth District from March to July, 1952. Not since the outbreak of the Korean War has the rise in any three-month period been so small. No rise was indicated for Mississippi and Tennessee, and farm land prices declined 2 per cent in Missouri. The 5 per cent increase for the year ending July 1, 1952, compares with a 17 per cent increase for the year ending July 1, 1951.

### FARM REAL ESTATE PRICES

	Per cent change March to July, 1952	Per cent change July, 1951, to July, 1952
Arkansas	+ 1%	+14%
Illinois	+ 3	+ 9
Indiana	+ 1	+ 8
Kentucky	+ 3	+ 8
Mississippi	- 0 -	+ 5
Missouri	- 2	+ 5
Tennessee	- 0 -	+ 3
Eighth District	+ 1	+ 6
United States	+ 1	+ 5

Source: THE FARM REAL ESTATE MARKET, B.A.E., September, 1952.

### DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Sept., 1952	Aug., 1952	Sept., 1951	Sept., 1952 compared with Aug., '52	Sept., '51
El Dorado, Ark.	\$ 26,778	\$ 25,937	\$ 26,950	+ 3%	- 1%
Fort Smith, Ark.	48,171	45,112	44,877	+ 7	+ 7
Helena, Ark.	11,206	6,189	9,119	+ 81	+ 23
Little Rock, Ark.	167,761	130,664	135,219	+28	+ 24
Pine Bluff, Ark.	49,513	35,648	34,028	+39	+ 46
Texarkana, Ark.*	20,316	17,984	15,465	+13	+ 31
Alton, Ill.	32,137	31,021	27,839	+ 4	+ 15
E.St.L.-Nat.S.Y., Ill.	138,397	118,865	132,722	+16	+ 4
Quincy, Ill.	34,838	33,437	32,116	+ 4	+ 8
Evansville, Ind.	149,126	130,072	125,318	+15	+ 19
Louisville, Ky.	682,040	659,788	602,547	+ 3	+ 13
Owensboro, Ky.	42,831	37,328	43,824	+15	- 2
Paducah, Ky.	44,106	42,113	26,724	+ 5	+ 65
Greenville, Miss.	29,585	18,393	23,298	+61	+ 27
Cape Girardeau, Mo.	12,904	12,068	12,746	+ 7	+ 1
Hannibal, Mo.	9,404	9,199	10,030	+ 2	- 6
Jefferson City, Mo.	57,392	52,115	52,816	+10	+ 9
St. Louis, Mo.	1,970,669	1,654,776	1,702,651	+19	+ 16
Sedalia, Mo.	11,861	11,008	11,018	+ 8	+ 8
Springfield, Mo.	68,436	61,455	74,583	+11	- 8
Jackson, Tenn.	23,149	19,870	21,353	+17	+ 8
Memphis, Tenn.	742,876	483,157	571,366	+54	+ 30
Totals	\$4,373,496	\$3,636,199	\$3,736,609	+20%	+ 17%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$41,780.

### CASH FARM INCOME

(In thousands of dollars)	August, 1952 compared with			8 mo. total Jan. thru August 1952 compared with 1951		
	Aug., 1952	July, 1952	Aug., 1951	1952	1950	
Arkansas	\$ 23,828	-11%	-11%	\$ 240,443	+10%	+37%
Illinois	145,869	+ 7	- 7	1,219,469	- 3	+12
Indiana	95,001	+27	- 7	677,069	- 3	+16
Kentucky	39,229	+21	+ 8	321,333	- 2	+ 8
Mississippi	32,464	+40	+ 9	189,734	- 1	+43
Missouri	86,901	+16	-17	623,009	-13	+ 7
Tennessee	32,530	- 4	- 5	254,160	- 0 -	+19
Totals	\$455,822	+13%	- 7%	\$3,525,217	- 3%	+15%

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Sept., 1952	September, '52 compared with Aug., '52	Sept., '51	Sept., 1952	September, '52 compared with Aug., '52	Sept., '51
Cattle and calves	169,743	+31%	+18%	72,951	+13%	-11%
Hogs	218,189	+21	- 7	31,947	-47	-53
Sheep	78,866	+ 9	+60	40,437	-15	+39
Totals	466,798	+22%	+ 9%	145,335	-16%	-18%

or lowering of unit cost, and which will add dangerously to cash expense outlays, should be discouraged.

*. . . but better farming practices are also necessary.*

Finally, it might be noted that mechanization alone, despite its valuable contribution to district agricultural production especially in recent years,

will not bring income per farm in the Eighth District up to the national average. To attain this goal, mechanization must be accompanied by the whole range of better farming practices which make possible increased production and income. Together, these necessary ingredients—mechanization and other better farm practices—can continue to improve the level of living for district farmers.

DONALD L. HENRY



# Survey of Current Conditions

**D**EMAND continued to increase in many lines and business activity in the Eighth District rose further in October and early November, despite some seasonal slowdowns. Industrial output again moved ahead and, with the support of increasing personal incomes and instalment credit, consumer purchasing in October continued to pick up. With a substantial amount of new work put under contract in recent months, construction activity remained at a high level. On farms, the drouth was relieved by widespread rains in November. Banks supported the faster tempo of business activity with a seasonal increase in loans.

In the nation, also, economic activity was at high levels in October and early November. Industrial activity which had recovered rapidly in August and September, expanded slightly in October. The slower rate of increase partly was due to a substantial decline in coal mining. But the increase also was limited in some cases by a lack of unused plant capacity, restricted supplies of critical materials, and the need for more manpower.

The index of industrial production of the Federal Reserve Board rose from 226 per cent of the 1935-39 average for September to 227 per cent for October. Durable goods manufacturing increased considerably further, nondurable goods output showed little change, but mineral output declined 6 per cent.

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Construction activity declined less than seasonally, primarily as a result of the strength in private residential building. Labor markets tightened further in early October as the rise in business activity brought increased demands for manpower, and, as in September, youngsters left the labor market to re-enter school. Unemployment was 1.3 million, a record postwar low, and 150,000 below the September level. Nonfarm employment was at a record high for October—54.6 million persons.

During October, prices did not reflect the increasing firmness in business demand, primarily because improved supplies created easier markets. The average level of wholesale prices declined somewhat as a few basic commodities—notably lead, zinc, and cotton—developed new weakness and prices of livestock and meats continued to decrease. Wholesale prices continued to decline in November largely reflecting further decreases in prices of cotton, livestock, and meats. And despite recent declines in the price level of basic commodities, prices of many items were still above their pre-Korean levels.

From mid-September to mid-October food prices continued downward slightly, but other price increases raised the price index of all consumer items by less than 0.1 per cent. In the last two weeks of October, retail food prices declined 0.1 per cent.

## Employment

The rise in business activity this fall brought increased demands for manpower, while additional youngsters left the labor market to re-enter school. Primarily as a result of these forces, labor markets tightened further from September to early October. Unemployment in the nation was estimated at 1.3 million, a record postwar low and 150,000 below the September level. However, during the rest of October, unemployment apparently changed little. Seasonal declines and temporary layoffs in some industries were offset by high level activity in most other parts of the economy.

In district states, claims for state unemployment insurance continued to decline during October. By the end of the month they were one-seventh less than at the end of September and less than one-half the peak volume in late July. Most of the decline from September was in Illinois, with claims in other district states remaining about the same.

In St. Louis, employment for the first eight months of 1952 averaged about the same as in the comparable period of 1951. But from August to September, it increased sharply to a total about 11,000 above that of a year earlier. The gain resulted primarily from increased defense activity, but also was due to greater employment in production of apparel, textiles and shoes and in trade. Due to the movement of the Army Finance Center from St. Louis, governmental employment in September dropped 5,000 compared with a year earlier. During October and early November the labor market in

St. Louis reflected primarily seasonal trends. Shoe plants and garment industries were in their seasonal slack period with the resultant layoffs and shortened work weeks. Unemployment insurance claims for the week ending November 15 were only slightly less than four weeks earlier but slightly higher than in mid-September.

Seasonal trends dominated the employment picture in Louisville. Distilleries increased employment on their bottling lines considerably from September to October, but construction activity slowed. In November an 88-day strike affecting 3,300 workers at the International Harvester tractor plant was settled.

In Evansville expansion of defense output and seasonal advances in manufacturing and trade activities pushed employment still higher in October. Estimated employment was 82,000, a rise of 1,000 since September and 9,000 above the October, 1951, level. Most of the increased employment over the past year was in aircraft parts manufacturing.

## Industry

Eighth District industry became more balanced in October and early November as production continued to expand. The level of activity was helped by a recovery in furniture, textile, and apparel manufacture. Shoe producers, although in a seasonally slack period, were busier than usual and optimistic as well. Coal tonnage fell off sharply, however.

**Manufacturing**—An average of reports from five large reporting cities shows that use of electric power in October increased over both a month and a year ago in the important chemical, electrical machinery, metals, textile, and transportation industries. Declines from both a month and a year ago, in comparison, were shown only by food and nonelectrical machinery manufacturers.

The level of steel ingot production and meat packing in the St. Louis area added to the favorable record of industry in the district. Steel ingots were turned out at an average of 107 per cent of capacity in October, although maintenance cut the operation rate to 98 per cent for the first three weeks in November. October livestock slaughter was 11 per cent better than a year ago and 20 per cent above September.

Production of lumber in the Southeast continued at an even keel with markets for both Southern pine and hardwoods reportedly firm.

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	Oct., '52	Sept., '52	Oct., '51	October, 1952 compared with	
				Sept., '52	Oct., '51
All Commodities....	111.2	111.8	113.7	- 1%	- 2%
Farm Products....	104.9	106.6	111.5	- 2	- 6
Foods.....	108.5	110.3	111.6	- 2	- 3
Other.....	113.1	113.2	114.6	- 0-	- 1

### CONSUMER PRICE INDEX\*

Bureau of Labor Statistics (1935-39=100)	Oct. 15, 1952	Sept. 15, 1952	Oct. 15, 1951	October 15, 1952 compared with	
				Sept. 15, '52	Oct. 15, '51
United States.....	190.9	190.8	187.4	- 0 - %	+ 2%

### RETAIL FOOD\*

Bureau of Labor Statistics (1935-39=100)	Oct. 15, 1952	Sept. 15, 1952	Oct. 15, 1951	October 15, 1952 compared with	
				Sept. 15, '52	Oct. 15, '51
U. S. (51 cities)....	232.4	233.2	229.2	- 0 - %	+ 1%
St. Louis.....	244.4	244.3	239.3	- 0 -	+ 2
Little Rock.....	228.8	231.6	224.4	- 1	+ 2
Louisville.....	218.1	221.1	216.7	- 1	+ 1
Memphis.....	239.4	240.8	238.0	- 1	+ 1

\* New series.

## Construction

About the only industry in the district not reflecting prosperity was whiskey production. Only 16 Kentucky distilleries were operating at the end of October and warehouses still held huge stocks. There was some pickup in bottling, however, as the industry prepared for holiday trade.

**Mineral Production**—Coal production, after having risen rather sharply in September due to the threat of a strike, fell off in October when miners finally walked out. And when the strike was called off, many orders were cancelled by buyers who apparently desired delivery only to protect themselves against the possibility of a prolonged strike. Unseasonably warm weather did not favor buying by domestic consumers.

Crude oil continued to flow at a very substantial production rate.

Nationally, outlays for new construction put in place declined less than seasonally from September to a total of \$3 billion for October. Thus the strength shown in recent months, primarily in private non-farm residential building activity, continued. For five straight months construction expenditures exceeded by 5 per cent or more the total for the corresponding month in 1951. For the first ten months of this year, they have totaled 4 per cent more than in the same months of 1951. However, when adjusted for increased costs, construction activity this year has been running about equal to last year.

Strength in the residential real estate markets was reflected in an increase from September to October in the number of nonfarm housing units started, although a decline is usually expected. The number of starts rose from 98,000 in September to 101,000 in October and were 11,000 units greater than in October, 1951. For the first ten months of 1952 there were 966,400 starts, an increase of 10,400 above those for the same period of 1951.

In this district residential construction has kept pace with the rest of the nation, primarily because of a greater amount of public housing. While the number of dwelling units included in contracts awarded during the first nine months of 1952 were one per cent greater than in the same months of 1951, private housing starts declined about 4 per cent.

Total construction contracts awarded in this district during October totaled \$86 million, and were 26 per cent greater than in October, 1951. For the first ten months construction contracted was valued at \$1,404 million, compared with \$1,181 million in the same months of 1951. Excluding the large contracts for the Paducah Atomic Energy Commission plant, the volume of work in the first ten months this year has been 13 per cent larger than last year.

### CONSUMPTION OF ELECTRICITY

Daily Average\*

(K.W.H. in thous.)	Oct., 1952	Sept., 1952	Oct., 1951	October, 1952 compared with	
	K.W.H.	K.W.H.	K.W.H.	Sept., '52	Oct., '51
Evansville.....	811	853	680	- 5%	+19%
Little Rock.....	215	169	204	+27	+ 5
Louisville.....	3,579	3,860	3,660	- 7	- 2
Memphis.....	1,374	1,346	1,459	+ 2	- 6
Pine Bluff.....	235	280	497	-16	-53
St. Louis.....	4,726	4,974	4,692	- 5	+ 1
Totals.....	10,940	11,482	11,192	- 5%	- 2%

\* Selected manufacturing firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Oct., '52	Sept., '52	Oct., '51	First Nine Days		10 mos. '52	10 mos. '51
			Nov., '52	Nov., '51		
123,180	112,994	121,009	34,402	32,659	1,109,233	1,170,640

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION

Daily Average

(In thousands of bbls.)	Oct., 1952	Sept., 1952	Oct., 1951	October, 1952 compared with	
				Sept., '52	Oct., '51
Arkansas.....	74.0	75.0	77.3	- 1%	- 4%
Illinois.....	167.0	166.9	168.9	- 0 -	- 1
Indiana.....	34.1	33.7	33.1	+ 1	+ 3
Kentucky.....	31.2	32.2	32.8	- 3	- 5
Total.....	306.3	307.8	312.1	- 1%	- 2%

### COAL PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Oct., '52	Sept., '52	Oct., '51	Oct., '52	Sept., '52	Oct., '51
121.7 P	197.8 P	164.6	113.7 P	188.4 P	153.8

### SHOE PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Sept., '52	Aug., '52	Sept., '51	Sept., '52	Aug., '52	Sept., '51
161.4 P	165.4	114.2	159.8 P	170.5	113.1

P - Preliminary.

### BUILDING PERMITS

Month of October, 1952

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1952	Number 1951	Cost 1952	Cost 1951	Number 1952	Number 1951	Cost 1952	Cost 1951
Evansville.....	62	119	\$ 437	\$ 157	91	78	\$ 43	\$ 36
Little Rock.....	68	84	734	7,312*	301	240	390	361
Louisville.....	169	149	1,295	883	103	105	267	296
Memphis.....	3,120	2,516	4,046	2,897	215	191	136	127
St. Louis.....	309	315	3,929	1,280	302	260	695	849
Oct. Totals.....	3,728	3,183	\$10,441	\$12,529	1,012	874	\$1,531	\$1,669
Sept. Totals.....	2,973	3,228	\$10,992	\$12,949	1,033	867	\$1,618	\$1,490

\* Hospital Construction, \$6,500.

The increased volume of work has not been uniform for all types of construction or for all parts of the district. Contracts awarded for manufacturing buildings in the first ten months for the district as a whole were about double the amount in the same period last year. But, the volume of such construction in the major cities of the district (except for the St. Louis area) has been less than last year. In part this reflects the trend toward the increasing location of plants in smaller communities.

Construction contracts for commercial buildings in this district in the first ten months this year have been slightly less than in the same period last year. However, this downtrend may not continue, if the many projects currently being planned are put under construction.

## Trade

As measured by the experience of reporting retail lines in the Eighth District, the volume of retail trade during October compared quite favorably with both that in September and October, 1951. Some lines increased more than seasonally from the previous month with the best sales in nondurables lines. In comparison to last year, sales gains among reporting retail lines were general.

At department stores throughout the district, daily average sales in October, on a seasonally adjusted basis, reached 114 per cent of the 1947-49 average—the highest point since January, 1951. In comparison they were 104 per cent in September and 105 per cent in October, 1951. At the end of October cumulative 1952 sales were 3 per cent larger than in the comparable period of 1951. In the first half of November, preliminary reports indicate that sales totaled less than in 1951. But a somewhat earlier start of Christmas sales this year will probably pull sales for the month even or ahead of last year and maintain the cumulative rate of gain from 1951.

St. Louis area women's specialty store sales during October were somewhat above those in the previous month and the comparable month of 1951. Men's wear sales in the district during October

### WHOLESALE TRADE

Line of Commodities	Net Sales		Stocks
	October, 1952 compared with		Oct. 31, 1952 compared with
Data furnished by Bureau of Census, U. S. Dept. of Commerce*	Sept., '52	Oct., '51	Oct. 31, 1951
Automotive Supplies.....	+11%	+22%	+ 2%
Drugs and Chemicals.....	+ 3	+ 8	+ 9
Dry Goods.....	- 3	+ 7	-18
Groceries.....	+11	+ 7	+ 6
Hardware.....	+12	+ 7	-13
Tobacco and its Products.....	.....	.....	.....
Miscellaneous.....	+ 9	+15	-24
**Total All Lines.....	+ 8%	+ 7%	-12%

\* Preliminary.

\*\* Includes certain items not listed above.

### DEPARTMENT STORES

	Net Sales		Stocks on Hand		Stock Turnover	
	Oct., 1952 compared with Sept., '52	10 mos. '52 to same period '51	Oct. 31, '52 comp. with Oct. 31, '51	Oct. 31, '52 comp. with Oct. 31, '51	Jan. 1 to Oct. 31, 1952	Jan. 1 to Oct. 31, 1951
8th F. R. District.....	+19%	+10%	+ 3%	+ 1%	3.08	2.75
Ft. Smith, Ark. <sup>1</sup> .....	+ 7	+ 3	+ 1	- 2	2.90	2.71
Little Rock, Ark.....	+ 9	+12	+ 5	+ 2	3.06	2.63
Quincy, Ill.....	+19	-0-	- 5	- 3	3.06	2.78
Evansville, Ind.....	+35	+40	+ 9	.....	.....	.....
Louisville, Ky.....	+12	+ 9	+ 5	+10	3.17	3.10
Paducah, Ky.....	+21	+32	+28	.....	.....	.....
St. Louis Area <sup>1 2</sup> .....	+23	+ 8	+ 2	- 3	3.08	2.66
Springfield, Mo.....	+10	- 5	+ 2	+10	2.70	2.46
Memphis, Tenn.....	+16	+13	+ 4	+ 5	3.28	3.11
All other cities <sup>3</sup> .....	+22	+ 8	+ 6	+14	2.64	2.55

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

OUTSTANDING ORDERS of reporting stores at the end of October, 1952, were 20 per cent larger than on the corresponding date a year ago.

### PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding October 1, 1952, collected during October:

	Instalment Accounts		Excl. Instal. Accounts	
	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	.....%	47%	Quincy.....	22%
Little Rock.....	17	48	St. Louis.....	56
Louisville.....	20	48	Other Cities.....	12
Memphis.....	20	43	8th F. R. Dist.	19

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Oct., 1952	Sept., 1952	Aug., 1952	Oct., 1951
Sales (daily average), unadjusted <sup>4</sup> .....	120	110	98	111
Sales (daily average), seasonally adjusted <sup>4</sup> .....	114	104	110	105
Stocks, unadjusted <sup>5</sup> .....	147	140	125	134
Stocks, seasonally adjusted <sup>5</sup> .....	130	132	129	119

<sup>4</sup> Daily average 1947-49=100.

<sup>5</sup> End of Month Average 1947-49=100.

### SPECIALTY STORES

	Net Sales		Stocks on Hand		Stock Turnover	
	October, 1952 compared with Sept., '52	10 mos. '52 to same period '51	Oct. 31, '52 comp. with Oct. 31, '51	Oct. 31, '52 comp. with Oct. 31, '51	Jan. 1 to Oct. 31, 1952	Jan. 1 to Oct. 31, 1951
Men's Furnishings.....	+44%	+12%	+ 1%	-12%	1.78	1.53
Boots and Shoes.....	- 3	- 4	+ 2	+13	3.42	3.35

### PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding October 1, 1952, collected during October:

Men's Furnishings.....	47%	Boots and Shoes.....	43%
Trading days: Oct., 1952—27; Sept., 1952—25; Oct., 1951—27.			

### RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	October, 1952 compared with Sept., '52	October, 1952 compared with Oct., '51	October, 1952 compared with Sept., '52	October, 1952 compared with Oct., '51	Sept., '52	Oct., '51
8th Dist. Total <sup>1</sup> .....	+15%	+ 7%	+ 3%	- 0-%	19%	21%
St. Louis Area <sup>2</sup> .....	+10	-11	+ 1	+ 1	41	38
St. Louis.....	+ 8	-19	+ 1	+ 1	43	40
Louisville Area <sup>3</sup> .....	+23	+ 9	- 3	- 4	13	15
Louisville.....	+24	+12	- 3	- 2	12	14
Memphis.....	+10	+ 4	*	*	13	15
Little Rock.....	+19	+25	+ 4	+ 4	21	18
Springfield.....	- 2	+14	+ 4	- 2	16	20
Fort Smith.....	+22	+18	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

### PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Oct., '52	Sept., '52	Oct., '51
Cash Sales.....	17%	16%	18%
Credit Sales.....	83	84	82
Total Sales.....	100%	100%	100%

totaled substantially larger than in September and a year ago.

Furniture store sales in the district during October were almost one-seventh larger than a month earlier and were 7 per cent above those in October, 1951.

The retail value of inventories held on October 31 by district retailers was not much changed from that a month earlier. Department stores and furniture stores reported slight gains while apparel store inventories totaled a little less than those on September 30. In comparison to October 31, 1951, department store and furniture store inventories were valued about the same as last year while sizable drops were reported by the apparel stores.

Outstanding orders of district department stores on October 31, in terms of retail value, totaled less than on September 30. In comparison to a year ago they were valued about one-fifth higher.

## Banking and Finance

The money market was fairly tight during October and early November. Nevertheless, bank loans to business expanded, both districtwise and nationally, and financing of real estate and consumer purchases also increased.

Largely as a result of this growth in bank loans and net Treasury spending, the private money supply rose during October. Use of this money supply was at a high level, reflecting the improvement in business activity generally.

**Money Market**—Throughout October and early November banks generally were under pressure for funds. Member banks were drained of over a billion dollars by routine market factors. Most of these factors drained reserves, but about half the loss was caused by a net flow of currency into circulation. At the same time banks were losing funds, there was an increase, in large part seasonal, in the demand for loans by businesses. To obtain the needed reserves, banks increased their borrowings sharply. Borrowings of member banks from the System rose to \$1.7 billion, the highest level in years.

**District Banking**—In the district, as in the entire nation, banks were under pressure for funds over most of the period from the end of September to mid-November. District banks lost a substantial amount of reserves due to Treasury operations and an outflow of currency, \$95 million and \$58 million respectively. In addition, they were drained of a minor amount of funds through a contraction in Federal Reserve float. These drains more than offset

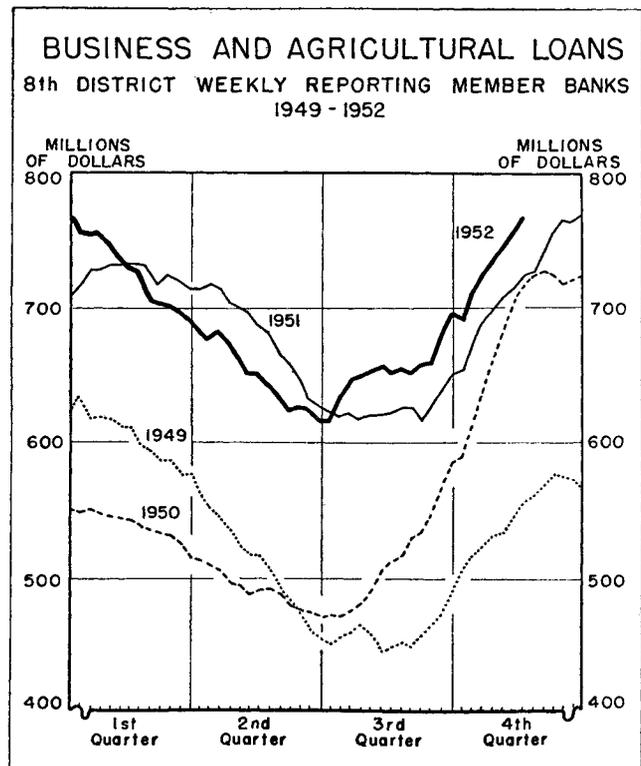
a net inflow of funds of about \$125 million from other districts. To help meet the net reduction, banks increased their borrowings.

Despite the pressure under which banks operated, they were able to increase their loans substantially. During October and early November, member banks in the district expanded their loans about \$100 million (5 per cent). As usual at this time, business borrowing from the larger city banks accounted for a lion's share of the growth. The rise in business loans went in large part to finance the processing and marketing of farm products. In addition, metal manufacturers and trade concerns increased their borrowings substantially.

Loans to consumers continued to expand sharply. Consumer instalment credit at Eighth District commercial banks rose in October, continuing the upward trend that began last May. The largest expansion during October was in repair and modernization loans.

**Banking Nationally**—The picture nationally was about the same as in the district. Business loans during October and early November were up about \$1 billion. The rise was mostly in loans to food processors, commodity dealers, and trade concerns. Loans to both real estate owners and consumers continued to climb.

Largely reflecting this expansion in bank loans and a transfer of funds from Government to private



accounts, the nation's private money supply rose over \$3 billion during October to an all-time peak of nearly \$191 billion. Roughly three-fourths of the increase in the money supply was in checking accounts of businesses and individuals. However, both savings accounts and currency in circulation continued to grow.

**Debits to Deposit Accounts**—Debits to deposit accounts (on an adjusted basis) at 22 district cities were \$4.5 billion during October, an increase of 2 per cent from the previous all-time peak reached a month earlier. This increase was shared in by twenty-one of the twenty-two reporting centers, with the greatest percentage gains at Helena and Pine Bluff, Arkansas.

Nationally, also, the volume of checks cashed was up in October. Debits at banks in 342 leading cities totaled \$154 billion, up 11 per cent from both the previous month and the comparable month a year ago.

## DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Oct., 1952	Sept. 1952	Oct., 1951	October, 1952 compared with	
				Sept., '52	Oct., '51
El Dorado, Ark.....	\$ 28,387	\$ 26,778	\$ 28,040	+ 6%	+ 1%
Fort Smith, Ark.....	56,185	48,171	51,119	+17	+10
Helena, Ark.....	15,168	11,206	14,131	+35	+ 7
Little Rock, Ark.....	184,772	167,761	176,007	+10	+ 5
Pine Bluff, Ark.....	66,645	49,513	49,235	+35	+35
Texarkana, Ark.*.....	19,695	20,316	18,930	— 3	+ 4
Alton, Illinois.....	35,150	32,137	29,797	+ 9	+18
E.St.L.-Nat.S.Y., Ill. ....	148,676	138,397	166,382	+ 7	—11
Quincy, Ill.....	40,782	34,838	40,078	+17	+ 2
Evansville, Ind.....	158,558	149,126	147,762	+ 6	+ 7
Louisville, Ky.....	729,505	682,040	726,651	+ 7	—0-
Owensboro, Ky.....	52,054	42,831	46,718	+22	+11
Paducah, Ky.....	47,936	44,106	30,184	+ 9	+59
Greenville, Miss. ....	31,054	29,585	34,843	+ 5	—11
Cape Girardeau, Mo.....	13,916	12,904	13,930	+ 8	—0-
Hannibal, Mo.....	10,771	9,404	11,516	+15	— 7
Jefferson City, Mo.....	57,716	57,392	65,501	+ 1	—12
St. Louis, Missouri.....	2,193,740	1,970,669	2,046,665	+11	+ 7
Sedalia, Mo.....	12,748	11,861	12,630	+ 7	+ 1
Springfield, Mo.....	77,402	68,436	82,991	+13	— 7
Jackson, Tenn.....	28,828	23,149	29,069	+25	— 1
Memphis, Tenn.....	883,046	742,876	823,921	+19	+ 7
<b>Totals</b> .....	<b>\$4,892,734</b>	<b>\$4,373,496</b>	<b>\$4,646,100</b>	<b>+12%</b>	<b>+ 5%</b>

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$41,830.

## EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	Oct., 1952	Sept., 1952 to Oct., 1952	Oct., 1951 to Oct., 1952	Oct., 1952	Sept., 1952 to Oct., 1952	Oct., 1951 to Oct., 1952	Oct., 1952	Sept., 1952 to Oct., 1952	Oct., 1951 to Oct., 1952
<b>Assets</b>									
1. Loans and Investments.....	\$4,521	\$+162	\$+334	\$2,665	\$+132	\$+205	\$1,856	\$+ 30	\$+129
a. Loans .....	2,076	+ 72	+167	1,394	+ 69	+113	682	+ 3	+ 54
b. U. S. Government Obligations.....	2,046	+ 92	+135	1,079	+ 66	+ 73	967	+ 26	+ 62
c. Other Securities .....	399	— 2	+ 32	192	— 3	+ 19	207	+ 1	+ 13
2. Reserves and Other Cash Balances.....	1,538	+ 71	+ 20	941	+ 11	+ 2	597	+ 60	+ 18
a. Reserves with the F. R. Bank.....	748	+ 4	+ 21	489	— 4	+ 10	259	+ 8	+ 11
b. Other Cash Balances <sup>3</sup> .....	790	+ 67	— 1	452	+ 15	— 8	338	+ 52	+ 7
3. Other Assets .....	54	+ 2	+ 2	33	+ 1	+ 2	21	+ 1	—0-
4. Total Assets .....	<u>\$6,113</u>	<u>\$+235</u>	<u>\$+356</u>	<u>\$3,639</u>	<u>\$+144</u>	<u>\$+209</u>	<u>\$2,474</u>	<u>\$+ 91</u>	<u>\$+147</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,551	\$+210	\$+202	\$2,799	\$+129	\$+113	\$1,752	\$+ 81	\$+ 89
a. Deposits of Banks.....	818	+ 96	+ 24	766	+ 87	+ 21	52	+ 9	+ 3
b. Other Demand Deposits.....	3,733	+114	+178	2,033	+ 42	+ 92	1,700	+ 72	+ 86
6. Time Deposits.....	1,052	+ 11	+ 60	507	+ 5	+ 22	545	+ 6	+ 38
7. Borrowings and Other Liabilities.....	122	+ 10	+ 70	112	+ 10	+ 65	10	—0-	+ 5
8. Total Capital Accounts.....	388	+ 4	+ 24	221	— 0-	+ 9	167	+ 4	+ 15
9. Total Liabilities and Capital Accounts....	<u>\$6,113</u>	<u>\$+235</u>	<u>\$+356</u>	<u>\$3,639</u>	<u>\$+144</u>	<u>\$+209</u>	<u>\$2,474</u>	<u>\$+ 91</u>	<u>\$+147</u>

<sup>1</sup>Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup>Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup>Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

## Agriculture

The drouth that persisted throughout the district during most of September and October was broken in November by general rains. During the first week of the month enough rain (up to three inches) fell in the southern part of the district to improve conditions materially. However, northern Missouri, district Illinois and Indiana received only temporary relief (less than one-half inch) until the second and third week in the month when additional rain was received.

Fall pastures, reflecting the severity of the drouth, were in poorer condition on November 1 than any time since 1934. The bulk of district pastures were less than 35 per cent of normal November condition. Fall-seeded pastures were particularly hard hit. Early sown wheat was up to good stands, but later seedings were spotty. Thus, the crop was more vulnerable to winter kill due to the short growth and lack of secondary root development. However, considerable improvement was expected as a result of the rains.

The drouth, although seriously affecting fall-sown crop prospects, was beneficial for harvesting 1952 crops. Harvesting was practically completed by early November and the quality of the corn was good.

**Cotton**—The cotton crop was turning out better than had been expected. The November crop report indicated a district production of 3,763,000 bales, 5 per cent more than the October estimate and 12 per cent larger than the 1951 crop. Increased prospects in Arkansas, Mississippi, and Tennessee were offset by a slight decline in those for Missouri during the month.

### ESTIMATED PRODUCTION FOR MAJOR CROPS EIGHTH DISTRICT, NOVEMBER 1, 1952

	Estimated Production Nov. 1, 1952 (In thousands)	Per Cent Change from 1951	Per Cent Change from Previous Month
Corn (bu.).....	346,049	— 5%	+ 6%
Soybeans (bu.).....	87,468	+ 6	— 1
Rice (bags).....	10,051	+ 4	— 4
Cotton (bales).....	3,763	+12	+ 5
Burley tobacco (lbs.).....	193,271	— 3	— 2

**Corn**—Corn prospects improved somewhat in the district during October, including a 19-million-bushel increase for district Missouri. However, the crop deteriorated further in Arkansas and Kentucky. The recent district estimate is 5 per cent less than 1951 production in contrast with a 12 per cent increase nationally.

**Other crops**—Slight declines in expected district production of burley tobacco, soybeans, and rice occurred during the month. Rice production and soybean production are expected to be 4 and 6 per cent more than in 1951, but the burley tobacco estimate is 3 per cent less.

**Prices**—Agricultural prices continued their downward trend. For the month ending October 15, the index of prices received by farmers was 282 (1910-14 = 100), compared with 288 in September and 295 in August. Prices were lower for meat animals, cotton, corn, chickens and potatoes. Prices paid by farmers, including farm produced items, declined too, but not as much as prices received. Thus, the parity ratio declined 1 point and stood at 100, the same as the average for the year in 1950.

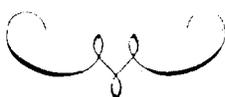
### CASH FARM INCOME

(In thousands of dollars)	Sept., 1952 compared with			9 month total Jan. thru Sept. 1952		
	Sept., 1952	Aug., 1952	Sept., 1951	Sept., 1952	compared with 1951 R	1950 R
Arkansas.....	\$ 83,589	+251%	+57%	\$ 324,032	+23%	+53%
Illinois.....	160,542	+ 10	+ 2	1,380,011	— 1	+16
Indiana.....	95,612	+ 1	— 0	772,681	— 3	+15
Kentucky.....	40,675	+ 4	+ 3	362,008	+ 2	+11
Mississippi.....	102,584	+216	+49	292,318	+22	+48
Missouri.....	113,210	+ 30	+ 7	736,219	— 5	+14
Tennessee.....	65,837	+102	+37	319,997	+ 4	+31
Totals.....	\$662,049	+ 45%	+17%	\$4,187,266	+ 1%	+20%

R—Revision of all '50 and '51 fig.

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Oct., 1952	October, '52 compared with Sept., '52	Oct., '51	Oct., 1952	October, '52 compared with Sept., '52	Oct., '51
Cattle and calves....	190,286	+46%	+20%	95,561	+48%	+19%
Hogs.....	249,620	+38	—14	36,984	—39	—49
Sheep.....	61,531	—15	+10	20,051	—58	—18
Totals.....	501,437	+31%	— 1%	152,596	—12%	—14%



# Survey of Current Conditions

**E**CONOMIC ACTIVITY in the Eighth District moved to higher levels during November and early December. Business optimism was supported by an imposing array of facts: district industrial activity was at a level exceeded only during World War II, construction contracts awarded continued substantially above those of a year ago, employment in the district's major industrial centers increased from October to November, and personal income continued to expand. Some indicators were less encouraging, however. Consumer spending failed to maintain the fast pace set in October, despite an increase in consumer credit volume, and department store sales in the district dipped slightly in November, then recovered in the first three weeks of December. Further, wholesale commodity price weakness continued. In the agricultural field winter wheat prospects here, although better than those nationally, were less favorable than a year ago. On balance, however, confidence in the outlook improved over the period.

Nationally also business activity moved upward during November and early December as the spending of Government, business and consumers increased further. Consumer purchasing was supported by increased personal income and by steady employment from October to November. Business inventories were augmented and investment in plant and equipment was maintained at peak levels.

New construction, seasonally adjusted, increased substantially in November, as it has since September. Industrial activity also increased further in November, largely as a result of sharp recovery in coal mining and continuing gains in durable goods output. Nondurable goods manufacturing showed little change. The index of industrial production of the Federal Reserve Board rose from 227 per cent of the 1935-39 average to 229 per cent for November.

Wholesale prices continued to decline in November and early December, largely reflecting increased market supplies of cotton and livestock. In the twelve months to November the average level of wholesale prices decreased 2.6 per cent. Consumer prices advanced slightly from October to November, when they were 1.3 per cent higher than a year earlier.

An encouraging factor in the outlook for the first few months in 1953 is that private investment in new housing and plant and equipment may well be at seasonally adjusted higher rates in early 1953 than at the close of 1952. There are two indications leading to this conclusion. Construction contracts awarded, roughly measuring future work to be done, have been larger than in comparable months last year. And a recent survey by the Department of Commerce and the Securities and Exchange Commission of intended business investment in plant

## WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	November, 1952 compared with				
	Nov., '52	Oct., '52	Nov., '51	Oct., '52	Nov., '51
All Commodities.....	110.7	111.1	113.6	- 1%	- 3%
Farm Products.....	103.8	104.9	112.0	- 1	- 7
Foods.....	107.7	108.5	111.0	- 1	- 3
Other.....	112.8	113.0	114.5	- 0 -	- 2

## CONSUMER PRICE INDEX \*

Bureau of Labor Statistics (1935-39=100)	November 15, 1952 compared with				
	Nov. 15, 1952	Oct. 15, 1952	Nov. 15, 1951	Oct. 15, '52	Nov. 15, '51
United States.....	191.1	190.9	188.6	- 0 -%	+ 1%

\* New series.

## RETAIL FOOD \*

Bureau of Labor Statistics (1935-39=100)	November 15, 1952 compared with				
	Nov. 15, 1952	Oct. 15, 1952	Nov. 15, 1951	Oct. 15, '52	Nov. 15, '51
U. S. (51 cities).....	232.3	232.4	231.4	- 0 -%	- 0 -%
St. Louis.....	243.2	244.4	242.2	- 1	- 0 -
Little Rock.....	229.0	228.8	225.4	- 0 -	+ 2
Louisville.....	215.6	218.1	218.6	- 1	- 1
Memphis.....	235.4	239.4	237.7	- 2	- 1

\* New series.

and equipment indicates that 1953 will start off with slightly higher outlays than in the last quarter of 1952.

## Employment

Nonfarm employment in the nation held steady between October and November although a decline is usual at that time of the year. Seasonal declines in construction and some manufacturing operations were offset by pre-Christmas expansion in retail trade establishments and further gains in metal working manufacturing industries. Total nonfarm employment was about one million higher than in November, 1951, due to the recovery of civilian goods industries from the reduced 1951 levels and gradual expansion of defense employment.

Unemployment increased seasonally between October and November to a level of 1.4 million persons. For the first 11 months of 1952 it averaged 1.7 million persons or 2.7 per cent of the labor force, compared with 1.9 million or a 3 per cent rate in 1951.

In the district also unemployment increased seasonally from October to November. For the week ended November 22, there were 113,000 unemployment insurance claims under district state programs compared with 104,000 four weeks earlier. In the comparable week of November, 1951, 144,000 claims were filed. However, unemployment insurance claims in the Louisville metropolitan area during November were the lowest of the past three years. In St. Louis unemployment compensation claims in early December increased somewhat from the November level.

Employment in St. Louis was 2,300 persons greater in November than a month earlier as a result of gains in the number of workers in manufacturing and trade, offset in part by seasonally lower employment in construction and a reduction in governmental employment. Most of the gain in manufacturing employment was at defense plants. Shoe factories added workers in November after the seasonally slow period.

In Louisville, nonfarm employment increased by 6,700 workers from mid-October to mid-November primarily as a result of the settlement of a labor dispute. Continued expansion of ordnance production and the seasonal expansion of distillery bottling and trade activity also helped. Some seasonal loss was experienced, however, in the construction industry and at wood working plants.

Total nonfarm employment in Memphis at mid-November was slightly higher than a month earlier

and 3,000 persons greater than a year ago. The increase from October resulted primarily from seasonal trends. In comparison with a year ago, some industries showed significant changes. The largest gains in manufacturing employment have been in apparel, textile mill products, and fabricated metal plants. Furniture plants, however, employed fewer persons than in November, 1951. Construction and wholesale trade employment also was greater than a year earlier.

While employment for the first eleven months in the six metropolitan areas of this district averaged slightly higher than in 1951, the manpower reserves for all but a few occupations or skills were adequate. Until November all six major areas were classed as having a moderate surplus of labor supply over requirements. The improvement in activity in the fall brought a balanced labor market condition in St. Louis, Evansville and Little Rock, while the others (Louisville, Memphis and Springfield) remained unchanged. The supply of labor continued to exceed requirements substantially during the year at two smaller areas: Vincennes, Indiana, and Herrin-Murphysboro-West Frankfort, Illinois.

## Industry

Industrial activity in the Eighth District hit a new peak for the year, according to figures for November and early December.

**Manufacturing**—The district's factories produced more in November than during any other month of the year, according to reports on use of electric power by manufacturing plants at six industrial centers. November also recorded a larger gain over the previous month and the same month a year ago than for any other month during 1952, according to these reports. Lumber and wood products and the textile industries showed the greatest percentage gains; rubber and food products manufacturers were the only ones using less power than during November, 1951.

Contrary to the general run of industry, steel ingot production at St. Louis area mills fell off from 107 per cent of capacity in October to 93 per cent in November. The drop was due to maintenance problems, however, and the scheduled rate rose again to 98 per cent in the first three weeks of December.

On the positive side in November, lumber and shoe production were somewhat above seasonal levels. And whiskey distilling in Kentucky im-

proved slightly, 21 distilleries being in operation on November 30, compared with 16 in October and 31 in November, 1951.

Meatpacking in the St. Louis area during November was heavier than during October, but was about equal to that of a year ago. The earlier heavy marketings of cattle and calves slacked off as shown by a slaughter 16 per cent below October but 24 per cent above a year earlier on a weekly average basis. Sheep slaughter showed a similar month and year ago relationship. Hog slaughter, however, was up 12 per cent from October, but was 7 per cent below a year ago.

**Mineral Production**—Coal production in district producing states increased 11 per cent in November over October and continued to gain in early December, according to preliminary reports. There was some reduction in prices at the mine as protracted

warm weather kept domestic sales low. Industrial coals were reported to be moving fairly well.

Crude oil production in Arkansas, Illinois, Indiana, and Kentucky in November showed no change from a month or year earlier.

## Construction

Construction activity, in the district and in the nation, slowed less than seasonally in November. Expenditures for new construction in the nation declined 7 per cent and construction contracts awarded 5 per cent from October, less than the usual amounts. However, both measures of activity were somewhat greater than in November, 1951. Total housing starts in November dropped 15 per cent from October but the seasonally adjusted annual rate was unchanged from the advanced October level.

In the district construction contracts awarded in November, as reported by F. W. Dodge Corporation, were \$96 million, up from October and 30 per cent greater than in November, 1951. November awards were augmented by several large contracts for manufacturing buildings, which partially offset substantial declines from October in awards for residential building and facilities for utilities. For the first eleven months, work contracted was valued at \$1,500 million, a gain of 20 per cent from the \$1,254 million awarded in the same months of 1951. With \$1,333 million contracts awarded in the entire year of 1951, the eleven month total alone was thus able to make 1952 a record year in construction.

### CONSUMPTION OF ELECTRICITY—DAILY AVERAGE \*

(K.W.H. in thous.)	Nov., 1952	Oct., 1952	Nov., 1951	November, 1952 compared with	
	K.W.H.	K.W.H.	K.W.H.	Oct., '52	Nov., '51
Evansville.....	923	811	664	+14%	+39%
Little Rock.....	263	215	228	+22	+15
Louisville.....	4,237	3,579	3,940	+18	+ 8
Memphis.....	1,625	1,374	1,531	+18	+ 6
Pine Bluff.....	367	235	527	+56	-30
St. Louis.....	5,385	4,726	4,896	+14	+10
Totals.....	12,800	10,940	11,786	+17%	+ 9%

\* Selected manufacturing firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Nov., '52	Oct., '52	Nov., '51	First Nine Days			11 mos. '52	11 mos. '51
			Nov., '52	Dec., '52	Dec., '51		
111,420	123,180	110,176	32,414	34,407	1,220,653	1,280,816	

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Nov., 1952	Oct., 1952	Nov., 1951	November, 1952 compared with	
				Oct., '52	Nov., '51
Arkansas.....	75.7	74.0	76.5	+ 2%	- 1%
Illinois.....	165.5	167.0	164.8	- 1	- 0-
Indiana.....	33.7	34.1	32.0	- 1	+ 5
Kentucky.....	31.2	31.2	33.9	- 0-	- 8
Total.....	306.2	306.3	307.2	- 0-%	- 0-%

### COAL PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Nov., '52	Oct., '52	Nov., '51	Nov., '52	Oct., '52	Nov., '51
147.5 P	121.7 P	184.6	134.1 P	113.7 P	167.8

### SHOE PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Oct., '52	Sept., '52	Oct., '51	Oct., '52	Sept., '52	Oct., '51
152.6 P	161.4	107.5	157.3 P	159.8	110.8

P—Preliminary.

## Trade

The pace of retail sales after an unusually good October faltered during November and in some lines declined contraseasonally. But it appeared at mid-December that Christmas buying would at least equal if not slightly exceed that of 1951.

### BUILDING PERMITS

Month of November, 1952

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1952	1951	1952	1951	1952	1951	1952	1951
Evansville.....	99	48	\$ 733	\$ 61	55	31	\$ 46	\$ 16
Little Rock.....	44	37	347	737	182	142	110	126
Louisville.....	108	159	715	1,135	62	50	237	59
Memphis.....	1,832	1,807	2,579	1,713	143	115	113	123
St. Louis.....	260	196	1,159	1,210	182	196	360	526
Nov. Totals.....	2,343	2,247	\$ 5,533	\$ 4,856	624	534	\$ 866	\$ 850
Oct. Totals.....	3,728	3,183	\$10,441	\$12,529	1,012	874	\$1,531	\$1,669

The downturn of November sales was most pronounced at district department and men's apparel stores and women's specialty shops where sales declined from those of both a month earlier and November, 1951. Furniture store sales totaled less than in October but were somewhat larger than a year ago. Much of the year-to-year gain was centered in furniture lines with sales of major appliances and television reportedly slower than anticipated. In the automobile line, indications were that November sales were not up to expectations even though new model introductions provided some stimulus.

The sales picture can be read in the percentage comparisons. Department stores sales during November dropped 6 per cent below those in October and were 4 per cent less than in November, 1951. The contraseasonal decline from October placed November seasonally adjusted daily sales at 106 per cent of the 1947-49 average. In comparison they were 114 per cent in October and 109 per cent in November, 1951. (The drop below 1951 sales occurred despite the fact that retailers started holiday promotions earlier this year.) On the basis of preliminary figures, sales in the second week preceding Christmas this year equaled the comparable prior peak week in the year 1950. In the 4 week period ended December 20, they were 2 per cent ahead of the comparable period in the previous year.

Inventories held by reporting retail lines on November 30 were not much changed from those a month earlier. In comparison to those held on November 30, 1951, they were slightly larger at department stores, somewhat less at apparel stores, and equal to those of a year ago at furniture stores.

The volume of orders outstanding at district department stores on November 30 dropped about one-tenth from that on October 31, but was 14 per cent larger than last year.

**WHOLESALE TRADE**

Line of Commodities	Net Sales		Stocks
	November, 1952 compared with Oct., '52	Nov., '51	November 30, 1952 compared with November 30, 1951
Automotive Supplies.....	-27%	-18%	- 1%
Drugs and Chemicals.....	-11	- 0 -	+11
Dry Goods.....	-48	-30	+25
Groceries.....	-20	- 7	+ 4
Hardware.....	-17	- 8	- 7
Tobacco and its Products.....	....	....	....
Miscellaneous.....	-27	- 4	- 9
<b>**Total All Lines.....</b>	<b>-24%</b>	<b>-12%</b>	<b>+ 4%</b>

\*Preliminary.

\*\*Includes certain items not listed above.

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover
	Nov., 1952 compared with Oct., '52	Nov., '51	11 mos. '52 to same period '51	Nov. 30, '52 comp. with Nov. 30, '51	Jan. 1 to Nov. 30 1952 1951
8th F.R. District.....	- 6%	- 4%	+ 2%	+ 2% <sup>g</sup>	3.42 <sup>g</sup> 3.12
Ft. Smith, Ark. <sup>1</sup> .....	- 3	- 5	+ 1	+12%	3.21 3.06
Little Rock, Ark.....	+ 1	- 3	+ 4	+ 5	3.41 3.01
Quincy, Ill.....	- 1	- 7	- 5	- 1	3.40 3.14
Evansville, Ind.....	- 9	+ 1	+ 8	.....	.....
Louisville, Ky.....	- 2	-11	+ 3	+13	3.53 3.54
Paducah, Ky.....	- 3	+13	+26	.....	.....
St. Louis Area <sup>1,2</sup> .....	- 8	- 5	+ 1	- 2	3.42 3.02
Springfield, Mo.....	- 7	+ 3	+ 2	+ 9	2.98 2.75
Memphis, Tenn.....	- 3	- 2	+ 4	+ 8	3.60 3.45
All other cities <sup>3</sup> .....	-13	- 1	+ 5	+14	2.91 2.86

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> Includes St. Louis, Clayton, Maplewood, Missouri; Alton and Belleville, Illinois.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

<sup>g</sup> **OUTSTANDING ORDERS** of reporting stores at the end of November, 1952, were 14 per cent larger than on the corresponding date a year ago.

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

Outstanding November 1, 1952, collected during November.

	Instalment Accounts		Excl. Instal. Accounts	
	%		%	
Fort Smith.....	48%	Quincy.....	20%	57%
Little Rock.....	16	St. Louis.....	20	59
Louisville.....	18	Other Cities.....	12	49
Memphis.....	22	8th F.R. Dist.....	20	51

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

8th Federal Reserve District

	Nov., 1952	Oct., 1952	Sept., 1952	Nov., 1951
Sales (daily average), unadjusted <sup>4</sup> .....	126	120	110	130
Sales (daily average), seasonally adjusted <sup>4</sup> .....	106	114	104	109
Stocks, unadjusted <sup>5</sup> .....	143 <sup>g</sup>	147	140	125
Stocks, seasonally adjusted <sup>5</sup> .....	130 <sup>g</sup>	130	132	114

<sup>4</sup> Daily average 1947-49=100.

<sup>5</sup> End of month average 1947-49=100.

<sup>g</sup> Estimated.

**SPECIALTY STORES**

	Net Sales			Stocks on Hand	Stock Turnover
	Nov., 1952 compared with Oct., '52	Nov., '51	11 mos. '52 to same period '51	Nov. 30, '52 comp. with Nov. 30, '51	Jan. 1 to Nov. 30 1952 1951
Men's Furnishings.....	- 5%	-8%	-0%	-9%	1.99 1.74
Boots and Shoes.....	-12	+ 1	+ 2	+ 7	3.72 3.67

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

Outstanding November 1, 1952, collected during November

Men's Furnishings.....	44%	Boots and Shoes.....	45%
------------------------	-----	----------------------	-----

Trading days: Nov., 1952—24; Oct., 1952—27; Nov., 1951—25.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	Nov., 1952 compared with Oct., '52	Nov., '51	Nov., 1952 compared with Oct., '52	Nov., '51	Nov., '52	Nov., '51
8th Dist. Total <sup>1</sup> .....	- 3%	+ 7%	- 0 -	- 0 -	16%	19%
St. Louis Area <sup>2</sup> .....	+ 1	+ 3	*	*	36	37
St. Louis.....	+ 3	+ 5	*	*	38	37
Louisville Area <sup>3</sup> .....	- 1	+17	- 1	- 4	12	14
Louisville.....	- 1	+25	- 0 -	- 6	11	13
Memphis.....	+ 7	+ 7	*	*	12	15
Little Rock.....	+ 2	+12	+ 2	+ 2	15	18
Springfield.....	-14	+12	+ 4	- 0 -	14	17
Fort Smith.....	-24	- 6	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Indiana.

<sup>2</sup> Includes St. Louis, Missouri; and Alton, Illinois.

<sup>3</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Nov., '52	Oct., '52	Nov., '51
Cash Sales.....	17%	17%	19%
Credit Sales.....	83	83	81
<b>Total Sales.....</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Banking and Finance

The money market continued tight during November and early December. Reflecting the tightness the average rate on accepted bids for Treasury bills moved up to 2.23 per cent (bills dated December 26), the highest level since the banking holiday in 1933. However, despite the pressure for funds, banks nationally and districtwise expanded total loans and investments more than usual during November. On the other hand, early in December business loans declined contraseasonally at district banks.

As a result of the growth in bank credit during November the money supply rose substantially, but use of the money supply was down somewhat from its high October level.

**District Banking**—Bank loans in the district expanded a substantial \$32 million during November, mostly at larger institutions, with a moderate increase at those of medium size. Loans declined, however, at banks in centers under 15,000 population.

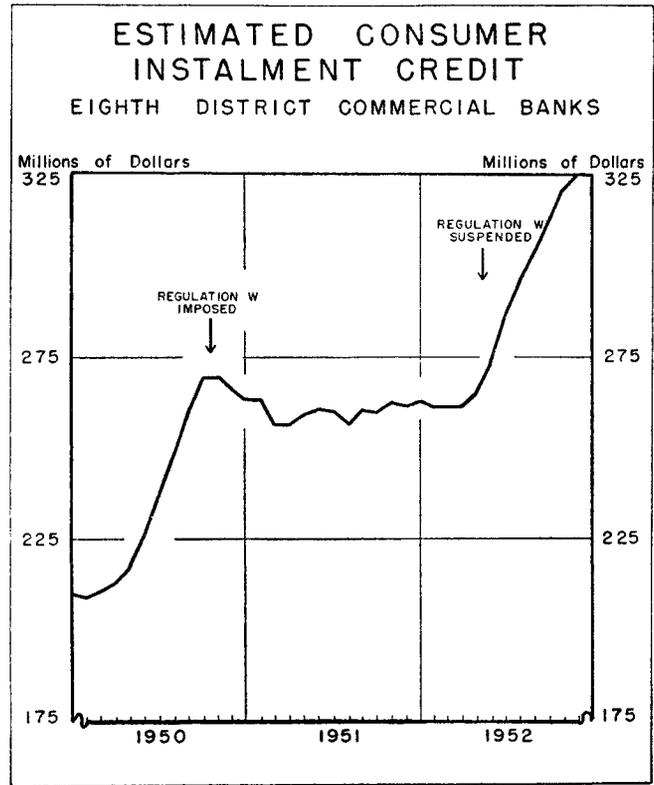
The bulk of the loan growth at the larger city banks was to businesses. This growth, shared in by each of the six reporting centers, was more than seasonal at all cities except Memphis. The increased demand for funds came largely from food and metal manufacturers and trade concerns.

Consumer loans rose moderately during the month. Automobile and repair and modernization loans accounted for the major portion of the growth.

Investment holdings rose \$53 million during November, with the increase divided about equally between urban and rural banks. Virtually all the net purchases at the larger banks were of short-term Government securities.

In contrast with the loan expansion in November, preliminary data for December indicate a leveling or some shrinkage. In the first three weeks of December, business loans at district weekly reporting member banks declined. Usually loans increase in these weeks. Seasonally adjusted the loan decline was heaviest at Memphis where commodity dealers repaid cotton loans.

**Banking Nationally**—Nationally, also, bank credit rose substantially during November. Business loans were up about double the amount normal for this time. The rise was dispersed among most types of businesses. Along with a seasonal increase in loans to food processors, commodity dealers and trade concerns, there was increased borrowing by metal manufacturers, petroleum and chemical firms, sales finance companies, and public utilities.



Loans to finance consumers, real estate and securities were also up over the month. The loan growth was fairly sharp to brokers and dealers for purchasing or carrying U. S. Government securities. Investment portfolios were increased substantially, reflecting heavy purchases of the new Treasury tax-anticipation bills.

Largely as a result of the expansion in bank credit, offset in part by a growth in Treasury deposits, the money supply held by individuals and

### DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Nov., 1952	Oct., 1952	Nov., 1951	November, 1952 compared with	
				Oct., '52	Nov., '51
El Dorado, Ark.....	\$ 24,188	\$ 28,387	\$ 27,633	— 15%	— 13%
Fort Smith, Ark.....	50,609	56,185	46,668	— 10	+ 8
Helena, Ark.....	13,222	15,168	13,938	— 13	+ 5
Little Rock, Ark.....	154,688	184,772	150,674	— 16	+ 3
Pine Bluff, Ark.....	47,945	66,645	48,099	— 28	— 0
Texarkana, Ark.*.....	17,391	19,695	16,108	— 12	+ 8
Alton, Ill.....	31,302	35,150	28,896	— 11	+ 8
E. St. L.-Nat. S. Y., Ill..	121,768	148,676	138,155	— 18	— 12
Quincy, Ill.....	34,849	40,782	35,429	— 15	+ 2
Evansville, Ind.....	151,322	158,558	139,638	+ 5	+ 8
Louisville, Ky.....	668,021	729,505	666,605	+ 9	— 0
Owensboro, Ky.....	45,987	52,054	42,515	— 12	+ 8
Paducah, Ky.....	43,253	47,936	32,808	— 10	+ 32
Greenville, Miss.....	26,115	31,054	31,969	— 16	— 18
Cape Girardeau, Mo.....	13,476	13,916	12,866	+ 3	+ 5
Hannibal, Mo.....	9,569	10,771	9,906	— 11	— 4
Jefferson City, Mo.....	61,105	57,716	57,034	+ 6	+ 7
St. Louis, Mo.....	1,830,428	2,193,740	1,873,676	— 17	— 2
Sedalia, Mo.....	11,685	12,748	11,421	+ 8	+ 2
Springfield, Mo.....	61,714	77,402	66,706	— 20	+ 8
Jackson, Tenn.....	24,087	28,828	24,287	— 17	— 1
Memphis, Tenn.....	708,647	883,046	833,825	— 20	— 15
Totals.....	\$4,151,371	\$4,892,734	\$4,308,856	— 15%	— 4%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$36,968.

businesses rose over a billion dollars during November. Treasury deposits increased in the month, despite an operating deficit, chiefly because of net security sales. The growth in the money supply of individuals and businesses was about equally divided between checking accounts and currency. Savings accounts declined slightly, on balance, due largely to withdrawals of Christmas Club funds.

## Agriculture

By December, harvesting of 1952 crops, as well as fall seedings of winter wheat and pastures, largely had been completed in the district. Rains had improved wheat prospects materially in both the district and the important Plains area. And favorable weather in Kentucky had permitted stripping of the burley tobacco crop, which was estimated to be 55 to 60 per cent sold by the time of the closing of auctions for the Christmas holidays. By year's end, a total national crop production for 1952 second only to that of 1948 was achieved even though drouth had a detrimental effect over wide areas.

**Wheat Prospects**—The drouth also was showing its effect on 1953 production. Despite larger acreage seeded to winter wheat in district states, 1953 production based on December 1 conditions was expected to be about one-fifth below the large 1952 crop. Increased production was indicated in Arkansas and Mississippi, due to increased acreage. However, in the important district wheat-producing states, Illinois, Indiana, and Missouri, indicated production was 17, 20 and 25 per cent, respectively, less than the 1952 crop.

### WINTER WHEAT ACREAGE AND INDICATED PRODUCTION, EIGHTH DISTRICT STATES, DECEMBER 1, 1952

(In thousands)	Acreage Seeded		Production	
	Crop of 1953	Per cent change from 1952	Crop of 1953	Per cent change from 1952
Arkansas.....	50	+ 67%	450	+14%
Illinois.....	2,032	+ 10	34,544	-17
Indiana.....	1,556	- 0 -	29,564	-20
Kentucky.....	365	+ 12	3,650	-21
Mississippi.....	25	+108	300	+28
Missouri.....	1,794	+ 18	19,734	-25
Tennessee.....	246	+ 6	3,198	-20
United States.....	55,361	- 1	611,141	-42

Source: Crop Production USDA, December, 1952.

The district outlook, however, was much more favorable than that nationally. Although the na-

### EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Nov., 1952	Change from:		Nov., 1952	Change from:		Nov., 1952	Change from:	
		Oct., 1952	Nov., 1951		Oct., 1952	Nov., 1951		Oct., 1952	Nov., 1951
		to	to		to	to		to	to
<b>Assets</b>	Nov., 1952	Nov., 1952	Nov., 1952	Nov., 1952	Nov., 1952	Nov., 1952	Nov., 1952	Nov., 1952	Nov., 1952
1. Loans and Investments.....	\$4,606	\$+ 85	\$+ 330	\$2,719	\$+ 54	\$+ 201	\$1,887	\$+ 31	\$+ 129
a. Loans.....	2,108	+ 32	+ 172	1,423	+ 29	+ 108	685	+ 3	+ 64
b. U.S. Government Obligations.....	2,096	+ 50	+ 130	1,101	+ 22	+ 73	995	+ 28	+ 57
c. Other Securities.....	402	+ 3	+ 28	195	+ 3	+ 20	207	- 0 -	+ 8
2. Reserves and Other Cash Balances.....	1,534	- 4	+ 89	944	+ 3	+ 59	590	- 7	+ 30
a. Reserves with the F. R. bank.....	766	+ 18	+ 50	500	+ 11	+ 33	266	+ 7	+ 17
b. Other Cash Balances <sup>3</sup> .....	768	- 22	+ 39	444	- 8	+ 26	324	- 14	+ 13
3. Other Assets.....	51	- 3	- 2	33	- 0 -	+ 2	18	- 3	- 4
4. Total Assets.....	<u>\$6,191</u>	<u>\$+ 78</u>	<u>\$+ 417</u>	<u>\$3,696</u>	<u>\$+ 57</u>	<u>\$+ 262</u>	<u>\$2,495</u>	<u>\$+ 21</u>	<u>\$+ 155</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,576	\$+ 25	\$+ 230	\$2,810	\$+ 11	\$+ 139	\$1,766	\$+ 14	\$+ 91
a. Deposits of Banks.....	778	- 40	- 7	728	- 38	- 8	50	- 2	+ 1
b. Other Demand Deposits.....	3,798	+ 65	+ 237	2,082	+ 49	+ 147	1,716	+ 16	+ 90
6. Time Deposits.....	1,049	- 3	+ 59	504	- 3	+ 21	545	- 0 -	+ 38
7. Borrowings and Other Liabilities.....	176	+ 54	+ 101	160	+ 48	+ 92	16	+ 6	+ 9
8. Total Capital Accounts.....	390	+ 2	+ 27	222	+ 1	+ 10	163	+ 1	+ 17
9. Total Liabilities and Capital Accounts.....	<u>\$6,191</u>	<u>\$+ 78</u>	<u>\$+ 417</u>	<u>\$3,696</u>	<u>\$+ 57</u>	<u>\$+ 262</u>	<u>\$2,495</u>	<u>\$+ 21</u>	<u>\$+ 155</u>

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

tional seeded acreage is but 1 per cent less than that of 1952, the widespread drouth has dimmed prospective yields for 1953. Based on December 1 condition, the 1953 crop will be 611 million bushels, compared with 1,052 million bushels in 1952. Prospects are more uncertain than usual, however, even though rains in November and December improved conditions over much of the wheat-producing area.

**Prices**—Agricultural prices received by farmers continued the decline begun in August. The mid-November index of prices received was 6 per cent below August levels and nearly 10 per cent below January prices. Despite the lower prices received, agricultural income in the Eighth District in September and October was above farm income a year earlier. This was due largely to the good district cotton, rice, and soybean crops and earlier harvesting. Nationally, however, farm income during October and November fell below 1951 levels.

**CASH FARM INCOME**

(In thousands of dollars)	Oct., 1952	October, 1952 compared with		10 month total Jan. thru Oct. 1952 compared with		
		Sept., 1952	Oct., 1951	1952	1951	1950
Arkansas.....	\$146,015	+75%	+25%	\$ 470,047	+23%	+42%
Illinois.....	243,533	+52	-7	1,623,544	-2	+16
Indiana.....	132,083	+38	-9	904,764	-4	+15
Kentucky.....	42,358	+4	-15	404,366	-0	+11
Mississippi.....	133,774	+30	+15	426,092	+19	+38
Missouri.....	167,696	+48	+5	903,915	-3	+16
Tennessee.....	79,921	+21	+5	399,918	+4	+28
Totals.....	\$945,380	+43%	+2%	\$5,132,646	+2%	+20%

**RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS**

	Receipts			Shipments		
	Nov., 1952	November, '52 compared with		Nov., 1952	November, '52 compared with	
	Oct., '52	Nov., '51		Oct., '52	Nov., '51	
Cattle and calves....	119,186	-37%	+18%	69,527	-27%	+86%
Hogs.....	259,420	+4	-22	87,083	+135	+16
Sheep.....	36,210	-41	-0-	11,067	-45	+34
Totals.....	414,816	-17%	-12%	167,677	+10%	+39%



# Survey of Current Conditions

**B**USINESS ACTIVITY in the Eighth District during the first six weeks of the new year continued at a high level, after allowance for the usual seasonal changes. In some lines, activity was slightly greater than in December—for example, manufacturing employment and production increased. The automobile industry produced more cars and most other industries continued output at substantial rates. In other lines where activity is normally low in the first part of the year, the drop was about seasonal—for example, trade and business loans. But there were a few negative signs, too—construction contracts awarded dropped below year ago levels (in contrast to national experience), coal and oil output slipped, and wholesale prices continued to decline.

Industrial activity in the nation increased further in January to a new high for the postwar period. The Federal Reserve Board's index of industrial production for the month was estimated at 237 per cent of the 1935-39 average, compared with 235 per cent in December and 221 per cent in January, 1952. Output of passenger automobiles increased about 10 per cent from December, but activity in industries producing other consumer goods and producers' and military equipment changed little following the rapid expansion last fall. Steel ingot output continued to rise in January, to a scheduled rate close to the annual capacity of 117.5 million tons, but production of fuels declined.

While the volume of construction put in place in the nation during January was about the same as a year earlier, the amount of new work contracted for in the month increased substantially. The gain resulted from larger awards for industrial plant, public and commercial buildings and for private housing projects.

Nonfarm employment in the nation dropped from December as a result of seasonal layoffs of temporary workers in retail trade and post offices and further curtailment of outdoor activities, such as construction. However, total nonfarm employment was about 1.3 million greater than a year earlier.

The high level of economic activity in the first part of the year stemmed from strong consumer demand, continued large outlays for plant and equipment, houses and defense goods and some inventory

accumulation. The high level of consumer demand in turn reflected the growing personal income and continued use of instalment credit. Coincident with the high rate of industrial activity and substantial consumer demand, liquid savings accumulated (as evidenced by the January growth in time deposits and larger sales of United States Savings Bonds) and wholesale price indexes continued to decline.

The softness of wholesale and spot commodity prices evident during 1952 continued through the first six weeks of the new year. Cattle prices continued downward, reflecting the pressure of increased marketings. Hog prices, however, rose slightly during the period as supplies fell below year earlier levels and because of the decreased fall pig crop. Raw industrial commodity prices were reduced 3 per cent during January. Lead and zinc prices were cut three times in the first five weeks of the year. The adjustments reflected lagging demand and the increased availability of zinc on world markets following resumption of free trading in London. Grain prices also weakened further in the face of large crop surpluses and sagging export demand. But cotton prices increased as farmers were reportedly placing larger quantities under the Government loan program and mill buying expanded moderately.

## WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	January, 1953 compared with				
	Jan., '53	Dec., '52	Jan., '52	Dec., '52	Jan., '52
All Commodities.....	109.9	109.6	113.0	- 0 - %	- 3 %
Farm Products.....	99.8	99.6	110.0	- 0 -	- 9
Foods.....	105.5	104.3	110.1	+ 1	- 4
Other.....	112.9	112.9	114.3	- 0 -	- 1

## CONSUMER PRICE INDEX \*

Bureau of Labor Statistics (1947-49=100)	January, 1953 compared with				
	Jan., '53	Dec., '52	Jan., '52	Dec., '52	Jan., '52
United States.....	113.9	114.1	113.1	- 0 - %	+ 1 %

## RETAIL FOOD \*

Bureau of Labor Statistics (1947-49=100)	January, 1953 compared with				
	Jan., '53	Dec., '52	Jan., '52	Dec., '52	Jan., '52
U. S. (51 cities).....	113.1	113.8	115.0	- 1 %	- 2 %
St. Louis.....	113.5	114.9	116.6	- 1	- 3

\* New series.

Price controls were lifted from a number of commodities in early February and removal of most other such controls was planned in the near future. Wage and salary controls were also ended.

## Employment

The labor markets in both the district and the nation reflected primarily the seasonal movements in business activity during January. Nonfarm employment in the nation declined about seasonally from December reflecting some curtailment in outdoor work and the usual post-holiday reduction in retail trade and postal activity. At the same time it was the highest on record for the month of January and exceeded that of January, 1952, by about 1.3 million.

Unemployment in the nation increased seasonally from December to January, and was estimated at 1.9 million, but remained less than a year earlier. The proportion of the labor force which was unemployed was only 3.0 per cent in January; a year earlier it was 3.3 per cent.

In the district unemployment also increased from December to January but remained below year earlier levels. For the week ended January 17, there were 178,000 unemployment insurance claims filed under programs of the seven district states, compared with 129,000 claims filed four weeks earlier and 214,000 a year earlier. The change in unemployment claimed in the district states from both a month earlier and a year earlier was comparable to national experience. In St. Louis and Louisville claims for unemployment insurance in January were about one-fourth less than those a year earlier.

Nonfarm employment in the Louisville metropolitan area dropped seasonally from mid-December to mid-January, but remained 6 per cent above the number at work in January, 1952. The drop from December resulted largely from seasonal layoffs in whiskey bottling, retail trade and post offices. Partially offsetting these layoffs was the seasonal pickup in employment at tobacco plants and the hiring of additional workers at chemical plants.

Manufacturing employment in St. Louis gained slightly from December to January, as hirings continued at defense plants, automobile assembly plants increased operations, and other industries changed little. Continued hiring by refrigerator plants raised manufacturing employment at mid-January in Evansville slightly above December, despite a labor dispute idling 700 in a metal working plant and a decline in automobile assembly.

## Industry

Manufacturing output in the district in January and early February on the whole increased slightly from the high level it had reached in December. Output of minerals was slightly reduced, due partly to the lag in demand for heating fuels caused by the mild winter weather.

**Manufacturing**—A high level of operations in January was shown in most district industries according to the report of use of electric power at selected firms in six district cities. Four of the industries—paper and allied products, rubber, primary metals, and nonelectrical machinery—used more power than a month ago or than during January, 1952. In addition, a sizable increase in use of power over a year ago was shown by manufacturers of lumber and wood products, chemicals, electrical machinery and transportation equipment, although daily average consumption changed little from December levels.

### CONSUMPTION OF ELECTRICITY—DAILY AVERAGE\*

(K.W.H. in thous.)	Jan., 1953	Dec., 1952	Jan., 1952	January, 1953 compared with	
	K.W.H.	K.W.H.	K.W.H.	Dec., '52	Jan., '52
Evansville.....	977	919	782	+ 6%	+ 25%
Little Rock.....	218	204	199	+ 7	+ 10
Louisville.....	4,117	3,977	3,750	+ 4	+ 10
Memphis.....	1,569	1,429	1,394	+ 10	+ 13
Pine Bluff.....	452	323	519	+ 40	- 13
St. Louis.....	5,219	5,105	4,749	+ 2	+ 10
Totals.....	12,552	11,957	11,393	+ 5%	+ 10%

\* Selected manufacturing firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Jan., '53	Dec., '52	Jan., '52	First Nine Days		1 mo. '53	1 mo. '52
			Feb., '53	Feb., '52		
109,490	106,130	110,584	33,492	35,189	109,490	110,584

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Jan., 1953	Dec., 1952	Jan., 1952	January, 1953 compared with	
				Dec., '52	Jan., '52
Arkansas.....	76.2	76.4	78.3	- 0 -%	- 3%
Illinois.....	164.0	169.5	168.9	- 3	- 3
Indiana.....	33.6	33.2	30.7	+ 1	+ 9
Kentucky.....	30.1	30.9	34.2	- 3	- 12
Total.....	303.9	310.0	312.1	- 2%	- 3%

### COAL PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Jan., '53	Dec., '52	Jan., '52	Jan., '53	Dec., '52	Jan., '52
158.5 P	172.2 P	180.6	136.6 P	165.6 P	155.7

### SHOE PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Dec., '52	Nov., '52	Dec., '51	Dec., '52	Nov., '52	Dec., '51
151.1 P	150.0	121.2	154.2 P	151.5	123.6

P—Preliminary.

The steel ingot production rate at mills in the St. Louis area rose 1 point from December to January, but dropped 3 points to 94 per cent of capacity for the first three weeks of February. This was still well above the 75 per cent of capacity for January, 1952, and the 83 per cent during the three weeks thereafter. Automobile assembly increased over December and was also well ahead of year-earlier levels. And the number of livestock slaughtered in January in the St. Louis area was 5 per cent above the number in 1952, on a weekly average basis, due primarily to high beef production.

Shoe output continued high. National production during January was estimated at 5 per cent more than a year earlier. District manufacturers also reported a rise in output.

Whiskey distilling continued at a low level, with 22 of the 61 Kentucky distilleries in operation at the end of January, compared with 23 the previous month and 30 at the end of January, 1952.

The average weekly production of Southern pine in January dropped 5 per cent compared with a year ago, while the operating rate at Southern hardwood mills increased 11 per cent. The total volume of production was moving rather readily into consumption and stocks at mills were holding at about the same level.

Movement of lead from a position of scarcity in early 1952 to current abundance, was evidenced in January when one of two primary lead smelting furnaces located at Herculaneum, Missouri, was shut down. This is expected to cut off about 10 per cent of the national production of refined lead.

**Mineral Production**—The tonnage produced at district coal mines continued to be low for the season, as mild weather continued to reduce home heating requirements. But many mines had full employment schedules to meet industrial demand. Preliminary figures for January show a 4 per cent decline from December and a 16 per cent drop from a year ago.

Crude oil production in district producing states also declined somewhat from a month and year earlier. Continued pressure of accumulated stocks was reflected in a further drop in the price of crude in the mid-continent field during February. In Texas, allowable production was scheduled to be reduced in March for the third time since December.

Recent reports indicate new oil and gas resource possibilities in the district. A two-well gas field was opened in Monroe County, Mississippi, last year and a second gas field has recently been completed. In addition, some gas testing has been reported in adjacent Chickasaw County.

## Construction

The construction industry started the new year by continuing to put a record value of work in place for the month, and contracting for substantially more new work than it did either a month or a year earlier. Construction costs remained stable in January and February, according to the Engineering News Record, but were about 7 per cent higher than a year earlier.

The value of new construction put in place during January declined 8 per cent from December, but remained 6 per cent over January, 1952. This increase dollarwise over a year ago probably represented little change in physical terms, since construction costs increased by approximately the same percentage in the period. The high level of activity during January reflected substantial gains over a year earlier in private residential building, plus gains in private commercial building and in major types of construction for public agencies. New non-farm housing started in January declined 7 per cent from the advanced December level to 71,000 units, but was still 9 per cent higher than in January, 1952.

Contracts awarded for new construction in the district contrasted sharply with national experience. In the Eighth Federal Reserve District, construction contracts awarded during January, as reported by the F. W. Dodge Corporation, declined from \$79 million in December to \$56 million in January. The decline was general with all major types of construction sharing in the loss.

### BUILDING PERMITS

(Cost in thousands)	Month of January, 1953								
	New Construction				Repairs, etc.				
	Number	Cost	Number	Cost	Number	Cost	Number	Cost	
1953	1952	1953	1952	1953	1952	1953	1952	1953	
Evansville.....	60	44	\$ 174	\$ 118	47	26	\$ 34	\$ 18	18
Little Rock.....	63	51	688	434	121	164	187	157	157
Louisville.....	70	95	1,218	658	44	58	102	131	131
Memphis.....	1,359	1,609	3,094	2,659	145	165	184	157	157
St. Louis.....	175	176	1,311	1,418	187	156	456	379	379
Jan. Totals.....	1,727	1,975	\$ 6,485	\$ 5,287	544	569	\$ 963	\$ 842	842
Dec. Totals.....	2,165	1,709	\$ 6,668	\$ 4,191	473	479	\$ 792	\$ 785	785

### WHOLESALE TRADE

Line of Commodities	Net Sales		Stocks
	January, 1953	January 31, 1953	
Data furnished by Bureau of Census, U.S. Dept. of Commerce*	Dec., '52	Jan., '52	compared with January 31, 1952
Automotive Supplies.....	+14%	+11%	— %
Drugs and Chemicals.....	+15	+17	+ 1
Dry Goods.....	+22	+13	+ 5
Groceries.....	+ 3	— 1	+ 2
Hardware.....	—20	— 4	—11
Tobacco and its Products.....	—20	— 1	+ 5
Miscellaneous.....	+18	+11	+ 9
**Total All Lines.....	—10%	— 0-%	— 2%

\*Preliminary.

\*\*Includes certain items not listed above.

# Trade

## DEPARTMENT STORES

	Net Sales		Stocks on Hand		Stock Turnover	
	Jan., 1953		Jan. 31, '53		Jan. 1 to Jan. 31, 1953	
	compared with Dec., '52	Jan., '52	comp. with Jan. 31, '52	Jan. 31, '52	1953	1952
8th F.R. Dist. Total.....	-55% <sup>P</sup>	+ 1% <sup>P</sup>	N.A.	N.A.	N.A.	N.A.
Ft. Smith, Ark. <sup>1</sup> .....	-62	- 2	- 1%		.27	.28
Little Rock Area, Ark. <sup>2</sup> .....	-58	+ 1	+ 5		.26	.27
Quincy, Ill.....	-61	- 7	+ 8		.25	.29
Evansville Area, Ind. <sup>2</sup> .....	-59	+20				
Louisville Area, Ky., Ind. <sup>2</sup> .....	+63	- 0-	+ 8		.26	.29
St. Louis Area, Mo., Ill. <sup>2</sup> .....	-51 <sup>P</sup>	+ 1 <sup>P</sup>	N.A.	N.A.	N.A.	N.A.
Springfield Area, Mo. <sup>2</sup> .....	-58	- 6	+ 4		.22	.23
Memphis Area, Tenn. <sup>2</sup> .....	-57	- 5	+ 6		.30	.34
All Other Cities <sup>3</sup> .....	-42	+18	+12		.20	.21

<sup>P</sup>—Preliminary, N.A.—Not available—Final figures available upon request.

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas. The area designations follow the definition of Standard Metropolitan Areas established by the Bureau of the Budget on October 17, 1950. The areas consist of the following counties: Little Rock Area—Pulaski County, Arkansas; Evansville Area—Vanderburgh County, Indiana; Louisville Area—Jefferson County, Kentucky, Clark and Floyd Counties, Indiana; St. Louis Area—St. Louis City, St. Charles and St. Louis Counties, Missouri, Madison and St. Clair Counties, Illinois; Springfield Area—Greene County, Missouri; Memphis Area—Shelby County, Tennessee.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

### PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding January 1, 1953, collected during January

	Instalment Accounts		Excl. Instal. Accounts	
	%	%	%	%
Fort Smith.....	26	46	26	67
Little Rock.....	14	43	N.A.	N.A.
Louisville.....	19	42	12	42
Memphis.....	20	42	N.A.	N.A.

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Jan., 1953	Dec., 1952	Nov., 1952	Jan., 1952
Sales (daily average), unadjusted <sup>4</sup> .....	79 <sup>P</sup>	179	126	81
Sales (daily average), seasonally adjusted <sup>4</sup> .....	108 <sup>P</sup>	113	106	111
Stocks, unadjusted <sup>5</sup> .....	N.A.	112	143	92
Stocks, seasonally adjusted <sup>5</sup> .....	N.A.	128	130	106

<sup>4</sup>Daily average 1947-49=100

<sup>5</sup>End of Month Average 1947-49=100

### SPECIALTY STORES

	Net Sales		Stocks on Hand		Stock Turnover	
	Jan., 1953		Jan. 31, '53		Jan. 1 to Jan. 31, 1953	
	compared with Dec., '52	Jan., '52	comp. with Jan. 31, '52	Jan. 31, '52	1953	1952
Men's Furnishings.....	-58%	-4%	+ 2%		.19	.19
Boots and Shoes.....	-50	+7	+15		.28	.29

### PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding Jan. 1, 1953, collected during January

Men's Furnishings.....	45%	Boots and Shoes.....	45%
------------------------	-----	----------------------	-----

Trading days: Jan., 1953—26; Dec., 1952—26; Jan., 1952—26.

N.A.—Not Available, <sup>P</sup>—Preliminary—Final figures available upon request.

### RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	Jan., 1953		Jan., 1953		of Collections	
	compared with Dec., '52	Jan., '52	compared with Dec., '52	Jan., '52	Jan., '53	Jan., '52
8th Dist. Total <sup>1</sup> .....	-47%	+ 6%	+ 2%	+ 4%	17%	18%
St. Louis.....	-56	+ 1	+ 3	+ 7	38	35
Louisville Area <sup>2</sup> .....	-47	+15	+ 4	- 7	12	14
Louisville.....	-47	+16	+ 3	- 8	11	13
Memphis.....	-43	+10	*	*	12	13
Little Rock.....	-48	-12	+13	+ 6	17	20
Springfield.....	-35	+14	+ 2	+ 4	16	17
Fort Smith.....	-49	- 5	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Indiana.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

Consumer spending at reporting district retail stores during January dropped seasonally from that in December, but was little changed from its January, 1952 level. Department store, women's specialty and furniture store sales were at a slightly higher level than a year ago but men's wear store sales failed to equal those in January, 1952. Consumers' response to traditional clearances and seasonal promotions was generally encouraging during January except around midmonth when unfavorable shopping weather was encountered in some portions of the district.

At district department stores, January sales dropped somewhat more than seasonally from those in December but were slightly higher than a year ago. At these stores, consumers apparently concentrated on nondurable "white goods" buying. Major appliance sales totaled somewhat less than a year ago, while slight gains were registered in household textiles divisions. Women's apparel and accessories division sales totaled somewhat under those last year, while men's wear departments about equaled those last year. In the home furnishings division, sales were considerably under those a year ago with sales of television receivers registering the largest decline.

Consumers were also selective in their buying at furniture stores. At reporting stores, total sales volume in January was better than a year ago. More consumer interest was shown in furniture and home-furnishings lines of merchandise. Sales of some major appliances did not equal those of a year ago.

In the St. Louis area, women's specialty store sales increased slightly over those in January, 1952. At men's furnishings stores sales dropped below those last year.

Inventories held by reporting retail lines on January 31 were not much changed from those held a year earlier. At department stores and furniture stores, inventories were somewhat larger than last year. At women's specialty shops, inventories were below a year ago, and at men's wear stores were at about the same levels as last year.

The volume of outstanding orders by district department stores on January 31 was considerably larger than a year earlier. Furniture store commitments at the January shows were also somewhat above those last year, according to trade reports.

### PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Jan., '53	Dec., '52	Jan., '52
Cash Sales.....	17%	21%	20%
Credit Sales.....	83	79	80
Total Sales.....	100%	100%	100%

## Banking and Finance

Eighth District member banks were under pressure for funds during January and early February, as demand deposits declined sharply due to a drain of funds. Nevertheless, they expanded their credit.

Another striking feature of the six-week period was further evidence that individuals are continuing to save at a high level. Time deposits at district banks continued to climb and sales of Savings Bonds were up substantially.

**District Banking**—Reserve positions of Eighth District member banks remained under pressure during January and early February. In addition to the general tightness of these positions as the period began, banks lost reserves over the period from a flow of funds to other districts and from Treasury operations. Partially offsetting these drains was a seasonal flow of currency into banks. To obtain funds to adjust their reserve positions, banks increased their borrowings sharply from both their correspondents and the Federal Reserve Bank.

Despite the pressure on reserve positions bank credit rose moderately during January and early February at district member banks. The growth centered in Government securities. Other investment holdings declined moderately in the six weeks. Total loans were virtually unchanged as a sharp expansion in advances to banks was matched by a contraction in all other types of lending.

Demand deposits at district member banks declined \$227 million (5 per cent) during January. The drop, which centered at urban banks, was largely caused by a heavy net outflow of funds. This outflow was occasioned primarily by withdrawal of deposits by correspondent banks, tax payments by individuals and businesses, Treasury calls on Tax and Loan Accounts, and an adverse balance of transactions with other districts. The decline at the rural banks also reflected, in part, the narrowing of farm profit margins.

### DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Jan., 1953	Dec., 1952	Jan., 1952	January, 1953 compared with	
				Dec., '52	Jan., '52
El Dorado, Ark.....	\$ 30,683	\$ 29,737	\$ 31,734	+ 3%	- 3%
Fort Smith, Ark.....	51,230	51,429	47,747	- 0	+ 7
Helena, Ark.....	10,454	10,532	10,381	- 1	+ 1
Little Rock, Ark.....	161,400	173,814	145,536	- 7	+ 11
Pine Bluff, Ark.....	40,183	43,909	41,258	- 9	- 3
Texarkana, Ark.*.....	19,148	19,112	16,530	- 0	+ 16
Alton, Ill.....	33,339	36,490	30,490	- 9	+ 9
E.St.L.-Nat.S.Y.,Ill....	136,192	151,200	138,287	- 10	- 2
Quincy, Ill.....	36,951	36,433	33,842	+ 1	+ 9
Evansville, Ind.....	171,578	169,227	140,936	+ 1	+ 22
Louisville, Ky.....	725,928	808,412	687,396	- 10	+ 6
Owensboro, Ky.....	49,867	51,569	43,510	- 3	+ 15
Paducah, Ky.....	45,118	52,139	34,318	- 14	+ 31
Greenville, Miss.....	30,281	29,585	28,956	+ 2	+ 5
Cape Girardeau, Mo.....	16,096	14,658	13,568	+ 10	+ 19
Hannibal, Mo.....	10,173	10,349	9,524	- 2	+ 7
Jefferson City, Mo.....	112,810	51,486	73,104	+119	+ 54
St. Louis, Mo.....	2,026,184	2,322,108	1,940,929	- 13	+ 4
Sedalia, Mo.....	11,709	13,257	11,824	- 12	- 1
Springfield, Mo.....	69,288	70,545	69,775	- 2	- 1
Jackson, Tenn.....	22,357	23,497	22,456	- 5	- 1
Memphis, Tenn.....	730,157	768,824	737,182	- 5	- 1
Totals.....	\$4,541,126	\$4,938,312	\$4,309,283	- 8%	+ 5%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$40,375.

### EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)

Assets	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Jan., 1953	Change from:		Jan., 1953	Change from:		Jan., 1953	Change from:	
		Dec., 1952	Jan., 1952		Dec., 1952	Jan., 1952		Dec., 1952	Jan., 1952
1. Loans and Investments.....	\$4,613	\$+ 44	\$+320	\$2,708	\$+ 32	\$+188	\$1,905	\$+ 12	\$+132
a. Loans.....	2,073	+ 3	+154	1,393	+ 7	+ 91	680	- 4	+ 63
b. U.S. Government Obligations.....	2,147	+ 44	+150	1,127	+ 25	+ 87	1,020	+ 19	+ 63
c. Other Securities.....	393	- 3	+ 16	188	- 0 -	+ 10	205	- 3	+ 6
2. Reserves and Other Cash Balances.....	1,451	-151	+ 31	882	-123	+ 13	569	- 28	+ 18
a. Reserves with the F. R. bank.....	749	+ 21	+ 27	483	+ 16	+ 12	266	+ 5	+ 15
b. Other Cash Balances <sup>3</sup> .....	702	-172	+ 4	399	-139	+ 1	303	- 33	+ 3
3. Other Assets.....	54	- 0 -	+ 3	32	- 0 -	- 0 -	22	- 0 -	+ 3
4. Total Assets.....	\$6,118	\$-107	\$+354	\$3,622	\$- 91	\$+201	\$2,496	\$- 16	\$+153
Liabilities and Capital									
5. Gross Demand Deposits.....	\$4,510	\$-227	\$+184	\$2,747	\$-200	\$+ 91	\$1,763	\$- 27	\$+ 93
a. Deposits of Banks.....	783	- 89	+ 2	737	- 87	- 0 -	46	- 2	+ 2
b. Other Demand Deposits.....	3,727	-138	+182	2,010	-113	+ 91	1,717	- 25	+ 91
6. Time Deposits.....	1,057	+ 2	+ 58	504	- 2	+ 19	553	+ 4	+ 39
7. Borrowings and Other Liabilities.....	156	+114	+ 81	145	+109	+ 78	11	+ 5	+ 3
8. Total Capital Accounts.....	395	+ 4	+ 31	226	+ 2	+ 13	169	+ 2	+ 18
9. Total Liabilities and Capital Accounts.....	\$6,118	\$-107	\$+354	\$3,622	\$- 91	\$+201	\$2,496	\$- 16	\$+153

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

**Savings Bonds**—In recent months the Treasury's Savings Bond program has been more successful. During 1952 redemptions of these Bonds exceeded sales in each month of the year, as was the case in 1951. However, net redemptions were below the year-ago level during each month last year, and total net redemptions in 1952 (\$915 million) were only 54 per cent of those in 1951.

The higher sales during 1952 were experienced both districtwise and nationally and reflected the high rate of consumer liquid saving generally, and the somewhat more favorable terms offered by the Treasury. Total redemptions for the country during 1952 were 10 per cent lower than in 1951, despite the fact that \$3.8 billion Series E Bonds matured in the year, compared with \$1.1 billion in 1951.

Reports for early 1953 were even more heartening. Sales were up substantially, compared with the December level, reflecting a continued high level of savings. All series shared in the gain; increased sales of Series E Bonds accounted for the major portion. Redemptions of Savings Bonds in early 1953 were at about the same rate as last December. As a result, sales exceeded redemptions during January and early February (about \$100 million) for the first time since 1950.

## Agriculture

Mild weather in January and February was favorable to crop development. Growth this early in the season, however, makes trees and crops more susceptible to freezing. Moisture has been adequate in district areas, although it has been barely enough to sustain growth in the important southwestern wheat areas of Kansas, Oklahoma, and Texas.

**Livestock**—Nationally livestock numbers, including poultry, increased slightly during 1952, making this the fourth consecutive year of increase. However, the January 1 total was still 12 per cent below the peak reached in 1944. And due to declines in livestock prices, which more than offset the increase in numbers, the value of all livestock dropped \$4.7 billion during the year to an estimated value of \$14.9 billion. The increase in numbers reflected a gain in cattle and milk cows and a decline in hogs, sheep, and poultry, turkeys, and work stock.

Cattle numbers, despite greater marketings, increased by 5.9 million head to a total of 93.7 million (a new record), a gain of 7 per cent during 1952. Increases in all district states equaled or exceeded the percentage increase nationally. The average value per head declined from \$179 to \$128 during the year. And due to the drop in prices, the cattle

### CASH FARM INCOME

(In thousands of dollars)	Dec., 1952	Dec., 1952 compared with		12 month total Jan. thru Dec. 1952 compared with		
		Nov., 1952	Dec., 1951	1952	1951	1950
Arkansas.....	\$ 58,610	-36%	-20%	\$ 619,843	+ 9%	+23%
Illinois.....	185,942	- 2	+ 8	1,999,361	- 2	+15
Indiana.....	94,767	- 2	+ 2	1,095,810	- 4	+13
Kentucky.....	147,832	+376	+ 5	583,274	- 5	+14
Mississippi.....	59,797	- 52	-21	609,648	+11	+25
Missouri.....	100,708	- 21	+ 5	1,132,590	- 2	+13
Tennessee.....	62,045	+ 1	+12	523,275	+ 1	+22
7-State Totals....	\$709,701	- 2%	+ 1%	\$6,563,801	- 0 -%	+17%
8th Dist. Total..	\$350,871	- 8%	- 3%	\$3,114,397	+ 1%	+18%

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Jan., 1953	January, '53 compared with Dec., '52 Jan., '52		Jan., 1953	January, '53 compared with Dec., '52 Jan., '52	
Cattle and calves....	109,572	-11%	+32%	42,423	-33%	+42%
Hogs.....	278,701	-13	-23	52,422	-51	-57
Sheep.....	39,792	-23	-22	9,701	-53	-55
Totals.....	428,065	-14%	-13%	104,546	-45%	-40%

in district states were worth only \$1.2 billion at the end of 1952, as compared with \$1.6 billion at the beginning of the year.

The number of milk cows on farms increased 3 per cent during the year to 24 million head. This was 7 per cent smaller, however, than the 1942-51 average. Milk cow numbers remained the same in Illinois and Indiana, but increased from 3 to 7 per cent in other district states.

Hog numbers on farms were cut sharply in 1952. The total, 54.6 million, was 14 per cent less than at the beginning of 1952 and 13 per cent lower than the 63.6 million 10-year average. Cuts were less severe in the important hog producing states of Illinois and Indiana. Large reductions occurred in Arkansas, Kentucky, and Tennessee.

Sheep and lambs on farms declined one per cent during 1952 to 31.6 million head. Numbers increased substantially, however, in four district states, Arkansas, Illinois, Indiana, and Mississippi. Chickens, excluding broilers, were down 4 per cent and pullets on farms were down 8 per cent from a year earlier.

**Prices**—Prices received by farmers continued their downward trend for the month ending January 15. The index on that date was 267 (1910-14=100), compared with an index of 300 a year earlier. The index of prices paid, including wages, taxes, and interest, increased two points to 282. The increase was accounted for by higher wage rates and yearly adjustments in the index of interest on farm mortgage debt and the index of taxes per acre on farm real estate. However, for the year ending January 15, prices paid by farmers declined from an index of 287 to 282. The parity ratio (ratio between prices received and paid) declined one point to 95 during the month.

# Survey of Current Conditions

**T**AKING income tax settlement problems in its stride, the Eighth District economy increased its activity slightly during February and the first half of March (after allowance for expected seasonal differences). Manufacturing activity and employment increased in February over the previous month and both were substantially larger than a year earlier. Construction activity continued at a high level, although contracts awarded for the first two months failed to show as much improvement over a year ago as nationally. Consumers, generally in a confident frame of mind as to their own financial prospects, purchased more goods in February than in January, taking seasonal experience into account. Bank loans to individuals and business, after shrinking some in February, increased in the first week of March. Deposits (except interbank) increased, with time deposits gaining nearly twice their average increase in February, and the rate of turnover of deposits expanded.

The moderateness and direction of price changes in this period were significant. Price controls were removed during February and early March, but only a few prices increased. Retail food prices, in fact, continued to decline in February, dropping 1 per cent between January 26 and March 2 largely as a result of the decline in beef prices. Over-all living costs also declined in the month. At the same time, the long-term downward trend of wholesale and basic commodity prices was halted at least temporarily. Nearly all categories of wholesale prices showed strength after early February and the index as a whole moved upward slightly from mid-February to the week ended March 17. Farm products prices, which have been among the weakest in recent months, recovered, while commodities other than farm and food products remained relatively stable.

Nationally, as in the Eighth District, the over-all rate of economic activity inched upward. The Federal Reserve index of industrial production was estimated at 239 per cent of the 1935-39 average, 0.8 per cent higher than in January and 7.7 per cent greater than a year earlier. As in January, both durable and nondurable output increased, while mineral production decreased slightly. The automobile industry paced the nation as output rose from an annual rate of 5.5 million passenger cars in

January to 6.2 million. Production of major household goods, which had increased more than seasonally in January, continued at high rates. Steel ingot production held close to the record rate achieved in January. And shoe plants and paper board mills both operated at substantially higher rates than in February, 1952.

However, mineral production continued to decline in February, primarily as a result of a further curtailment of coal output to a level about one-sixth below that of February last year. Lead and zinc output was curtailed in the month as prices dropped, reflecting lagging demand and the availability of lower-priced foreign supplies. Crude oil production held steady at a rate slightly above a year earlier.

Reflecting the rising level of economic activity, nonfarm employment in the nation increased slightly between January and February although little change is usually expected. Unemployment was little changed from the seasonally advanced January level, but was substantially less than a year earlier.

Construction activity was also a strengthening factor during the period. The physical volume of work put in place decreased less than seasonally from January and contracts awarded during the month continued substantially larger than a year ago. The substantial increase in industrial and commercial building contracts awarded so far this year over the comparable period of 1952, together with the expansion in machine tool orders since

## WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)				February, 1953 compared with	
	Feb., '53	Jan., '53	Feb., '52	Jan., '53	Feb., '52
All Commodities.....	109.6	109.9	112.6	- 0-%	- 3%
Farm Products.....	97.9	99.6	107.8	- 2	- 9
Foods.....	105.1	105.5	109.7	- 0-	- 4
Other.....	113.1	113.1	114.3	- 0-	- 1

## CONSUMER PRICE INDEX \*

Bureau of Labor Statistics (1947-49=100)				February, 1953 compared with	
	Feb., '53	Jan., '53	Feb., '52	Jan., '53	Feb., '52
United States.....	113.4	113.9	112.4	- 1%	+ 1%

## RETAIL FOOD \*

Bureau of Labor Statistics (1947-49=100)				February, 1953 compared with	
	Feb., '53	Jan., '53	Feb., '52	Jan., '53	Feb., '52
U.S. (51 cities).....	111.5	113.1	112.6	- 2%	- 1%
St. Louis.....	112.8	113.5	114.0	- 1	- 1

\* New series.

relaxation of priorities in November, suggests that private investment is an important element in the high level of business activity. Much of the business investment in plant and equipment is for civilian uses rather than a result of defense mobilization.

Consumers, too, were purchasing goods at a rapid rate and a recent survey conducted by the Federal Reserve System indicated they expected to purchase a large volume of durable goods and homes this year. More consumers reported plans to buy new cars this year than had so indicated in early 1952 or 1951. Plans to purchase major household goods, especially television sets and furniture, are more numerous than a year earlier. Intentions to buy refrigerators appear little changed from last year. Plans to purchase new and used houses in 1953 appear to be slightly more numerous than a year ago.

With substantial Government purchases of defense and civilian goods and services, with an indicated high level of business investment in plant and equipment, and with consumers' confident attitudes toward their financial positions and expectations to purchase durable goods and houses in large volume, the underpinnings of economic activity in the near future seem firmly based.

## Employment

Nonfarm employment in the nation, which usually changes little at this time of year, increased substantially in February to reach a record high for the month of 55.6 million, about 1.9 million higher than a year earlier. Agricultural employment declined somewhat and was well under the level of a year ago. Unemployment after a seasonal rise in January, reflecting curtailment of construction and other outdoor activities, declined slightly to 1.9 million. The unemployed represented about 2.9 per cent of all civilian workers this February, compared with 3.4 per cent a year earlier.

In the St. Louis area, nonfarm employment increased substantially in February and early March, largely as a result of the addition of a second shift at the two automobile assembly plants. Some other industries, primarily those manufacturing machinery, electrical equipment and transportation equipment, also added workers in the period. Offsetting these increases to a minor extent was the layoff of about 400 workers at one defense plant and other scattered layoffs in retail trade and construction.

Seasonal layoffs in large Louisville industries, primarily food processing, distilled liquors and tobacco manufacturing, as well as in retail trade and transportation, caused total employment in that area to drop from January to February. Expansions at ordnance, explosives, and electrical equipment plants only partially offset these seasonal influences. Nonfarm employment in the Louisville area was still substantially above year earlier levels with gains centered in defense industries, machinery and equipment manufacturing, and construction.

Defense demands, combined with seasonal strength shown in the consumer durable markets for automobiles and refrigerators, were reflected in the high level of employment and manufacturing activity in Evansville. Refrigerator plants, as in the past several months, increased employment during February as a result of both their civilian and defense manufacturing activities. Automobile assembly employment moved upward slightly; other industries showed little change from January. The number at work in fabricated metal production increased following settlement of a labor dispute.

### CONSUMPTION OF ELECTRICITY—DAILY AVERAGE\*

(K.W.H. in thous.)	Feb., 1953	Jan., 1953	Feb., 1952	February, 1953 compared with	
	K.W.H.	K.W.H.	K.W.H.	Jan., '53	Feb., '52
Evansville.....	998	977	759	+ 2%	+ 31%
Little Rock.....	211	218	187	- 3	+ 13
Louisville.....	4,241	4,117	3,753	+ 3	+ 13
Memphis.....	1,620	1,569	1,526	+ 3	+ 6
Pine Bluff.....	464	452	507	+ 3	- 9
St. Louis.....	5,370	5,219	4,735	+ 3	+ 13
Totals.....	12,904	12,552	11,467	+ 3%	+ 13%

\* Selected Manufacturing Firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Feb., '53	Jan., '53	Feb., '52	First Nine Days		2 mos. '53	2 mos. '52
			Mar., '53	Mar., '52		
107,130	109,490	112,784	34,863	32,049	216,620	223,368

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Feb., 1953	Jan., 1953	Feb., 1952	Feb., 1953 compared with	
				Jan., '53	Feb., '52
Arkansas.....	77.7	76.2	76.2	+ 2%	+ 2%
Illinois.....	165.8	164.0	163.7	+ 1	+ 1
Indiana.....	34.0	33.6	30.0	+ 1	+ 13
Kentucky.....	29.8	30.1	34.5	- 1	- 14
Total.....	307.3	303.9	304.3	+ 1%	+ 1%

### COAL PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Feb., '53	Jan., '53	Feb., '52	Feb., '53	Jan., '53	Feb., '52
139.3 P	158.5 P	164.9	122.2 P	136.6 P	144.6

### SHOE PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Jan., '53	Dec., '52	Jan., '52	Jan., '53	Dec., '52	Jan., '52
169.9 P	151.1	143.9	166.6 P	154.2	141.1

P—Preliminary

## Industry

Industrial activity in the Eighth District in February and early March continued at a high level, with a number of factories expanding their output. The steel ingot production rate at St. Louis, however, fell off slightly and livestock slaughter declined seasonally.

**Manufacturing**—In February, most manufacturers in the district were operating their plants at a rate as high as or better than that of January (after allowing for the shorter number of working days) according to the reported use of electricity at selected firms in six district cities. Textile, lumber and wood-products manufacturers showed absolute gains in use of power over the month of 12 and 15 per cent, respectively, more than the usual spring pickup. Fabricated metals and transportation equipment producers also used substantially more power. One large shoe manufacturer (with factories in four district states) reported that from December 1 to February 15 output increased 22 per cent over the comparable period a year ago.

Steel ingot production fell off slightly, however. In the St. Louis area, the rate was 94 per cent of capacity in February, down 3 points from January. And the drop continued in the first three weeks of March which averaged 90 per cent. However, district output will be increased in the near future with the opening of a new steel mill at Owensboro, Kentucky. This mill will add 198,000 tons potential capacity to the district, an increase of about 12 per cent.

The number of livestock slaughtered in the St. Louis area was down 17 per cent from January (on a weekly average basis), the drop being in large part seasonal. Compared with February, 1952, the number slaughtered was off 6 per cent, largely reflecting a decline in pig marketings over the nation. A larger number of cattle and calves were processed.

Whiskey production held even over the month with 28 Kentucky distilleries in operation, the same as a month earlier, but six less than a year ago. The continued low rate of production is beginning to be more than offset by withdrawals, making some dent in the large accumulated stocks.

Lumber production increased during February with activity in hardwoods continuing to be greater than that in softwoods.

Further cutbacks in the output of the district zinc and lead industry resulted from the shutdown of a zinc smelter at Fort Smith, Arkansas, during the month.

**Coal and Petroleum Output**—With the continuation of mild weather, district coal production in February dropped even more, 16 per cent below both January and year-ago figures, according to preliminary estimates. However, crude oil production in district states recovered from the slight decline experienced in January.

## Construction

As in recent months, construction activity in the nation continued strong during February. Outlays for new construction were at a record level for the month and construction contracts awarded continued larger than year earlier levels. Costs remained stable although higher than a year earlier.

Outlays for new construction put in place declined less than seasonally to a total of \$2.2 billion during the month. In the first two months of the year, such expenditures were 6 per cent larger than in the comparable period of 1952, with most major types of construction showing dollar increases. However, the physical volume of work put in place was only slightly larger than a year earlier.

Contracts awarded for new construction during the short month of February declined somewhat from the January total but were about 16 per cent larger than a year earlier. The latter increase was primarily due to larger amounts of commercial, industrial, and private residential building projects. Public contracts for highways and bridges were also substantially larger than a year earlier.

The number of new housing starts increased 8 per cent from January to 77,000 units in February, a seasonally adjusted rate of 1.2 million units continuing the high level of the two preceding months.

In the Eighth Federal Reserve District construction contracts awarded during February increased slightly from January to a total of \$57 million, as reported by the F. W. Dodge Corporation. This increase contrasted to a 5 per cent drop nationally. However, total contracts, both in the district and in the United States, were substantially larger in

### BUILDING PERMITS

Month of February, 1953

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1953	Number 1952	Cost 1953	Cost 1952	Number 1953	Number 1952	Cost 1953	Cost 1952
Evansville.....	29	36	\$ 384	\$ 72	75	48	\$ 68	\$ 31
Little Rock.....	53	62	606	557	166	164	109	107
Louisville.....	101	197	1,776	892	108	78	145	111
Memphis.....	1,356	1,404	2,178	2,770	198	171	190	133
St. Louis.....	265	215	2,607	1,448	212	208	644	601
Feb. Totals.....	1,804	1,914	\$ 7,551	\$ 5,739	759	669	\$ 1,156	\$ 983
Jan. Totals.....	1,727	1,975	\$ 6,485	\$ 5,287	544	569	\$ 963	\$ 842

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	Feb., 1953 compared with Jan., '53	2 mos. '52	2 mos. '53 to same period '52	Feb. 28, '53 comp. with Feb. 29, '52	Jan. 1 to Feb. 28, 1953	Jan. 1 to Feb. 28, 1952
8th F. R. District						
Total.....	- 2%	+ 4%	+ 2%	+ 3%	.55	.56
Ft. Smith, Ark. <sup>1</sup> .....	- 0-	- 0-	- 1	- 0-	.51	.51
Little Rock Area,						
Ark. <sup>2</sup> .....	+ 5	+ 3	+ 2	+ 6	.51	.53
Quincy, Ill. <sup>2</sup> .....	+ 3	+ 1	- 3	+ 15	.48	.54
Evansville Area, Ind. <sup>2</sup> .....	+ 5	+ 17	+ 18	.....	.....	.....
Louisville Area, Ky., Ind. <sup>2</sup> .....	+ 6	+ 6	+ 3	+ 5	.52	.56
St. Louis Area, Mo., Ill. <sup>2</sup> .....	- 7	+ 3	+ 2	+ 1	.57	.57
Springfield Area, Mo. <sup>2</sup> .....	+ 4	- 1	- 4	+ 4	.43	.45
Memphis Area, Tenn. <sup>2</sup> .....	+ 4	+ 5	- 0-	+ 2	.62	.59
All Other Cities <sup>3</sup> .....	+ 3	+ 10	+ 14	+ 11	.39	.43

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas. The area designations follow the definition of Standard Metropolitan Areas established by the Bureau of the Budget on October 17, 1950. The areas consist of the following counties: Little Rock Area—Pulaski County, Arkansas; Evansville Area—Vanderburgh County, Indiana; Louisville Area—Jefferson County, Kentucky, Clark and Floyd counties, Indiana; St. Louis Area—St. Louis City, St. Charles and St. Louis counties, Missouri, Madison and St. Clair counties, Illinois; Springfield Area—Greene County, Missouri; Memphis Area—Shelby County, Tennessee.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

OUTSTANDING ORDERS of reporting stores at the end of February, 1953, were 15 per cent larger than on the corresponding date a year ago.

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

	Outstanding Feb. 1, 1953, collected during February:		Instalment Excl. Instal.	
	Accounts	Accounts	Accounts	Accounts
Fort Smith..... %	42%	Quincy .....	19%	55%
Little Rock..... 14	43	St. Louis .....	20	51
Louisville .....	18	Other Cities.....	11	44
Memphis .....	19	8th F.R. Dist.....	19	46

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

8th Federal Reserve District

	Feb., 1953	Jan., 1953	Dec., 1952	Feb., 1952
Sales (daily average), unadjusted <sup>4</sup> .....	85	79	179	80
Sales (daily average), seasonally adjusted <sup>4</sup> .....	106	108	113	100
Stocks, unadjusted <sup>5</sup> .....	122	113	112	109
Stocks, seasonally adjusted <sup>5</sup> .....	125	130	128	112

<sup>4</sup> Daily average 1947-49=100.

<sup>5</sup> End of month average 1947-49=100.

Trading days: Feb., 1953—24; Jan., 1953—26; Feb., 1952—25.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	Feb., 1953 compared with Jan., '53	Feb., '52	Feb., 1953 compared with Jan., '53	Feb., '52	Feb., '53	Feb., '52
8th Dist. Total <sup>1</sup> .....	+15%	+12%	+ 6%	+ 3%	22%	24%
St. Louis.....	+17	+14	+ 5	+11	60	56
Louisville Area <sup>2</sup> .....	+22	+ 8	+ 5	- 7	11	13
Louisville.....	+26	+ 8	+ 5	- 7	11	12
Memphis.....	+11	+11	*	*	12	13
Little Rock.....	+ 8	+11	+ 2	+11	15	19
Springfield.....	+ 8	+17	+11	+ 2	14	16
Fort Smith.....	+18	+18	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Indiana.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Feb., '53	Jan., '53	Feb., '52
Cash Sales.....	16%	18%	14%
Credit Sales.....	84	82	86
Total Sales.....	100%	100%	100%

February than a year earlier. All of the increase in district awards from January to February was due to a greater value of residential contracts awarded. Data for the first two months of the year suggest that the district construction industry is not moving ahead as fast as nationally. Total contracts awarded in the district during the first two months of 1953 showed little change from the same period in 1952, whereas nationally contracts awarded have totaled approximately 17 per cent more. Most of this disparity is in the lower value of nonresidential construction activity started so far this year in the district.

**Trade**

During February, sales at reporting district retail stores moved seasonally from January and compared favorably with those in February, 1952. Both durable and nondurable lines recorded increases. Homefurnishing sales, a usual February feature, were termed satisfactory. And a somewhat earlier date of Easter in 1953 than in 1952 signaled the start of spring merchandise promotions toward the end of the month.

At district department stores February sales totaled slightly under those in January but were 4 per cent above those a year ago. But with fewer trading days in February, 1953, than in either the previous month or the comparable month in 1952, seasonally adjusted daily sales averaged 106 per cent of the 1947-49 period in comparison to 108 per cent in January and 100 per cent in February, 1952. Cumulative sales in the first two months of 1953 were 2 per cent larger than in 1952.

At women's specialty stores in the district the sales level during February was not much changed from that in January and was somewhat higher than that in February, 1952. Men's wear store sales volume in the month dropped substantially below that in January and was slightly less than a year ago.

Furniture sales volume at reporting district outlets totaled somewhat larger than in both January, and February, 1952.

**WHOLESALE TRADE**

Line of Commodities	Net Sales		Stocks
	Feb., '53 compared with		February 28, 1953 compared with February 28, 1952
U.S. Dept. of Commerce*	Jan., '53	Feb., '52	
Automotive Supplies.....	-18%	- 2%	— %
Drugs and Chemicals.....	-15	- 2	—
Dry Goods.....	- 3	+ 6	+19
Groceries.....	- 6	+ 2	+ 1
Hardware.....	+13	-11	-13
Tobacco and its Products.....	+ 2	+ 4	+ 7
Miscellaneous.....	- 4	+ 3	-13
** Total All Lines.....	+ 1%	- 2%	- 3%

\*\* Preliminary.

\*\* Includes certain items not listed above.

## Banking and Finance

During February and early March the money market remained tight as it has during most of the past twelve months. Reflecting the pressure, banks sold securities and continued to borrow heavily. Business and consumer loans declined during February but showed some expansion in early March. Real estate loans continued to decline.

**Banking**—Loans at district member banks rose \$7 million during February, primarily because of a growth in loans by the larger city banks to other banks. Normally loans decline at this time. Both the larger and smaller banks reported a moderate expansion offset in part by a net contraction at the medium-sized banks. The increase at the smaller banks reflected loans to farmers. Commercial, real estate, and consumer loans declined during the month. However, in early March business loans rose contraseasonally and consumer borrowing increased at the weekly reporting banks.

Investment holdings were reduced \$63 million during February at district member banks. Two-thirds of the reduction was in Government securities (largely Treasury bills) at the larger urban banks.

Individuals and businesses increased their deposits, both demand and time, during the month. The gain in time deposits was about double the average February growth in the postwar years. Nevertheless, total deposits declined moderately due to a reduction in correspondent bank accounts.

The amount of checks cashed was at a high level in February. Debits to deposit accounts (except interbank) at 22 centers in the Eighth District were \$3.9 billion. On a seasonally adjusted basis this was up somewhat from the levels of recent months and only slightly below the peak reached last October.

**Gold Movements**—Since December 10 there has been a net drain on the nation's gold. From that date through March 16, the United States Treasury gold stock has declined by \$725 million. This outflow of gold, although it represents only 3 per cent of the monetary gold stock of the United States, has been one of the important factors maintaining pressure on bank reserves.

### DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Feb., 1953	Jan., 1953	Feb., 1952	Feb., 1953 compared with	
				Jan., '53	Feb., '52
El Dorado, Ark.....	\$ 22,955	\$ 30,683	\$ 27,447	- 25%	- 16%
Fort Smith, Ark.....	43,417	51,230	43,828	- 15	- 1
Helena, Ark.....	8,880	10,454	7,594	- 15	+ 17
Little Rock, Ark.....	138,422	161,400	136,263	- 14	+ 2
Pine Bluff, Ark.....	36,530	40,183	32,749	- 9	+ 12
Texarkana, Ark.*.....	16,162	19,148	15,540	- 16	+ 4
Alton, Ill.....	30,102	33,339	28,874	- 10	+ 4
E. St. L.-Nat. S. Y., Ill....	113,018	136,192	119,147	- 17	- 5
Quincy, Ill.....	32,297	36,951	33,134	- 13	- 3
Evansville, Ind.....	156,730	171,578	129,667	- 9	+ 21
Louisville, Ky.....	675,213	725,928	645,512	- 7	+ 5
Owensboro, Ky.....	42,766	49,867	37,124	- 14	+ 15
Paducah, Ky.....	42,047	45,118	34,868	- 7	+ 21
Greenville, Miss.....	24,104	30,281	21,964	- 20	+ 10
Cape Girardeau, Mo.....	12,246	16,096	12,272	- 24	- 0
Hannibal, Mo.....	8,508	10,173	9,035	- 16	- 6
Jefferson City, Mo.....	49,747	112,810	51,428	- 56	- 3
St. Louis, Mo.....	1,765,348	2,026,184	1,714,146	- 13	+ 3
Sedalia, Mo.....	11,475	11,709	11,113	- 2	+ 3
Springfield, Mo.....	59,925	69,288	62,256	- 14	- 4
Jackson, Tenn.....	19,937	22,357	19,772	- 11	+ 1
Memphis, Tenn.....	629,943	730,157	607,935	- 14	+ 4
Totals.....	\$3,939,772	\$4,541,126	\$3,801,688	- 13%	+ 4%

\* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$34,640.

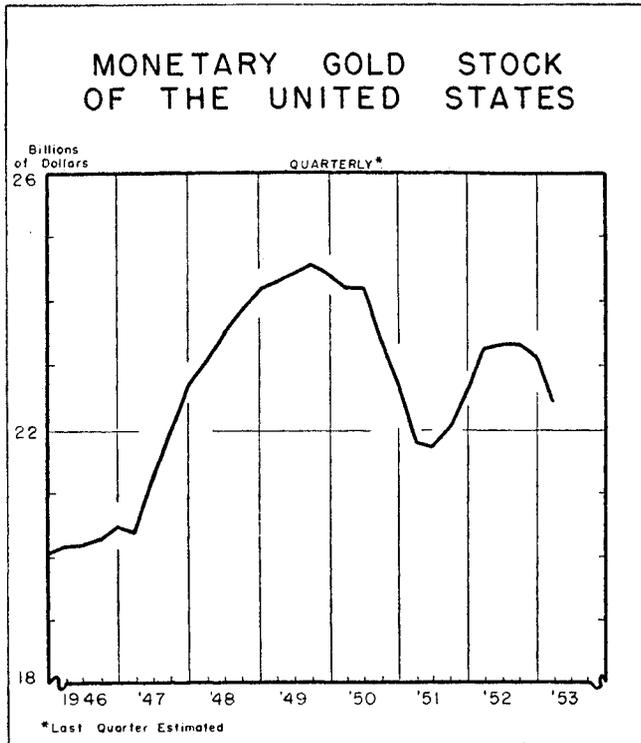
### EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Assets	Change from:		Assets	Change from:		Assets	Change from:	
		Jan., 1953 to Feb., 1953	Feb., 1952 to Feb., 1953		Jan., 1953 to Feb., 1953	Feb., 1952 to Feb., 1953		Jan., 1953 to Feb., 1953	Feb., 1952 to Feb., 1953
1. Loans and Investments.....	\$4,557	\$- 56	\$+365	\$2,664	\$- 44	\$+237	\$1,893	\$- 12	\$+128
a. Loans.....	2,080	+ 7	+190	1,398	+ 5	+130	682	+ 2	+ 60
b. U.S. Government Obligations.....	2,091	- 56	+168	1,085	- 42	+105	1,006	- 14	+ 63
c. Other Securities.....	386	- 7	+ 7	181	- 7	+ 2	205	- 0	+ 5
2. Reserves and Other Cash Balances.....	1,493	+ 42	+ 78	926	+ 44	+ 42	567	- 2	+ 36
a. Reserves with the F. R. bank.....	727	- 22	+ 15	466	- 17	+ 4	261	- 5	+ 11
b. Other Cash Balances <sup>3</sup> .....	766	+ 64	+ 63	460	+ 61	+ 38	306	+ 3	+ 25
3. Other Assets.....	56	+ 2	+ 4	34	+ 2	+ 1	22	- 0	+ 3
4. Total Assets.....	\$6,106	\$- 12	\$+447	\$3,624	\$+ 2	\$+280	\$2,482	\$- 14	\$+167
Liabilities and Capital									
5. Gross Demand Deposits.....	\$4,505	\$- 5	\$+281	\$2,763	\$+ 16	\$+177	\$1,742	\$- 21	\$+104
a. Deposits of Banks.....	756	- 27	+ 38	714	- 23	+ 37	42	- 4	+ 1
b. Other Demand Deposits.....	3,749	+ 22	+243	2,049	+ 39	+140	1,700	- 17	+103
6. Time Deposits.....	1,066	+ 9	+ 62	509	+ 5	+ 21	557	+ 4	+ 41
7. Borrowings and Other Liabilities.....	139	- 17	+ 74	126	- 19	+ 71	13	+ 2	+ 3
8. Total Capital Accounts.....	396	+ 1	+ 30	226	- 0	+ 11	170	+ 1	+ 19
9. Total Liabilities and Capital Accounts.....	\$6,106	\$- 12	\$+447	\$3,624	\$+ 2	\$+280	\$2,482	\$- 14	\$+167

<sup>1</sup> Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.



Movement of gold between countries is one of the ultimate means by which international balances are settled. On the one side of the ledger are payments received for goods, services, and securities the United States sells to other countries, and on the other side are payments due for goods, services, and securities the United States buys from others. In addition, there are other payments that must be taken into account, such as government aid, private remittances and tourist expenditures abroad. If, after all items have been taken into account, there is a balance due to one country from the other, it can be met by one of several methods: by borrowing in the foreign market, by deposit changes in foreign banks, or by the movement of gold.

For four years after the end of World War II, foreigners purchased a sizable amount of goods from us on balance. These net purchases were paid for, in part, by shipping us gold. However, in late 1949, the gold flow reversed, caused in great part by the devaluation of many foreign currencies to more realistic levels and by large strides toward economic recovery over the whole period on the part of European nations. Thus, foreign governments were able to buy back a little of the gold they had previously sold us. After Korea, the gold outflow increased as the United States made heavier purchases of raw materials driving the prices of these commodities up sharply.

Early in 1951, United States exports rose, as foreigners with larger dollar earnings and less import

restrictions found it easier to buy our goods. As a result, the United States gold flow again reversed about mid-1951. From mid-1951 through mid-1952 the inflow of gold amounted to over \$1.5 billion.

In consequence, the monetary reserves of many countries declined again. Many countries such as the British Commonwealth countries, the Scandinavian countries and Belgium, stiffened import restrictions. In addition, several countries, such as France, Germany, Holland, and Denmark, were able to expand their exports by the so-called export bonus system. Also there were large military and economic aid grants and some increased offshore military procurement by this country. Thus, the gold inflow halted and since December 10 gold has again begun to flow out.

At the present time, the country's gold stock stands at roughly \$22.5 billion. This amount is presently adequate for monetary purposes and comprises about two-thirds of the world's monetary gold supply outside the U.S.S.R.

## Agriculture

Crop prospects in the Eighth District remained favorable throughout February and early March, with winter wheat continuing its satisfactory condition and mild weather permitting some field work, particularly in the mid-South. The open weather was also quite favorable for winter forage, thus benefiting the many farmers who were short of hay due to the 1952 drouth.

**Farm Income**—Despite lower agricultural prices, farm income for the nation during January and February was estimated at \$4.7 billion, about the same as for the first two months of 1952. Increased receipts from crops about offset the lower income from livestock.

### CASH FARM INCOME

(In thousands of dollars)	Jan., 1953	January, 1953 compared with	
		Dec., 1952	Jan., 1952
Arkansas.....	\$ 28,417	-52%	-33%
Illinois.....	179,939	— 3	+12
Indiana.....	86,226	— 9	- 0-
Kentucky.....	126,969	-14	+21
Mississippi.....	32,476	-46	+ 8
Missouri.....	79,079	-22	+ 5
Tennessee.....	54,520	-12	+13
7-States Totals.....	\$587,626	-17%	+ 6%
8th Dist. Totals.....	265,801	-24	+ 2

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Feb., 1953	February, 1953 compared with		Feb., 1953	February, 1953 compared with	
		Jan., '53	Feb., '52		Jan., '53	Feb., '52
Cattle and calves....	91,865	-16%	+35%	30,073	-29%	+ 1%
Hogs.....	224,445	-20	-21	45,495	-13	-46
Sheep.....	28,151	-29	-25	6,557	-33	-60
Totals.....	344,461	-20%	-11%	82,125	-22%	-37%

# Survey of Current Conditions

**O**VER-ALL BUSINESS ACTIVITY in the Eighth District during March and early April continued its upward trend. Consumer spending advanced more than seasonally during March, and was substantially ahead of year-earlier levels. Employment in plants producing defense goods continued to increase during March, and, except in Evansville, expectations were for some further gains. Manufacturing employment in other industries, primarily those producing consumer durable goods, expanded sharply during the month. Construction put in place in the first quarter continued at a high level as a result of large contracts placed in earlier months. Residential contract awards were above year-ago volumes, although other types fell below and failed to keep pace with national experience. Bank lending activity in the district during March and April increased as a result of expansion of consumer loans and advances to farmers. Business loans declined less-than-seasonally. And agricultural conditions in the district were generally favorable. There have been, however, a few unfavorable developments recently. For example, used car sales failed to show their seasonal increase in early April, unseasonable weather adversely affected department store sales, defense production was cut back in Evansville, and the freezing weather damaged some fruit crops.

Nationally, industrial production continued to rise during March, but in April work stoppages reduced slightly the output of steel. The Federal Reserve index of industrial production reached 242 per cent of the 1935-39 average in March, nearly 1 per cent higher than in February and 9.5 per cent greater than in March, 1952. The increase from February reflected mainly greater activity in the metals and metal products industries. During the first quarter, industrial output was 2.5 per cent greater than in the final quarter of 1952.

Consumer spending in the first three months, on a seasonally adjusted basis, increased from the final quarter of 1952. The high level of personal expenditures stemmed from the steady flow of personal income, consumers' willingness to spend and their ability to finance an expanding share of their purchases. Personal income after taxes in the first quarter rose one per cent from the last quarter of

1952. Consumer credit, too, expanded substantially in the first quarter, reaching a total of about \$26 billion as March closed.

Total demand has been augmented also by the increase in capital formation. Business spending for new plant and equipment increased slightly in the first quarter, as did the value of residential construction put in place.

The record-breaking output from the nation's factories has been well absorbed. Business inventories in the first quarter rose at an annual rate of \$2.5 billion, substantially less than the \$8.1 billion annual rate in the previous quarter when stocks were being rebuilt following the steel strike. Inventories at durable goods retail stores accounted for much of the increase this year, while those at nondurable goods stores, manufacturers and wholesalers showed little change. In fact, manufacturers' stocks of steel are currently below the level desired for the present volume of activity.

Further evidence of the balance in the economy was shown by the stability of price indexes in the period. Consumer prices rose slightly from mid-February to mid-March and were one per cent higher than in March, 1952.

Wholesale and spot market prices, which had firmed in the month ended mid-March declined slightly through mid-April. Spot prices of metals in the primary markets weakened in the period,

## WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	Mar., '53	Feb., '53	Mar., '52	Mar., 1953 compared with	
				Feb., '53	Mar., '52
All Commodities....	110.1	109.6	112.3	- 0 - %	- 2 %
Farm Products...	100.0	97.9	108.3	+ 2	- 8
Foods.....	105.0	105.1	109.2	- 0 -	- 4
Other.....	113.4	113.1	113.9	- 0 -	- 1

## CONSUMER PRICE INDEX\*

Bureau of Labor Statistics (1947-49=100)	Mar., 1953	Dec., 1952	Mar., 1952	Mar., 1953 compared with	
				Dec., '52	Mar., '52
United States.....	113.6	114.1	112.4	- 1 %	+ 1 %
St. Louis.....	114.7	114.9	114.0	- 0 -	+ 1

## RETAIL FOOD\*

Bureau of Labor Statistics (1947-49=100)	Mar., 1953	Feb., 1953	Mar., 1952	Mar., 1953 compared with	
				Feb., '53	Mar., '52
U. S. (51 cities).....	111.7	111.5	112.7	- 0 - %	- 1 %
St. Louis.....	112.4	112.8	113.9	- 0 -	- 1

\* New series.

reflecting in part the adjustment to price developments in foreign markets. Cattle prices, too, declined further under the pressure of large marketings. Hog prices, however, strengthened slightly.

The main question marks on the near-term business horizon center around the ability and willingness of consumers to continue to absorb the record outputs flowing from the nation's factories and the future demands for defense production. Concern over consumer demand arises from the rapid growth over the past year in personal debt to finance durable purchases and homes. The second question arises from the possibility of improvement in international relations and the effects such a development would have on defense spending.

## Employment

Employment continued upward in March with the usual spring upswing in construction and agriculture and the pre-Easter spurt in retail trade. Civilian employment in the nation reached 61.5 million in March, about half a million more than in February. During the first quarter, total employment progressively widened its gains over year-earlier levels and in March was 1- $\frac{3}{4}$  million more than in March, 1952. Nonfarm employment increased slightly from February to a record high for the month of 55.7 million, 2 million more than in March, 1952. Agricultural employment rose seasonally to 5.7 million in March, but continued below the level a year earlier.

With employment at a higher level this year than last, and with the labor supply only slightly larger, unemployment continued below the level of a year earlier. Only 1.7 million persons, or 2.7 per cent of all civilian workers, were jobless in March compared with 1.8 million, or 2.9 per cent, in March, 1952.

In the district, unemployment continued to decline in March and early April. Claims for unemployment insurance filed under the programs of the seven district states in the week ended April 11 totaled 139,000, compared with 152,000 claims filed four weeks earlier and 174,000 a year earlier. The change from both a month earlier and a year earlier in unemployment claimed in the district states was comparable to national experience.

In the St. Louis metropolitan area, nonfarm employment advanced from February to March as a result of greater manufacturing activity and seasonal expansions in construction and retail trade. Compared with a year ago, March volume was

about 3.5 per cent ahead. Most of the increase in the month and in the year resulted from greater manufacturing employment, with smaller increases in construction and retail trade, offset in part by lower employment in government service. From February to March, automobile assembly plants added about 1,300 workers, and aircraft plants continued to expand. Shoe plants, however, laid off workers due to a seasonal slowing of production. In comparison with March, 1952, transportation equipment manufacturing (including automobile assembly and aircraft) plants increased employment by approximately 11,000, ordnance plants by approximately 5,000 and other plants producing durable goods by about 8,000. Manufacturing plants producing nondurable goods employed about the same number as a year earlier. Reductions at shoe factories and food processing plants offset increases at apparel and chemical plants and petroleum refineries. Employment at other nondurable goods plants was little changed.

In Louisville metropolitan area, employment in nonagricultural establishments increased by 3,000, or 1.4 per cent, from February to March, and by approximately 16,000, or 7.5 per cent, in the year. The gain from February was largely the result of seasonal increases in retail trade and construction, and expansion of defense production of explosives and ordnance. In addition, employments in distilled liquor and woodworking plants rose slightly from February. In comparison with year-earlier levels, employment at whiskey plants was lower while employment in other manufacturing industries was higher, with the largest gains in ordnance, chemical (including explosives), machinery and transportation equipment plants. Construction employment was about 5,000, or 50 per cent, ahead of March, 1952.

In the Little Rock metropolitan area, nonfarm employment increased seasonally from February reflecting primarily gains at retail trade establishments. In comparison with March, 1952, the gain was 2,500, or 3.7 per cent, as a result of large gains at metalworking manufacturing establishments, where there was increased defense production, and widespread increases in nonmanufacturing establishments.

In the Evansville area, nonfarm employment increased 1,300 from February to March when it was 13,800, or 21 per cent, higher than a year earlier. Nearly all of the gain from a year earlier resulted from rising manufacturing activity in the automobile, refrigerator and aircraft industries. From February to March, the biggest employment gain was in refrigerator production, which was in the

seasonally busy period. In early April, 1,200 workers were laid off from the production of aircraft wings.

## Industry

Industrial production in the Eighth District in March and early April remained at near capacity with most industries still operating above year-ago levels. The bulk of the recent increase in manufacturing activity has been in consumer durable goods and defense output.

**Manufacturing**—The use of electric power at selected industrial firms in six district cities for the month of March was 4 per cent better than a year ago, although showing a 3 per cent decline from a month earlier, on a daily average basis. The decline over the month reflected primarily reduced use of power at rubber products and cottonseed oil plants. On the other hand, there were substantial increases in the use of power by the chemical, electrical machinery, paper and allied products, primary metals, stone-clay-glass and transportation equipment industries. Almost all industries showed gains compared with March, 1952.

Shoe production entered a seasonally slack period in April, after the first quarter production had set records well ahead of a year ago according to many manufacturers in the district. Nationally, production was estimated by the Tanners' Council at 136.8 million pairs, 7 per cent above last year, for the largest quarter on record. Steel ingot production in the St. Louis area was at only 76 per cent of capacity for the first three weeks of April, primarily reflecting maintenance shutdowns. Southern pine lumber output in March registered a 4 per cent gain over February, though the operating rate of southern hardwoods was 6 per cent lower. Both were better than a year ago.

Livestock slaughter under Federal inspection in the district was much heavier in March than in February. Figures for eight livestock marketing centers in the district show that the increase amounted to 28 per cent over February and 5 per cent over March a year ago.<sup>1</sup>

Freight interchanges of railroads in the St. Louis area were 13 per cent above February and 11 per cent above March of a year earlier.

**Coal and petroleum**—Coal output declined at a slower rate than earlier this year as the seasonally

<sup>1</sup> Beginning this month, figures are available for eight livestock marketing centers in the district by special arrangement with the United States Department of Agriculture. The figures are reported as combined totals in three groups as follows: (1) Evansville, Indiana; Henderson and Louisville, Kentucky; (2) St. Louis Metropolitan Area; (3) Memphis and Union City, Tennessee; West Point, Mississippi; Wilson, Arkansas.

slack period was entered. Crude oil production was off a shade as oil stocks were reported above normal levels.

## Construction

A record total of \$7 billion was spent for new construction put in place in the nation during the first quarter of the year, a 6 per cent increase over the first quarter in 1952. In rounding out the quarter, March figures hit an all-time peak, seasonally adjusted, 3 per cent above those of February. Private construction rose more than seasonally to account for the larger part of the over-all gain. Public construction outlays rose 12 per cent, but this was somewhat less than usual at this time of year.

Construction contracts awarded also increased substantially over comparable periods last year. The F. W. Dodge Corporation reported an 11 per cent gain for the first quarter and a 2 per cent gain for March. These increases were achieved despite the

### CONSUMPTION OF ELECTRICITY

Daily Averages \*

(K.W.H. in thous.)	Mar., 1953	Feb., 1953	Mar., 1952	Mar., 1953 compared with	
	K.W.H.	K.W.H.	K.W.H.	Feb., '53	Mar., '52
Evansville.....	969	998	813	- 3%	+19%
Little Rock.....	170	211	166	-20	+ 2
Louisville.....	3,872	4,241	4,017	- 9	- 4
Memphis.....	1,582	1,620	1,542	- 3	+ 3
Pine Bluff.....	481	464	459	+ 4	+ 5
St. Louis.....	5,404	5,370	5,039	+ 1	+ 7
Totals.....	12,477	12,904	12,036	- 3%	+ 4%

\* Selected Manufacturing Firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Mar., '53	Feb., '53	Mar., '52	First Nine Days		3 mos. '53	3 mos. '52
			May, '53	May, '52		
121,107	107,130	109,154	34,308	33,351	337,727	332,522

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION

Daily Average

(In thousands of bbls.)	Mar., 1953	Feb., 1953	Mar., 1952	Mar., 1953 compared with	
				Feb., '53	Mar., '52
Arkansas.....	77.4	77.7	76.5	- 0 -	+ 1%
Illinois.....	164.5	165.8	165.1	- 1	- 0 -
Indiana.....	33.9	34.0	30.3	- 0 -	+12
Kentucky.....	29.6	29.8	35.4	- 1	-16
Total.....	305.3	307.3	307.3	- 1%	- 1%

### COAL PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Mar., '53	Feb., '53	Mar., '52	Mar., '53	Feb., '53	Mar., '52
127.5 P	139.3 P	134.8	134.2 P	122.2 P	141.9

P—Preliminary

### SHOE PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Feb., '53	Jan., '53	Feb., '52	Feb., '53	Jan., '53	Feb., '52
173.7	169.9	144.2	163.9	166.6	136.0

**BUILDING PERMITS**

Month of March, 1953

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1953	1952	1953	1952	1953	1952	1953	1952
Evansville.....	105	74	\$ 207	\$ 515	105	93	\$ 117	\$ 75
Little Rock.....	70	46	483	371	172	190	149	126
Louisville.....	158	167	1,422	733	122	108	242	142
Memphis.....	1,557	1,863	10,007*	5,426	195	235	123	194
St. Louis.....	299	265	2,710	3,102	289	219	645	564
Mar. Totals.....	2,189	2,415	\$14,829	\$10,147	883	845	\$1,276	\$1,101
Feb. Totals.....	1,804	1,914	\$ 7,551	\$ 5,739	759	669	\$1,156	\$ 983

\* Housing Project and an addition to Hospital.

fact that Federal awards were reduced in February and March by restrictions on letting new contracts. The big gains have been in the field of private construction.

New housing starts in the nation during the first quarter were at a seasonally adjusted rate of 1,164,000, slightly less than in the first three months of last year. The decline was largely due to a 7 per cent decrease from a year earlier in March.

Construction awarded in the Eighth District during March totaled \$79 million, an increase of 40 per cent from February, compared with a 32 per cent gain for the 37 eastern states. However, for the first three months of the year contracts awarded in

the district declined 10 per cent compared with last year, while they gained 11 per cent in the states east of the Rocky Mountains. The district decline reflected a 28 per cent drop in the value of nonresidential awards over the period, which more than offset a 15 per cent gain in residential awards.

After six months of relative stability, construction costs rose slightly, reflecting increases in materials prices.

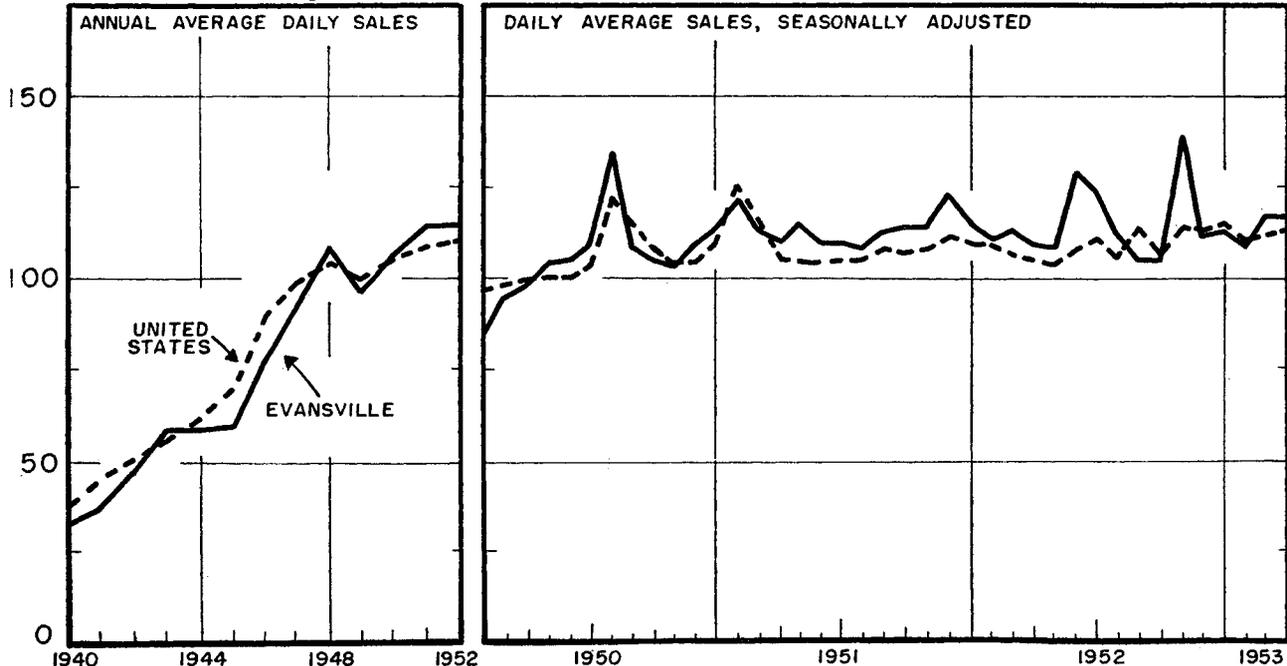
**Trade**

During March, consumer spending in the Eighth District increased more than seasonally from February and was somewhat higher than in March, 1952. Gains were recorded in both durable and nondurable lines. Furniture and appliance sales were good, but much of the gain from last year was concentrated in a few lines of merchandise. Auto sales also increased during March, although for used cars and some new car lines less than seasonal gains were reported. Used car inventories have increased recently and prices have declined.

Nondurable goods sales in March were stimulated by mild weather and a week-earlier Easter

**Department Store Sales in Evansville and the United States**

Per Cent of 1947-1949 Average



**A** N INDEX OF DEPARTMENT STORE SALES in Evansville on a monthly basis is now available for the period 1940 to date. Both unadjusted and seasonally adjusted indexes of daily average sales have been compiled using the 1947-49 averages as the base period.

Seasonally adjusted sales are charted above showing department store sales in Evansville since mid-1950. A description of the technique employed in constructing the index and back data from 1940 to date can be obtained from the Research Department of this bank upon request.

**WHOLESALE TRADE**

Line of Commodities	Net Sales		Stocks Mar. 31, 1953 compared with Mar. 31, 1952
	Mar., 1953 compared with		
	Feb., '53	Mar., '52	
Automotive Supplies.....	+13%	+ 9%	+ 7%
Drugs and Chemicals.....	- 3	- 0	-
Dry Goods.....	+13	+20	+ 5
Groceries.....	+18	+ 7	+ 2
Hardware.....	+ 9	+ 4	-11
Tobacco and its Products.....	- 4	+ 1	+16
Miscellaneous.....	+15	+20	+ 5
** Total All Lines.....	+ 9%	+ 9%	- 3%

\* Preliminary.  
\*\* Includes certain items not listed above.

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand Mar. 31, '53	Stock Turnover Jan. 1 to March 31
	March, 1953 compared with Feb., 1953		3 mos. 1953 to same period '52		
	Mar., 1953	Mar., 1952		Mar. 31, '53	March '52
8th F.R. Dist. Total.....	+26%	+12%	+ 6%	+ 6%	.85 .84
Ft. Smith, Ark. <sup>1</sup> .....	+34	+ 9	+ 3	- 1	.80 .78
Little Rock Area, Ark. <sup>2</sup> .....	+14	+ 5	+ 3	+ 9	.77 .81
Quincy, Ill.....	+27	+13	+ 3	+ 8	.77 .81
Evansville Area, Ind. <sup>2</sup> .....	+37	+32	+24	....	....
Louisville Area, Ky., Ind. <sup>2</sup> .....	+35	+10	+ 6	+ 5	.85 .87
St. Louis Area, Mo., Ill. <sup>2</sup> .....	+25	+13	+ 6	+ 4	.88 .85
Springfield Area, Mo. <sup>2</sup> .....	+40	+12	+ 2	+14	.70 .71
Memphis Area, Tenn. <sup>2</sup> .....	+23	+12	+ 4	+ 7	.94 .92
All Other Cities <sup>3</sup> .....	+29	+17	+15	+12	.63 .67

this year than last year. At district department stores, sales gains were fairly widely distributed throughout major store divisions. But the bulk of the gain occurred in ready-to-wear apparel and accessories. At specialty stores, the spring selling season boosted March sales substantially over those of both the previous month and March, 1952.

Seasonally adjusted daily average sales of district department stores in March were 107 per cent of the 1947-49 period. In comparison, they were 106 per cent in February and 99 per cent in March, 1952. For the first three months of 1953, cumulative sales totaled 6 per cent above those in the first quarter of 1952. On the basis of preliminary reports through mid-April, this rate of gain may be maintained in the month. Unseasonably cold weather experienced during April this year, however, may have limited the effectiveness of seasonal promotions to the extent that the March-April spring selling season will prove to have fallen below the anticipated level.

Women's specialty store sales in the month were substantially over those in February and were 12 per cent larger than in 1952. Men's apparel store sales were almost one-half larger than in February and were about one-fifth larger than in March, 1952.

Furniture store sales for the district as a whole were 8 per cent larger than in February and 10 per cent above those during March, 1952.

Inventories held by district retailers on March 31 were generally larger than on February 28. Among the reporting lines, increases from the previous month ranged from unchanged at women's specialty shops to 19 per cent at furniture stores. In comparison to those held on March 31, 1952, women's specialty shop inventories totaled slightly less. Men's specialty stores reported a gain of 8 per cent from last year and department and furniture stores an increase of 6 and 18 per cent respectively.

At district department stores, the volume of orders outstanding at the end of March totaled 21 per cent less than a month earlier but were 16 per cent larger than a year ago.

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

OUTSTANDING ORDERS of reporting stores at the end of March, 1953, were 16 per cent larger than on the corresponding date a year ago.

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

	Outstanding March 1, 1953, collected during March, 1953			
	Instalment Accounts		Excl. Instal. Accounts	
	%		%	
Fort Smith.....	46%	16	20%	60%
Little Rock.....	48	19	52	52
Louisville.....	50	12	48	48
Memphis.....	41	19	49	49

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

	8th Federal Reserve District			
	March, 1953	Feb., 1953	Jan., 1953	March, 1952
Sales (daily average), unadjusted <sup>4</sup> .....	99	85	79	89
Sales (daily average), seasonally adjusted <sup>4</sup> .....	107	106	108	99
Stocks, unadjusted <sup>5</sup> .....	135	122	113	118
Stocks, seasonally adjusted <sup>5</sup> .....	128	125	130	111

<sup>4</sup> Daily average 1947-49=100

<sup>5</sup> End of Month Average 1947-49=100

TRADING DAYS: March, 1953—26; Feb., 1953—24; March, 1952—26.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	Mar., 1953 compared with Feb., '53		Mar., 1953 compared with Feb., '53		Mar., '53	Mar., '52
		Mar., '52		Mar., '52		
8th Dist. Total <sup>1</sup> .....	+ 8%	+10%	+19%	+18%	24%	26%
St. Louis.....	+18	+14	+ 2	+13	NA	NA
Louisville Area <sup>2</sup> .....	+ 5	+15	+10	+ 2	13	15
Louisville.....	+13	+16	+11	+ 2	12	13
Memphis.....	-15	+ 8	*	*	12	15
Little Rock.....	-10	-13	*	*	19	22
Springfield.....	+15	+19	+ 8	+ 7	16	17
Fort Smith.....	+10	- 7	*	*	*	*

\*Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

NA—Not Available.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Mar., '53	Feb., '53	Mar., '52
Cash Sales .....	16%	16%	12%
Credit Sales .....	84	84	88
Total Sales .....	100%	100%	100%

## Banking and Finance

Bank lending activity was at a high level during March and early April. Both consumer loans and advances to farmers were up. Business loans declined less than seasonally. Deposits, however, were off, and to obtain funds, banks reduced their cash and investment holdings.

Debits to deposit accounts, one indicator of business activity, were at a very high rate during March.

**District banking**—During March and early April, Eighth District member banks increased their loans outstanding with the largest gain at rural banks where loans to farmers normally increase at this time. Consumer loans were up substantially with most district cities sharing in the gain. Advances secured by real estate and securities were virtually unchanged. Business loans, although down, did not decline as much as seasonally expected. The expansionary trend in business borrowing appeared to be caused largely by: 1) greater than usual borrowing during March to make income tax payments, 2) the continued strong demand for consumer credit which was reflected in a sharp increase in loans to sales finance companies and retail concerns, and 3) fewer net repayments from commodity dealers at Memphis due to the less than usual accommoda-

tion by the banks of these dealers last fall. Loans to banks, although off, were at a relatively high level over most of the six-week period.

At the same time banks were expanding their loans, they were losing deposits. Some of the drain was occasioned by a lowering of interbank accounts; and a portion was caused by payment of income taxes by depositors and subsequent calls on Tax and Loan accounts by the Treasury.

To meet the drain caused by deposit withdrawals and to obtain funds for loan expansion, banks substantially reduced their investment portfolios, largely Treasury bills, and drew on previously accumulated cash assets. In addition, they maintained their borrowings at a high level, both with the Federal Reserve and correspondent banks, although closing the period with fewer borrowings than they had at the end of February.

**Debits to deposit accounts**—During March, 1953, debits to individual, business, and local government accounts were about \$4.6 billion, 15 per cent higher than in March a year ago. The largest increases were at Texarkana, Arkansas; Evansville, Indiana; and Jefferson City, Missouri. Turnover of deposits averaged just under 22 times (annual rate) in March. The month's turnover rate was about 10 per cent above that for the twelve-month period ended March, 1953.

### EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	March, 1953	Feb., 1953 To March, 1953	Mar., 1952 To March, 1953	March, 1953	Feb., 1953 To March, 1953	Mar., 1952 To March, 1953	March, 1953	Feb., 1953 To March, 1953	Mar., 1952 To March, 1953
<b>Assets</b>									
1. Loans and Investments.....	\$4,469	\$- 73	\$+288	\$2,587	\$- 62	\$+170	\$1,882	\$- 11	\$+118
a. Loans .....	2,083	+ 11	+203	1,393	+ 3	+148	690	+ 8	+ 55
b. U. S. Government Obligations.....	1,995	- 90	+ 79	1,010	- 69	+ 22	985	- 21	+ 57
c. Other Securities .....	391	+ 6	+ 6	184	+ 4	- 0 -	207	+ 2	+ 6
2. Reserves and Other Cash Balances.....	1,392	- 98	- 5	864	- 59	- 7	528	- 39	+ 2
a. Reserves with the F. R. Bank.....	734	+ 9	+ 11	474	+ 10	+ 5	260	- 1	+ 6
b. Other Cash Balances <sup>3</sup> .....	658	-107	- 16	390	- 69	- 12	268	- 38	- 4
3. Other Assets .....	51	- 5	+ 4	32	- 2	+ 2	19	- 3	+ 2
4. Total Assets.....	<u>\$5,912</u>	<u>\$-176</u>	<u>\$+287</u>	<u>\$3,483</u>	<u>\$-123</u>	<u>\$+165</u>	<u>\$2,429</u>	<u>\$- 53</u>	<u>\$+122</u>
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,337	\$-161	\$+123	\$2,644	\$-112	\$+ 55	\$1,693	\$- 49	\$+ 68
a. Deposits of Banks.....	686	- 70	- 10	647	- 67	- 10	39	- 3	- 0 -
b. Other Demand Deposits.....	3,651	- 91	+133	1,997	- 45	+ 65	1,654	- 46	+ 68
6. Time Deposits .....	1,052	- 5	+ 51	501	+ 1	+ 19	551	- 6	+ 32
7. Borrowings and Other Liabilities.....	124	- 15	+ 82	112	- 14	+ 80	12	- 1	+ 2
8. Total Capital Accounts.....	399	+ 5	+ 31	226	+ 2	+ 11	173	+ 3	+ 20
9. Total Liabilities and Capital Accounts....	<u>\$5,912</u>	<u>\$-176</u>	<u>\$+287</u>	<u>\$3,483</u>	<u>\$-123</u>	<u>\$+165</u>	<u>\$2,429</u>	<u>\$- 53</u>	<u>\$+122</u>

<sup>1</sup> Includes 12 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

# Agriculture

Agricultural conditions in the Eighth District continued to be favorable during March and April except for below freezing temperatures in mid-April which damaged the fruit crop in parts of Missouri, Illinois, and Indiana. Spring field work was well advanced and estimates of winter wheat production indicated an excellent crop for 1953.

**Wheat crop estimates**—The April 1 wheat crop report, reflecting the favorable weather during the winter, indicates a 117.6 million bushel crop for district states, 3 per cent more than the 1952 bumper crop. This new forecast shows improved conditions in all district states compared with December, when it was estimated that production would be 20 per cent less than in 1952. All district states except Indiana are expected to have better crops than last year. In contrast, production for the United States as a whole is expected to be nearly one-third less.

### ESTIMATED WINTER WHEAT PRODUCTION EIGHTH DISTRICT STATES, APRIL 1, 1953

(In thousands of bushels)	Estimated production April 1, 1953	Percent change from 1952	Percent change from 1942-51 average
Arkansas.....	600	+52%	+65%
Illinois.....	42,672	+ 3	+59
Indiana.....	35,788	- 3	+25
Kentucky.....	4,745	+ 3	- 2
Mississippi.....	28,704	+ 9	+36
Missouri.....	425	+82	+91
Tennessee.....	4,674	+17	+12
District States.....	117,608	+ 3	+36
United States.....	714,154	-32	-10

Source: *Crop Production*, USDA, April, 1953.

**Prospective plantings**—If farmers carry out their March intentions, over-all acreages of corn, oats, and soybeans in the district will be very nearly the same as last year, hay acreages will increase 3 per cent, and rice 6 per cent. Tobacco acreages will be reduced 6 per cent by cuts in acreage quotas. As

### CASH FARM INCOME

(In thousands of dollars)	Feb., 1953	Feb., 1953 compared with		1953	2 month total Jan. thru Feb. 1953 compared with	
		Jan., 1953	Feb., 1952		1952	1951
Arkansas.....	\$ 20,135	-29%	-36%	\$ 48,552	-34%	-21%
Illinois.....	118,296	-34	- 9	298,235	+ 3	- 1
Indiana.....	70,331	-19	-10	156,557	- 4	- 6
Kentucky.....	23,684	-81	-18	150,653	+12	+23
Mississippi.....	23,977	-26	+ 9	56,453	+ 8	+29
Missouri.....	55,878	-29	-20	134,957	-12	-12
Tennessee.....	26,117	-52	-10	80,637	+ 5	+ 3
7-State Totals.....	\$338,418	-43%	-13%	\$926,044	+ 2%	-0-%
8th District Totals....	\$142,732	-46%	-17%	\$408,533	- 5%	- 1%

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Mar., 1953	March, '53 compared with		Mar., 1953	March, '53 compared with	
		Feb., '53	Mar., '52		Feb., '53	Mar., '52
Cattle and calves....	102,677	+12%	+46%	58,774	+ 95%	+95%
Hogs.....	275,961	+23	- 8	89,729	+ 97	+18
Sheep.....	38,252	+36	+ 3	14,664	+124	- 6
Totals.....	416,890	+21%	+ 2%	163,167	+ 99%	+34%

between areas, corn acreages will be reduced in the southern district states, but increased in Illinois and Indiana. Soybean acreages will be cut in Arkansas and Tennessee, but increased in Illinois, Missouri, and Indiana. The intentions to plant larger corn and soybean acreages in Illinois and Indiana reflect, partially at least, plans for smaller acreages of oats. In the South, acreage taken out of corn and soybeans likely will be planted to cotton.

**Prices**—Agricultural prices received by farmers in March were slightly higher than a month earlier. The index of 264 (1910-14=100), however, was 8 per cent lower than a year earlier, although at this level prices were 6 per cent above the average for June, 1950, just prior to Korea. Prices paid also were higher. Thus, the parity ratio remained unchanged at 94 for the month.

### PROSPECTIVE PLANTINGS EIGHTH DISTRICT STATES, 1953

(Acreage in Thousands)

	Corn		Oats		Soybeans		Hay		Tobacco		Rice	
	Indicated acreage 1953	Change from 1952										
Arkansas.....	781	-21%	324	+75%	904	- 5%	1,093	+ 9%	....	....%	503	+ 5%
Illinois.....	9,126	+ 2	3,201	- 6	3,722	+ 2	2,532	- 7	....	....	....	....
Indiana.....	4,773	+ 2	1,387	- 5	1,797	+ 4	1,772	- 1	10	- 8	....	....
Kentucky.....	2,094	- 1	164	+ 5	222	+ 1	1,891	+ 8	326	- 7	....	....
Missouri.....	4,247	- 1	1,534	- 0-	1,855	+ 3	3,630	+ 6	5	- 4	58	+12
Mississippi.....	1,645	-10	316	+38	556	-10	745	+ 8	....	....	....	....
Tennessee.....	1,880	- 8	374	+17	300	- 8	1,578	+ 8	109	- 4	....	....
District States.....	24,546	- 1	7,300	- 0-	9,356	+ 1	13,241	+ 3	450	- 6	561	+ 6
United States.....	81,764	- 1	43,777	+ 2	15,862	+ 1	74,859	- 0-	1,659	- 6	2,119	+ 5

Source: *Crop Production, Prospective Plantings*, USDA, March, 1953.

# Survey of Current Conditions

**P**RODUCTION AND CONSUMPTION of goods remained high in both the Eighth District and the nation during the six weeks to mid-May. Developments in the financial field attracted considerable attention.

Financial interest focused on the rise in rates. Money and capital market rates rose during the period under the impact of continued large demands for capital and credit by business and consumers and increased borrowing by the Federal Government. The prime rate of interest charged by banks was increased from 3 to 3¼ per cent, and yields on high-grade corporate and Government bonds increased more rapidly than in other recent periods. Following the peak in early May, rates, particularly the Treasury bill rate, eased somewhat.

The near-peak activity of business in the district continued. Employment was about the same in April as in March, allowing for seasonal gains in agriculture. The high level of industrial production was typified by an increase in the use of electric power by manufacturing firms in the district, an expansion in steel ingot production, and growth in lumber output: this April running above April last year. Construction awards were up 70 per cent during April. And the tabulation of sales at reporting district retailers indicated that the spring selling season of March-April was better than last year. District banking figures, on their part, continued to reflect a strong demand for consumer credit, as these loans rose from the end of March through mid-May. The district farm economy had the dominant minus factors, as wet weather delayed spring field work and agricultural prices declined. However, winter wheat prospects improved.

Nationally, the Federal Reserve Board index of industrial production remained virtually unchanged in April at 242 per cent of the 1935-39 average. Through mid-May, steel production continued operations at near capacity and auto production was running 50 per cent higher than for the same period last year. However, two strikes resulted in the closing down of some auto assembly lines. Among other durables, production cutbacks were put into effect by at least one national manufacturer of TV sets and by several producers of refrigerator and freezing units.

Prices remained relatively steady. The index of consumer prices showed little change from March to April and was only one per cent higher than a year earlier. Retail food prices declined slightly from mid-March to mid-April, but in the last half of the month they rose somewhat. Wholesale price averages rose slightly from mid-April to mid-May. Spot primary market prices as a group showed little net change in the period.

## Employment

Employment conditions in the nation showed little change during April and early May. Civilian employment, totaling 61.2 million, was down slightly from a month earlier but one million higher than in April, 1952. Nonfarm employment decreased somewhat from March, chiefly because of reductions in trade activity after Easter and a shift of some workers into agriculture. Nevertheless, about 1.5 million more persons were employed at nonfarm work this year than a year ago. Agricultural employment rose seasonally to 6.1 million in April but continued below the level of last year. Unemployment decreased slightly to approximately 1.6 million in April, about the same number as were unemployed a year earlier.

In the seven district states, on the other hand, unemployment rose slightly during April and early May, according to the trend of unemployment in-

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	April, 1953 compared with				
	Apr., '53	Mar., '53	Apr., '52	Mar., '53	Apr., '52
All Commodities....	109.4	110.0	111.8	- 1%	- 2%
Farm Products...	97.5	99.8	108.7	- 2	-10
Foods.....	103.2	104.1	108.0	- 1	- 5
Other.....	113.3	113.4	113.3	- 0 -	- 0 -

### CONSUMER PRICE INDEX\*

Bureau of Labor Statistics (1947-49=100)	April, 1953 compared with				
	Apr., '53	Mar., '53	Apr., '52	Mar., '53	Apr., '52
United States.....	113.7	113.6	112.9	- 0 -%	+ 1%

### RETAIL FOOD\*

Bureau of Labor Statistics (1947-49=100)	April, 1953 compared with				
	Apr., '53	Mar., '53	Apr., '52	Mar., '53	Apr., '52
U. S. (51 cities)....	111.5	111.7	113.9	- 0 -%	- 2%
St. Louis.....	111.6	112.4	114.9	- 1	- 3

\* New series.

insurance claims. For the week ended May 9, 152,000 claims were filed against district state programs, compared with 139,000 filed four weeks earlier.

In St. Louis, over-all manufacturing employment showed little change from mid-March to mid-April. Seasonal decreases in shoe, textile, and apparel plants offset gains in transportation equipment and other metalworking plants. Construction employment gained slightly and trade employment increased as in other areas following the Easter buying season.

In Louisville, nonfarm employment in April increased both over March and over April, 1952. The increase in the month amounted to 2,500 workers, as manufacturing industries stepped up production. The bulk of the employment increases were at plants producing defense goods, primarily machinery, ordnance, and explosives. Production of civilian goods also led to additional employment at plants producing lumber products and furniture, farm equipment, and electrical appliances. However, the seasonally slack period of production in the tobacco industry caused a layoff of about 300 workers. In comparison with a year earlier, nonfarm employment in the Louisville area was up approximately 18,000, an increase of 8 per cent. Nearly all manufacturing industries except food products plants and distilled liquor plants have made substantial gains during the past twelve months. In addition, nonmanufacturing industries have also expanded in keeping with the increased level of business activity.

In Memphis, nonfarm employment changed little in the month ending April 15. Some slight increase in manufacturing employment, due primarily to seasonal gains in food, chemical and lumber plants, was partially offset by decreases in non-manufacturing activities during the period. Retail trade employment declined following the Easter shopping season, and gains in construction were slight due to unfavorable weather conditions. While the changes over the month were relatively minor, the year-to-year gain was somewhat more substantial. Nonfarm employment was up 2.5 per cent. Manufacturing employment was up 5 per cent with the largest gain in the paper products industry where nearly 1,000 more employees were at work.

In Evansville, employment declined slightly from March to April, primarily because of layoffs at aircraft defense plants. Nonfarm employment, nevertheless, was still 17 per cent higher than a year ago. Employment at the refrigerator plants also declined slightly from March to April, but was still about two-thirds higher than a year earlier. Meanwhile,

employment at the automobile assembly plant continued to increase slightly and was nearly double the number at work in April, 1952.

In Little Rock, nonfarm employment increased slightly from mid-March to mid-April and was 5 per cent higher than a year earlier. Employment in construction projects increased substantially from March to April, while changes in other industries were relatively small. In comparison with April, 1952, the largest employment increases were at metalworking manufacturing plants, in contract construction and government offices.

## Industry

The high level of industrial activity in the district of the past eight months was continued in April and early May.

**Manufacturing**—The strength of manufacturing activity in the district was shown by a further slight gain in the use of electric power at industrial firms during the month of April and a 10 per cent gain over last year. Greatest gains during the month

### CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	Daily Average*			April, 1953 compared with	
	April, 1953	March, 1953	April, 1952	Mar., '53	Apr., '52
Evansville.....	1,010	969	826	+ 4%	+22%
Little Rock.....	144	170	148	-15	- 3
Louisville.....	4,007	3,872	3,825	+ 3	+ 5
Memphis.....	1,632	1,581	1,407	+ 3	+16
Pine Bluff.....	551	481	487	+15	+13
St. Louis.....	5,267	5,404	4,784	- 3	+10
Totals.....	12,611	12,477	11,477	+ 1%	+10%

\*Selected manufacturing firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Apr., '53	Mar., '53	Apr., '52	First Nine Days			4 mos. '53	4 mos. '52
			May, '53	May, '52			
115,663	121,107	110,501	34,756	32,345	453,390	443,023	

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Daily Average			April, 1953 compared with	
	April, 1953	March, 1953	April, 1952	Mar., '53	Apr., '52
Arkansas.....	77.3	77.4	76.2	- 0-%	+ 1%
Illinois.....	162.8	164.5	168.0	- 1	- 3
Indiana.....	35.4	33.9	29.7	+ 4	+19
Kentucky.....	29.8	29.6	25.6	+ 1	-16
Total.....	305.3	305.3	309.5	- 0-%	- 1%

### COAL PRODUCTION INDEX

1935-39=100					
Unadjusted			Adjusted		
Apr., '53	Mar., '53	Apr., '52	Apr., '53	Mar., '53	Apr., '52
121.8 P	127.5 P	130.3	187.4 P	134.2 P	200.4

### SHOE PRODUCTION INDEX

1935-39=100					
Unadjusted			Adjusted		
Mar., '53	Feb., '53	Mar., '52	Mar., '53	Feb., '53	Mar., '52
170.0 P	173.7	154.0	166.7 P	163.9	151.0

P—Preliminary.

were shown by the non-electrical machinery and rubber products industries. Firms in the important food and chemical industries used about the same amount of power in April as a month earlier. A seasonal tapering-off was reflected in figures on power used by some industries—shoes, for example.

Steel ingot production rose from 78 per cent of capacity in April to 92 per cent for the first three weeks of May. April shoe output appeared to be at about the same level as a year ago. And for the future, trade reports in general were that manufacturers' fall volume of orders was running about the same as last year. However, rises in hide prices have created some delay in placing orders. Lumber production was better in April despite heavy rains in many areas. The average weekly production of Southern pine increased 6 per cent from March to April and the operating rate of Southern hardwoods was 3 per cent higher. Both were also higher than during April, 1952.

Whiskey production continued at a low level. In both April and March, only 28 of the 60 Kentucky distilleries were in operation. There were 29 operating in April, 1952.

**Coal and Petroleum**—Cool April temperatures in the district helped the retail coal merchants reduce stocks somewhat, but little change was shown in the amount produced by mines. Figures for the month ran 5 per cent below last year. Crude oil wells in district producing states continued the daily average production of a little better than 300,000 barrels.

## Construction

During April, outlays for new construction in the nation rose 8 per cent from March and exceeded those of a year ago by 5 per cent. Seasonal gains in roadbuilding and increased spending for Atomic Energy facilities brought public expenditures to \$837 million, a 14 per cent gain over March. Total private expenditures were \$1.8 billion, an increase of 5 per cent, reflecting mainly a rise in residential and public utility construction.

The permissible interest rates on mortgages guaranteed by the Veterans Administration and most home mortgages insured by the Federal Housing Administration were raised to 4½ per cent. This represented an increase of one-half per cent for the VA and one-fourth per cent for the FHA mortgages. The higher rates were expected to bring more funds into the mortgage market.

Another strengthening factor in the building picture was a further pickup in contract awards. In the 37 states east of the Rockies, contract awards

## BUILDING PERMITS

Month of April, 1953

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1953	1952	1953	1952	1953	1952	1953	1952
Eyansville.....	111	95	\$ 269	\$ 988	119	109	\$ 93	\$ 72
Little Rock.....	79	75	810	737	220	198	151	182
Louisville.....	180	238	2,042	1,115	123	111	142	143
Memphis.....	1,860	1,896	4,640	2,514	269	252	162	203
St. Louis.....	342	330	12,972	1,521	366	227	1,057	726
April Totals.....	2,572	2,634	\$20,733	\$ 6,875	1,097	897	\$ 1,605	\$ 1,326
March Totals.....	2,189	2,415	\$14,829	\$10,147	883	845	\$ 1,276	\$ 1,101

during April rose 29 per cent from March and were 9 per cent above a year earlier, F. W. Dodge Corporation reports show. Nonresidential building awards rose 21 per cent over April, 1952, to \$680 million, while residential building contracts slipped one per cent to \$674 million. Contract awards for public works and utilities increased 9 per cent over the year to \$387 million. For the first four months of the year, all categories of construction awards were up 10 per cent over January-April, 1952.

Housing starts were also somewhat higher during April. Despite unusually rainy weather even for this month of showers, they reached a seasonally adjusted annual rate of 1,174,000. There were 110,000 starts this April, 4 per cent more than in April, 1952. The entire gain came in private housing.

In the Eighth District, construction contract awards increased 70 per cent during April to total \$134 million. This month-to-month increase was second only to the March-April change of last year, in postwar records, but still left the district running behind the nation in comparative performance during the first four months of the year. The district had a decline of 17 per cent in the cumulative four-month total, while the national figure (37 states east of the Rockies) was up 10 per cent. The district decline was due to an 8 per cent reduction in residential awards and a 26 per cent drop in nonresidential awards.

## Trade

Retail sales during April for the district as a whole totaled somewhat larger than in either the previous month or in April, 1952, on the basis of the experience reported to this Bank. The gains were achieved even though unfavorable weather conditions in much of the district limited the effectiveness of seasonal promotions both before and after Easter. The percentage increase in sales over a year earlier was greater in durable goods (including automobiles) than in nondurables. Furniture store sales volume was above that in the previous month and was equal to the comparable month a year ago. Department store sales totaled slightly

higher while men's and women's specialty store sales dropped below those in either period.

At district department stores, the gain was less-than-seasonal from March, placing the adjusted

**DEPARTMENT STORES**

	Net Sales		4 mos. compared with same period '52	Stocks on Hand	Stock Turnover
	April, 1953 compared with Mar., 1953	Apr., 1952		April, '53 compared with April, 1952	Jan. 1 to Apr. 30, '53 '52
8th F.R. District Total.....	+ 1%	+ 2%	+ 5%	+11%	1.13 1.16
Ft. Smith, Ark. <sup>1,2</sup> .....	- 1	- 5	+ 1	- 3	1.10 1.08
Little Rock Area, Ark. <sup>2</sup> .....	+11	- 2	+ 2	+11	1.06 1.13
Quincy, Ill.....	+ 2	- 3	+ 1	+ 9	1.07 1.16
Evansville Area, Ind. <sup>2</sup> .....	+ 3	+11	+20	.....	.....
Louisville Area, Ky., Ind. <sup>2</sup> .....	+ 8	- 0	+ 4	+12	1.19 1.24
St. Louis Area, Mo., Ill. <sup>2</sup> .....	- 2	+ 2	+ 4	+10	1.16 1.15
Springfield Area, Mo. <sup>2</sup> .....	- 1	- 3	- 0	+19	.93 .98
Memphis Area, Tenn. <sup>2</sup> .....	- 0	+ 5	+ 4	+ 9	1.20 1.23
All Other Cities <sup>3</sup> .....	+10	+ 2	+11	+16	.88 .97

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

OUTSTANDING ORDERS of reporting stores at the end of April 30, 1953, were 13 per cent larger than on the corresponding date a year ago.

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

Outstanding April 1, 1953, collected during April, 1953

	Instalment Accounts		Excl. Instal. Accounts	
	Accounts	Accounts	Accounts	Accounts
Ft. Smith, Ark. ....%	44%	20%	59%	
Little Rock.....16	47	19	51	
Louisville.....19	45	10	46	
Memphis.....18	36	18	47	

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

8th Federal Reserve District

	April, 1953	March, 1953	Feb., 1953	April, 1952
Sales (daily average), unadjusted <sup>4</sup> .....	100	99	85	101
Sales (daily average), seasonally adjusted <sup>4</sup> ....	99	107	106	98
Stocks, unadjusted <sup>5</sup> .....	148	135	122	122
Stocks, seasonally adjusted <sup>5</sup> .....	139	128	125	114

<sup>4</sup> Daily average 1947-49=100

<sup>5</sup> End of Month Average 1947-49=100

Trading Days: April, 1953—26; March, 1953—26; April, 1952—26.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	Apr., 1953 compared with Mar., '53	Apr., '52	Apr., 1953 compared with Mar., '53	Apr., '52	Apr., '53	Apr., '52
8th Dist. Total <sup>1</sup> .....	+ 4%	- 0 - %	-10%	+ 6%	23%	27%
St. Louis.....	- 2	- 3	+ 3	+13	63	65
Louisville Area <sup>2</sup> .....	+10	+ 7	- 1	+ 2	12	13
Louisville.....	+12	+ 6	- 1	+ 2	11	12
Memphis.....	- 0 -	-11	*	*	12	15
Little Rock.....	+19	+ 1	*	*	17	21
Springfield.....	+ 3	+ 8	+ 2	+ 4	16	17
Fort Smith.....	+20	+ 1	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Indiana.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Apr., '53	Mar., '53	Apr., '52
Cash Sales.....	16%	16%	12%
Credit Sales.....	84	84	88
Total Sales.....	100%	100%	100%

index of daily sales at 99 per cent of the 1947-49 average. In comparison, the index was 107 per cent a month earlier and 98 per cent in April, 1952. The slackened sales volume this April brought the rate of gain for the March-April spring selling season down to 3 per cent over that in the comparable two-month period in 1952—somewhat below the 5 per cent gain from 1952 in cumulative sales for the first four months of 1953.

Women's apparel and men's wear sales volume during April declined from that in March and in April, 1952. The rate of decline was largest at men's wear stores as volume dropped about one-eighth lower than in either period. Women's specialty store sales in the month were substantially lower than in March and were slightly below those in April, 1952.

Furniture store sales for the district as a whole were 4 per cent above those in March and were equal to those a year ago. As in comparable department store divisions, consumer spending was not particularly heavy in certain appliance lines. Television sales continued to record sizable declines from the level a year ago, except in the Little Rock area where the first TV station in Arkansas recently began operations.

Inventories at reporting lines of trade on April 30 were somewhat lower than on March 31, except at men's wear stores. In comparison with a year ago, however, they were generally larger. The year-to-year increase was 10 per cent at men's wear stores and furniture stores and was 11 per cent at department stores. Women's apparel store inventories were at about the same level as a year earlier.

The volume of outstanding orders at district department stores on April 30 was substantially lower than a month earlier but 13 per cent larger than on April 30, 1952.

**Banking and Finance**

**District Banking**—During April and early May district banks expanded their loans largely to meet a continued demand for credit on the part of consumers. "Other" loans (largely consumer) rose \$11 million at district member banks during the period. Consumers' credit needs were also reflected in business loan behavior. Considering the season, business loan demand was strong partly because of a growth in outstanding loans to sales finance companies and retail stores. Loans on securities and on real estate rose moderately at these urban banks.

### WHOLESALE TRADE

Line of Commodities Data furnished by Bureau of Census, U.S. Dept. of Commerce*	Net Sales		Stocks
	April, 1953 compared with		April 30, 1953 compared with
	Mar., '53	Apr., '52	April 30, 1952
Automotive Supplies.....	- 0 - %	- 4 %	+ 5 %
Drugs and Chemicals.....	+ 2	+ 3	.....
Dry Goods.....	- 6	+ 9	+ 17
Groceries.....	- 3	+ 1	+ 2
Hardware.....	+ 4	+ 11	- 7
Tobacco and its Products.....	+ 6	- 1	+ 17
Miscellaneous.....	- 4	+ 7	+ 17
**Total All Lines.....	- 1 %	+ 8 %	+ 1 %

\*Preliminary.

\*\*Includes certain items not listed above.

**Banking Nationally**—As in the district the demand for bank credit remained strong in the nation during April. Also, as in the district, the strength centered in a continued demand for credit by consumers. At reporting banks in leading cities of the nation "other" loans (largely consumer) rose roughly \$150 million. Loans on securities and real estate were up moderately. Business loans declined \$200 million in April this year compared with \$600 million a year ago. Borrowing by sales finance companies and trade concerns moderated the usual April decline.

In response to the credit demand, banks sold a substantial volume of securities, mostly Treasury bills, during the month and interest rates firmed. Treasury bill yields (longest maturity outstanding) moved up sharply from early April to a long-time record peak May 5. Yields on outstanding Treasury

bonds and high-grade corporate bonds also increased (as their market prices declined). And the prime bank loan rate moved up from 3 to 3¼ per cent. In the two weeks following May 5, yields on long- and intermediate-term Treasury issues eased some and, reflecting an improved supply of funds in the money market, the Treasury bill rate declined sharply.

In addition to the continued demand for credit from private and state and local government sources, the United States Government stepped up its credit demand in April and May. The Treasury obtained nearly \$1.2 billion of new money through the offering of 30-year 3¼ per cent bonds dated May 1 (\$400 million more of these bonds were exchanged for Series F and G Savings Bonds maturing in 1953). In addition the Treasury announced in April that it intended to raise about \$1 billion of cash by increasing its weekly bill offerings. Through May about \$700 million of this additional supply of bills had been issued.

Deposits and currency held by businesses and individuals increased \$1.3 billion during April compared with a rise of \$0.8 billion in April a year ago. The gain was largely due to a shift of deposits from the United States Government accounts to businesses and individuals more than offsetting a contraction in bank credit occasioned by the net sales of securities.

### EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Assets	Change from:		Change from:		Change from:		April, 1953	April, 1953
April, 1953		Mar., 1953 To April, 1953	Apr., 1952 To April, 1953	April, 1953	Mar., 1953 To April, 1953	Apr., 1952 To April, 1953	Mar., 1953 To April, 1953		
1. Loans and Investments.....	\$4,383	\$- 86	\$+236	\$2,517	\$- 70	\$+133	\$1,866	\$- 16	\$+103
a. Loans.....	2,044	- 39	+163	1,356	- 37	+122	688	- 2	+ 41
b. U.S. Government Obligations.....	1,942	- 53	+ 68	972	- 38	+ 8	970	- 15	+ 60
c. Other Securities.....	397	+ 6	+ 5	189	+ 5	+ 3	208	+ 1	+ 2
2. Reserves and Other Cash Balances.....	1,386	- 6	+ 37	863	- 1	+ 26	523	- 5	+ 11
a. Reserves with the F. R. bank.....	724	- 10	+ 33	464	- 10	+ 19	260	- 0 -	+ 14
b. Other Cash Balances <sup>3</sup> .....	662	+ 4	+ 4	399	+ 9	+ 7	263	- 5	- 3
3. Other Assets.....	51	- 0 -	- 0 -	33	+ 1	- 0 -	18	- 1	- 0 -
4. Total Assets.....	<u>\$5,820</u>	<u>\$- 92</u>	<u>\$+273</u>	<u>\$3,413</u>	<u>\$- 70</u>	<u>\$+159</u>	<u>\$2,407</u>	<u>\$- 22</u>	<u>\$+114</u>
Liabilities and Capital									
5. Gross Demand Deposits.....	\$4,238	\$- 99	\$+121	\$2,566	\$- 78	\$+ 59	\$1,672	\$- 21	\$+ 62
a. Deposits of Banks.....	672	- 14	+ 38	634	- 13	+ 36	38	- 1	+ 2
b. Other Demand Deposits.....	3,566	- 85	+ 83	1,932	- 65	+ 23	1,634	- 20	+ 60
6. Time Deposits.....	1,047	- 5	+ 40	501	- 0 -	+ 16	546	- 5	+ 24
7. Borrowings and Other Liabilities.....	131	+ 7	+ 79	118	+ 6	+ 72	13	+ 1	+ 7
8. Total Capital Accounts.....	404	+ 5	+ 33	228	+ 2	+ 12	176	+ 3	+ 21
9. Total Liabilities and Capital Accounts....	<u>\$5,820</u>	<u>\$- 92</u>	<u>\$+273</u>	<u>\$3,413</u>	<u>\$- 70</u>	<u>\$+159</u>	<u>\$2,407</u>	<u>\$- 22</u>	<u>\$+114</u>

<sup>1</sup> Includes 12 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

**Deposit Activity**—During April the amount of checks written on banks in the 22 district reporting centers remained at a high level. Debits to demand deposit accounts, except interbank and United States Government, totaled \$4.2 billion. This was 7 per cent less than in March, but normally debits are about this much smaller in April than in March. Fewer debits were reported by all centers except two—Greenville, Mississippi, and Texarkana, Arkansas. For Texarkana, April was a record high. The April check cashings were about as much lower than March for each of the five largest cities of the district as they were for the 22-center total.

### Agriculture

There was excessive rainfall over much of the district during most of April and the first half of May. As a result, field work at mid-May was believed to be one to two weeks behind time, whereas a month earlier it had been considered ahead of normal. Cotton planting was delayed and in a considerable number of cases fields will have to be replanted. The planting of corn and soybeans was unfavorably affected in much of district Illinois, Indiana, and Missouri. In northern district Illinois and Indiana, however, somewhat drier conditions permitted progress in getting these crops sown.

**Wheat**—Although the weather was none too favorable for spring-sown crops, it was helpful for development of the winter wheat crop, raising the May 1 estimates of production for every district state higher than those of April 1. For all of the district states together, the new estimate was 121 million bushels, 4 million bushels, or 2 per cent, higher than the April estimate, and 5 per cent higher than 1952 production.

**Farm Land Values**—Farm real estate values in the Eighth District on May 1, 1953, were unchanged from the March and November, 1952, levels. Nationally, however, values were one per cent lower than a year earlier, and 2 per cent lower than November, 1952. In district states, changes in values of farm land were mixed. During the November 1952-March 1953 period, values increased in three states, declined in three states, and were unchanged in the other.

#### CHANGES IN DOLLAR VALUE OF FARM LAND

	Per cent change November, 1952 to March, 1953	Per cent change March, 1952 to March, 1953	Per cent change 1935-39 average to March, 1953
Arkansas .....	-1%	-2%	+226%
Illinois .....	-2	+2	+207
Indiana .....	-0-	+1	+236
Kentucky .....	-4	-4	+242
Mississippi .....	+3	+4	+229
Missouri .....	+3	-0-	+172
Tennessee .....	+2	+1	+223
Eighth District .....	-0-	-0-	+208
United States .....	-2	-1	+153

Source: *The Farm Real Estate Market*, B.A.E., March 1953.

### DEPOSIT ACTIVITY

	Debits <sup>1</sup>			Turnover	
	April, 1953 (In millions)	Percent Change from March, 1953	April 1952 <sup>2</sup>	April, 1953 (Annual Rate)	Year Ended Apr. 30, 1953
El Dorado, Ark.....	\$ 27.4	- 5%	+ 1%	11.0	10.9
Fort Smith, Ark.....	47.0	- 0-	+13	13.5	13.3
Helena, Ark.....	8.1	-11	+11	10.9	12.9
Little Rock, Ark.....	160.7	- 7	+11	16.1	15.7
Pine Bluff, Ark.....	35.0	- 7	- 2	12.7	14.5
Texarkana, Ark.....	22.9	+ 5	+29	15.9	12.3
Alton, Ill.....	32.5	- 6	+19	12.4	11.9
East St. Louis- National Stock Yards, Illinois.....	128.2	- 7	+ 4	26.8	27.5
Quincy, Ill.....	34.5	- 2	+ 9	15.3	14.3
Evansville, Ind.....	170.6	- 4	+27	18.5	16.8
Louisville, Ky.....	683.0	- 5	+11	22.9	24.5
Owensboro, Ky.....	38.3	- 5	- 2	13.6	15.6
Paducah, Ky.....	43.5	- 6	+ 2	14.2	14.3
Greenville, Miss.....	23.1	+ 5	+21	13.1	14.7
Cape Girardeau, Mo.....	13.5	- 2	+12	12.5	11.2
Hannibal, Mo.....	9.0	- 6	- 0-	8.4	9.1
Jefferson City, Mo.....	54.9	- 5	- 1	10.5	11.5
St. Louis, Mo.....	1,979.1	- 8	+11	21.7	20.2
Sedalia, Mo.....	11.5	- 3	+ 4	9.7	9.7
Springfield, Mo.....	67.4	- 6	- 0-	12.9	14.7
Jackson, Tenn.....	21.2	- 1	+ 7	11.1	11.4
Memphis, Tenn.....	627.3	- 9	+15	24.3	24.7
Total.....	\$4,239.6	- 7%	+12%	20.2	19.8

<sup>1</sup> Debits to demand deposit accounts of individuals, partnerships and corporations and states and political subdivisions.

<sup>2</sup> Estimated.

### CASH FARM INCOME

(In thousands of dollars)	Mar., 1953	March, 1953 compared with		3 month total Jan. thru Mar.		
		Feb., 1953	Mar., 1952	1953	1953 compared with	
Arkansas.....	\$ 23,155	+ 15%	-21%	\$ 71,707	-30%	-18%
Illinois.....	154,826	+ 31	- 0-	453,061	+ 2	- 1
Indiana.....	82,145	+ 17	- 2	238,702	+ 4	- 5
Kentucky.....	21,615	- 9	-10	172,268	+ 9	+16
Mississippi.....	22,041	- 8	- 7	78,494	+ 3	+12
Missouri.....	62,560	+ 12	-10	197,517	-11	-14
Tennessee.....	20,712	- 21	-20	101,349	- 2	- 4
7-State Totals.....	\$387,054	+ 14%	- 6%	\$1,313,098	- 3%	- 3%
8th Dist. Totals.....	\$156,009	+ 9	-10	\$ 564,542	- 7	- 4

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	April, 1953	April, 1953 compared with Mar., '53 Apr., '52		April, 1953	April, 1953 compared with Mar., '53 Apr., '52	
Cattle and calves....	111,111	+ 8%	+40%	41,753	- 29%	+20%
Hogs.....	231,679	-16	-21	46,992	- 48	-47
Sheep.....	62,790	+64	+13	40,101	+173	- 2
Totals.....	405,580	- 3%	- 5%	128,846	- 21%	-22%

Reports indicated that values of top-grade farms have declined very little during the year. Pasture land and poor-grade farms have declined most. The reduction in tobacco acreage quotas also was a contributing factor in the decline in land prices. Demand for farms had declined substantially and the number of transfers was lowest in eleven years. Foreclosures were still at an extremely low rate, not far above the all-time low since the series was established in 1912. About two-thirds of the farms purchased involved credit, a higher proportion than at any time in the past eight years.

turing cities in Arkansas reflects woodworking industries.

Outside of this complex of industrial cities, diversified cities and trade centers dominate. One group of trade centers reflects the agricultural production of the Arkansas and Mississippi delta lands. Another group in Kentucky is intermingled with diversified cities, suggesting the trade based on tobacco production there in combination with considerable manufacturing. The pattern skirts the hills of the Highland Rim on the north and most of the Cumberland River valley area in the southeast. A group in western Arkansas lines the banks of the upper Arkansas River valley and extends northward into the fruit-poultry section. To the southwest is a group of diversified cities. The white space between them on the map indicates the location of the Ouachita Mountains.

Another group of trade and diversified centers is located in western Missouri. Separating this group from those to the south is the area of the Ozarks.

Diversified centers are adjacent to the patterns showing trade center distribution in every district state. They predominate in the south, however.

*. . . gives focus to regional analysis, emphasizing the diversified nature of the district economy.*

The patterns that emerge from this functional grouping of cities give focus to regional analysis and emphasize the diversified nature of the district economy. On the one hand, a great difference is shown in the occupational structure, and hence economic character, of its cities and towns. Some are highly specialized. Many are diverse. Secondly, it shows that, when grouped according to their basic employment activities, these towns and cities form an irregular pattern across the district emphasizing manufacturing in the Ohio and Mississippi River valleys in the north, mining between these valleys, and trade (reflecting agriculture) in the south. Furthermore, these places of over 2,500 population show by their absence the hundreds of square miles of forest, recreational and small farming areas in the Ozark mountains of Arkansas and Missouri and the highlands of Kentucky. Thus, the economy of the district, like that of its cities and towns, is found to be truly characterized by a wide range of economic activities—a range that is indeed from A to Z.

HARRY B. KIRCHER

# Survey of Current Conditions

**B**USINESS ACTIVITY in the Eighth District remained high during May and the first half of June with diverse movements apparent in various segments of the economy. Manufacturing activity increased more than seasonally, but lumber and coal production declined and crude oil output remained unchanged. Retail sales also advanced more than seasonally from April and were larger than for May, 1952. However, construction activity in the district dropped sharply during May and continued at a reduced rate for the first three weeks of June. Loans to businesses also declined more than seasonally during May but loans to consumers continued to increase. Agricultural prospects deteriorated as a result of the hot weather and lack of moisture in the first three weeks of June.

In the nation, business activity also remained at a high rate in May and the first half of June, with most segments of the economy operating at levels close to those in April (after seasonal adjustments). The leveling off in activity was apparent primarily in industrial production, which for three consecutive

months has shown no increase. Construction activity also has moved seasonally so far this year, although outlays are about 6 per cent greater than last year. And retail sales since last December have been at about the same level after adjustment for seasonal variations. Reflecting this stability in demand, employment (after adjustment) has shown little change since January.

Consumer prices increased slightly from mid-April to mid-May but were less than 1 per cent greater than in 1952. Wholesale prices continued relatively steady during May but eased somewhat in the first three weeks of June, reflecting primarily supply factors and the impact of international developments.

Yields on outstanding long-term corporate, state and local, and United States Government securities, which rose sharply in April, increased somewhat further in May and early June. As a result of the higher cost of money some financing was abandoned in the period.

## Employment

Employment in the five major population centers of the district changed little from mid-April to mid-May. Slight gains in St. Louis and Louisville were offset by declines in Evansville, Little Rock and Memphis.

**St. Louis**—In the St. Louis metropolitan area, total nonfarm employment was practically unchanged from April to May but was 3 per cent higher than a year earlier. Manufacturing employment increased only slightly as gains at ordnance, automobile assembly, and other metal working plants were nearly offset by seasonal decreases at shoe and apparel plants. In addition, it was held down by the closing of five plants in the area. And completion of Government contracts was also reported to have caused some layoffs subsequent to mid-May. Employment in construction increased slightly to mid-May but a work stoppage began on May 19, halting nearly all work in progress in the area.

**Louisville**—In Louisville, during the mid-April to Mid-May period, nonfarm employment continued to increase as a result of additions to the work force at ordnance, chemical, and machinery and equipment plants. Partially offsetting these increases were employment declines in distilled liquor and woodworking plants and retail stores. And Federal employment was also reduced. Even though the gain from April to May was only slight, nonfarm employment in the Louisville area totaled 8 per cent higher than a year earlier. Manufacturing employment was up 17 per cent over the year.

**Memphis**—Seasonal layoffs, completion of defense contracts, and other reductions caused nonfarm employment in the Memphis area to decrease slightly from April to May. Nevertheless, there were 2,400 more persons employed in such work than a year

earlier—a gain of about one per cent. In comparison with May, 1952, substantial increases in employment occurred in wholesale and retail trade establishments and in manufacturing plants producing paper and bakery products. Gains also were recorded in some other manufacturing industries. However, reductions over the year occurred in establishments producing lumber, fabricated metal products, and machinery. In addition, fewer persons were at work in construction and government offices than a year earlier.

**Evansville**—In Evansville, employment declined slightly again from April to May but remained 16 per cent greater than in May, 1952. The reduction from April was due to layoffs by manufacturers of aircraft parts and motor vehicles.

**Little Rock**—Nonfarm employment in the Little Rock metropolitan area declined slightly in the month ended May 15. Both manufacturing and non-manufacturing employment declined, largely as a result of seasonal factors. Despite the decline in May, employment was 4 per cent greater than a year earlier. Metal working firms with defense contracts accounted for a large part of the year-to-year gain. Employment was also substantially higher than a year earlier in service industries and government offices.

**Unemployment in District States**—Unemployment in the seven district states, as indicated by the claims for unemployment insurance declined gradually during May but increased slightly in the first two weeks of June. The increase in June resulted primarily from unemployment in the St. Louis area caused by the work stoppage in the construction industry. In Indiana the number of persons newly unemployed in early June was slightly higher than at the end of May. Layoffs there occurred in plants producing automobile equipment, trucks, television receivers, household appliances, and furniture.

**National Employment**—Nonfarm employment in the nation increased by 150,000 to 48.9 million from April to May. The increase brought the nonfarm job total to 1.5 million greater than a year earlier. Construction employment increased by 78,000, the smallest reported for this time of the year since 1945. While the gain in construction employment was less than usual, manufacturing employment declined less than usual. The total number employed in manufacturing establishments dropped 38,000 to a mid-May total of 17.0 million.

With the seasonal increase in employment, the number of people unemployed dropped in May to

### CONSUMER PRICE INDEX

Bureau of Labor Statistics (1947-49=100)	May, 1953		May, 1952		May, 1953 compared with	
	May, '53	Apr., '53	May, '52	Apr., '53	May, '52	
United States.....	114.0	113.7	113.0	-0-%	+ 1%	

### RETAIL FOOD

Bureau of Labor Statistics (1947-49=100)	May, 1953		May, 1952		May, 1953 compared with	
	May, '53	Apr., '53	May, '52	Apr., '53	May, '52	
U. S. (51 cities).....	112.1	111.5	114.3	+ 1%	- 2%	
St. Louis.....	112.9	111.6	116.4	+ 1	+ 3	

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	May, 1953		May, 1952		May, 1953 compared with	
	May, '53	Apr., '53	May, '52	Apr., '53	May, '52	
All Commodities.....	109.8	109.4	111.6	-0-%	- 2%	
Farm Products.....	97.9	97.3	107.9	+ 1	- 9	
Foods.....	104.4	103.2	108.6	+ 1	- 4	
Other.....	113.5	113.2	113.0	-0-	-0-	

1.3 million, equal to about 2.1 per cent of all civilian workers.

So far this year changes in nonfarm employment have been largely seasonal in nature, indicating a leveling off in the sharp expansion which occurred in the last half of 1952.

## Industry

As the first half of the year drew to a close, industrial production in the district remained at near-peak levels, with many industries operating on higher-than-seasonal schedules. Lumber production was a notable exception.

**Manufacturing**—Greater-than-seasonal strength in manufacturing activity in the district during May was indicated according to reports on the use of industrial electric power. Most industries covered by the report used about the same amount as in April, while gains of over 20 per cent compared with a year ago were shown by the textile, electrical machinery, transportation equipment, paper and allied products, and lumber and wood products industries.

Steel ingot output increased in May and again in June—in contrast to the United States as a whole—with the completion of two of three new open hearth furnaces at Granite City, Illinois, and continued full capacity operation at most other furnaces.

Even whiskey production at Kentucky distilleries showed an increase over May, 1952, with 28 distilleries in operation compared with 21 then. And the number of livestock slaughtered in the St. Louis area in May was 9 per cent larger than a year ago, but down 13 per cent from April.

The only major indicator that was down was lumber production. During May, average weekly output of Southern pine dropped 9 per cent from the previous month and a year ago, and the operating rate of Southern hardwoods was down 18 and 9 per cent respectively. The decrease could be attributed to excessive rains and storms in the South which hampered logging and shipments. Also, demand for both Southern pine and hardwoods has moderated in recent weeks. The latter slackening reflected a seasonal slowing at this time in the hardwood market as furniture manufacturers wait until after the summer shows before buying ahead for future needs.

**Coal and crude oil**—Coal production declined slightly during May, in contrast to the national trend, but was 4 per cent above May, 1952. Crude oil output remained practically unchanged from the level of recent months.

## Construction

Construction activity in the district dropped sharply during May and continued at a reduced rate in the first three weeks of June. A work stoppage in the St. Louis area was largely responsible for the halting of much of the work in progress there. Strikes also impeded the construction of the AEC plant near Paducah, Kentucky. Activity on that project has been declining slowly for some time as work was completed on various parts. About 17,000 were employed there at Mid-June compared with some 23,000 at the peak in August, 1952. Construction employment in Arkansas at mid-May was reported down slightly from the month before and about 20 per cent less than in May, 1952. In Louisville, employment on construction projects also declined from April to May, but was about one-fifth greater than a year earlier.

In addition to the sharp drop in construction activity in the district, new work contracted also declined. Awards in the Eighth District reported by the F. W. Dodge Corporation totaled \$91 million in May, a decrease of 32 per cent from April. Thus, for the first five months of 1953, construction contracts awarded were 15 per cent less than in the comparable months of 1952. As indicated in the

### CONSUMPTION OF ELECTRICITY—DAILY AVERAGE\*

(K.W.H. in thous.)	May, 1953		April, 1953		May, 1952		May, 1953 compared with	
	K.W.H.	K.W.H.	K.W.H.	K.W.H.	K.W.H.	K.W.H.	Apr., '53	May, '52
Evansville.....	1,048	1,010	1,010	807	807	807	+ 4%	+30%
Little Rock.....	129	144	144	126	126	126	-11	+ 2
Louisville.....	4,247	4,007	4,007	4,075	4,075	4,075	+ 6	+ 4
Memphis.....	1,684	1,632	1,632	1,428	1,428	1,428	+ 3	+18
Pine Bluff.....	579	551	551	330	330	330	+ 5	+75
St. Louis.....	5,439	5,267	5,267	4,947	4,947	4,947	+ 3	+10
Totals.....	13,126	12,611	12,611	11,713	11,713	11,713	+ 4%	+12%

\* Selected Manufacturing firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

May, '53	Apr., '53	May, '52	First Nine Days		5 mos. '53	5 mos. '52
			June, '53	June, '52		
117,935	115,663	108,597	32,825	28,872	571,325	551,620

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	May, 1953		April, 1953		May, 1952		May, 1953 compared with	
	May, 1953	April, 1953	May, 1953	April, 1953	May, 1952	April, 1952	Apr., '53	May, '52
Arkansas.....	76.9	77.3	77.3	.....	.....	.....	- 1%	.....%
Illinois.....	161.7	162.8	162.8	.....	.....	.....	- 1	.....%
Indiana.....	35.4	35.4	35.4	.....	.....	.....	- 0 -	.....%
Kentucky.....	29.9	29.8	29.8	.....	.....	.....	- 0 -	.....%
Total.....	303.9	305.3	305.3	.....	.....	.....	- 1%	.....%

\*Strike.

### COAL PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
May, '53	Apr., '53	May, '52	May, '53	Apr., '53	May, '52
118.1 P	121.8 P	107.4	114.7 P	187.4 P	104.3

### SHOE PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Apr., '53	Mar., '53	Apr., '52	Apr., '53	May, '53	Apr., '52
154.1	170.0	145.4	151.1	166.7	143.0

P—Preliminary.

**DEPARTMENT STORES**

	Net Sales			Stocks	Stock	
	May, 1953		5 mos.'53	on Hand	Turnover	
	compared with	to same comp. with	May, '53	Jan. 1 to	May 31,	
	Apr., '53	May, '52	period '52	May, '52	1953	1952
8th F.R. District Total.....	+ 7%	+ 2%	+ 4%	+10%	1.44	1.48
Ft. Smith Area, Ark.1.....	+15	- 1	- 0 -	+ 2	1.42	1.42
Little Rock Area, Ark.2.....	+ 7	- 0 -	+ 1	+11	1.38	1.49
Quincy, Ill.....	- 0 -	- 4	- 0 -	+ 8	1.35	1.49
Evansville Area, Ind.2.....	+15	+ 4	+15	.....	.....	.....
Louisville Area, Ky., Ind.2, + 1	+ 2	+ 2	+ 4	+ 9	1.52	1.59
St. Louis Area, Mo., Ill.2... + 7	+ 4	+ 4	+ 4	+11	1.44	1.46
Springfield Area, Mo.2.....	+21	- 0 -	- 0 -	+15	1.24	1.32
Memphis Area, Tenn.2.....	+10	+ 1	+ 4	+ 8	1.54	1.59
All Other Cities3.....	+ 9	- 2	+ 7	+14	1.16	1.32

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

OUTSTANDING ORDERS of reporting stores at the end of May, 1953, were 21 per cent larger than on the corresponding date a year ago.

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

Outstanding May 1, 1953, collected during May:

	Instalment Accounts		Excl. Instal. Accounts	
	%		%	
Fort Smith .....	45%		21%	60%
Little Rock .....15	46		19	54
Louisville .....17	44		12	48
Memphis .....18	38		18	48
Quincy .....				
St. Louis.....				
Other Cities .....				
8th F.R. Dist.....				

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	May, 1953	Apr., 1953	Mar., 1953	May, 1952
Sales (daily average), unadjusted <sup>4</sup> .....	112	100	99	106
Sales (daily average), seasonally adjusted <sup>4</sup> .....	108	99	107	102
Stocks, unadjusted <sup>5</sup> .....	149	148	135	124
Stocks, seasonally adjusted <sup>5</sup> .....	149	139	128	124

<sup>4</sup> Daily average 1947-49=100.

<sup>5</sup> End of Month Average 1947-49=100.

Trading days: May, 1953—25; April, 1953—26; May, 1952—26.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	May, 1953 compared with		May, 1953 compared with		May, '53	
	Apr., '53	May, '52	Apr., '53	May, '52	May, '53	May, '52
8th Dist. Total <sup>1</sup> .....	+ 7%	- 9%	- 1%	+ 7%	16%	19%
St. Louis.....	+12	+10	+ 2	+17	37	33
Louisville Area <sup>2</sup> .....	+ 6	- 3	- 4	+ 2	14	15
Louisville.....	+ 5	- 3	- 4	+ 2	13	15
Memphis.....	+19	-22	*	*	12	16
Little Rock.....	- 1	-17	*	*	17	19
Springfield.....	+13	- 4	- 5	+ 1	14	21
Fort Smith.....	- 5	-22	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Indiana.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	May, '53	Apr., '53	May, '52
Cash Sales .....	15%	15%	14%
Credit Sales .....	85	85	86
Total Sales .....	100%	100%	100%

following table, the decline has been primarily in the St. Louis area.

**CONSTRUCTION CONTRACTS AWARDED**

(Dollar Amounts in Thousands)

Area	First five months		Per Cent Change
	1953	1952	
St. Louis.....	\$101,546	\$172,003	-41%
Louisville.....	42,963	49,635	-14
Memphis.....	36,768	37,066	- 1
Evansville.....	6,479	5,518	+17
Little Rock.....	5,848	5,521	+ 6

Source: F. W. Dodge Corporation.

In the nation, outlays for new construction rose 10 per cent from April to May, reaching \$2.9 billion, 6 per cent greater than in the comparable period of 1952. Increased construction of privately owned facilities accounted for most of the gain, with residential and commercial building in the lead. Spending for construction of publicly owned facilities was only slightly greater than in 1952.

While construction activity increased seasonally, contract awards, proposed work and new housing starts declined from April to May. Construction contract awards in May were \$1.6 billion, 8 per cent below the April total. Nevertheless, the first five months, total awards were 8 per cent above the same months last year. Proposed work, according to ENGINEERING NEWS RECORD, also dropped in May. Nonfarm housing units started in May totaled 107,000, a decrease of about 3,000 units from April. On a seasonally adjusted basis, total housing starts were at an annual rate of 1,067,000 in May, compared with a rate of 1,174,000 in April.

**Trade**

Sales during May at district retail outlets were at a high rate generally. In some durable lines volume in the month was lower than in May, 1952, due in part to the fact that a year ago the ending of consumer credit regulations brought on heavier-than-normal consumer purchase of items formerly under control. Nondurables were adversely affected early in May by unfavorable shopping weather. But in the last half of the month hot and humid weather in much of the district stimulated sales of seasonal goods.

Sales volume at district department stores advanced more than seasonally from April and totaled

**BUILDING PERMITS**

Month of May, 1953

	New Construction				Repairs, etc.			
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
(Cost in thousands)	1953	1952	1953	1952	1953	1952	1953	1952
Evansville.....	73	63	\$ 243	\$ 135	98	122	\$ 111	\$ 65
Little Rock.....	60	44	519	477	195	211	152	165
Louisville.....	160	173	885	1,230	113	99	295	99
Memphis.....	1,500	2,508	3,233	7,166	237	231	148	174
St. Louis.....	263	355	3,198	4,062	353	348	829	722
May Totals.....	2,056	3,143	\$ 8,078	\$13,070	996	1,011	\$1,535	\$1,225
April Totals.....	2,572	2,634	\$20,733	\$ 6,875	1,097	897	\$1,605	\$1,326

larger than in May, 1952. After adjustment for seasonal and other factors, the index of daily sales averaged 109 per cent of the 1947-49 base period. In comparison they were 99 per cent in April and 102 per cent in May, 1952. Cumulative sales through the first five months of 1953 were 4 per cent larger than in the like period of 1952. Preliminary reports through mid-June indicated the cumulative rate of gain would be maintained in the month.

Women's specialty store sales during May totaled less than in April but were equal to those in May, 1952. Men's wear store volume was substantially larger than in April and slightly above that a year ago.

District furniture store volume during May was somewhat larger than in April but was 9 per cent below that in May, 1952. This marked the first time since August, 1952, that sales did not equal or exceed those in the comparable period a year earlier.

Inventories held by reporting retail lines on May 31, 1953, were generally lower than a month earlier but were slightly above those on May 31, 1952. Outstanding orders at district department stores on May 31 this year were somewhat larger than on April 30 and were substantially larger than a year ago.

## Agriculture

Dry, hot weather from mid-May through mid-June had a two-way effect on agriculture in the Eighth District. It was a favorable development during the latter part of May as farmers were able to catch up on field work delayed by earlier rains. However, after June 1 the dry weather was for the most part unfavorable. It caused surface moisture to disappear rapidly, resulting in poor germination of late planted cotton, corn, and soybeans—particularly on the heavier lands in the South. And by mid-June, pasture growth had slowed or stopped. On the beneficial side, the hot, dry weather did lessen damage from boll weevil, army worms, and other insects.

**Spring seeded crops**—According to early June reports, the earlier planted cotton in upland areas was in good condition, dry weather having aided cultivation and insect control. The rice crop also was up to a good stand, although in some instances irrigation was necessary for germination. Tobacco had largely been reset by the end of the first week of June, but growth was slowed due to lack of moisture. Weather was favorable for hay harvesting, and yields were good except in areas where army worms had cut down the size of the crop.

### CASH FARM INCOME

(In thousands of dollars)	April, 1953 compared with			4 month total Jan. thru Apr. 1953 compared with		
	Apr., 1953	Mar., 1953	Apr., 1952	1953	1952	1951
Arkansas.....	\$ 20,263	-13%	-33%	\$ 91,970	-31%	-14%
Illinois.....	135,104	-13	-6	588,165	-0	-3
Indiana.....	76,016	-8	-4	314,718	-4	-6
Kentucky.....	21,507	-1	-14	193,775	+6	+11
Mississippi.....	23,935	+9	+29	102,429	+9	+20
Missouri.....	59,493	-5	-12	257,010	-11	-15
Tennessee.....	19,400	-6	-12	120,749	-4	-6
7-State Totals...	\$355,718	-8%	-8%	\$1,668,816	-4%	-4%
8th Dist. Total..	\$146,224	-6%	-11%	\$ 710,766	-7%	-5%

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	May, 1953	May, 1953 compared with April, 1953 and May, 1952		May, 1953	May, 1953 compared with April, 1953 and May, 1952	
Cattle and calves.....	127,321	+15%	+54%	74,613	+79%	+79%
Hogs.....	198,489	-14	-25	89,041	+89	+9
Sheep.....	67,578	+8	+5	48,727	+22	+8
Totals.....	393,388	-3%	-4%	212,381	+65%	+15%

### WHOLESALE TRADE

Line of Commodities	Net Sales		Stocks
	May, 1953 compared with April, '53 and May, '52		
Automotive Supplies.....	-1%	-0-	-2%
Drugs and Chemicals.....	-8	+2	+14
Dry Goods.....	-9	+4	+21
Groceries.....	-5	+8	+1
Hardware.....	-2	+7	-11
Tobacco and its Products.....	-0	+2	+18
Miscellaneous.....	+2	+7	+11
**Total All Lines.....	-4%	+3%	+4%

\*Preliminary.

\*\*Includes certain items not listed above.

### DEPOSIT ACTIVITY

	May, 1953 (In millions)	Debits <sup>1</sup>		Turnover	
		April, 1953	Percent Change from May, 1952 <sup>2</sup>	May 1953 (Annual Rate)	Year Ended May 31, 1953
El Dorado, Ark.....	\$ 27.6	+1%	-13%	11.4	10.8
Fort Smith, Ark.....	43.9	-8	-4	12.4	13.3
Helena, Ark.....	7.1	-12	+3	9.7	12.9
Little Rock, Ark.....	150.5	-6	-1	15.0	15.7
Pine Bluff, Ark.....	33.4	-5	-4	12.3	14.6
Texarkana, Ark.....	21.7	-5	+17	15.0	12.5
Alton, Ill.....	32.1	-1	+7	11.7	11.9
East St. Louis-National Stock Yards, Illinois.....	124.2	-3	+4	25.7	27.5
Quincy, Ill.....	34.3	-1	-2	14.4	14.2
Evansville, Ind.....	164.8	-3	+21	17.4	16.8
Louisville, Ky.....	705.0	+3	+8	23.5	24.5
Owensboro, Ky.....	39.0	+2	+6	13.6	15.5
Paducah, Ky.....	41.4	-5	-4	13.3	14.1
Greenville, Miss.....	20.3	-12	-2	11.8	14.6
Cape Girardeau, Mo.....	13.0	-4	+2	11.8	11.2
Hannibal, Mo.....	9.0	-0-	-8	8.4	8.9
Jefferson City, Mo.....	54.0	-2	+5	9.6	11.4
St. Louis, Mo.....	1,918.9	-3	+9	20.6	20.3
Sedalia, Mo.....	12.1	+5	+7	10.3	9.8
Springfield, Mo.....	66.0	-2	-2	12.6	14.5
Jackson, Tenn.....	19.7	-7	+1	10.4	11.4
Memphis, Tenn.....	597.7	-5	+11	22.9	24.8
Total.....	\$4,135.7	-2%	+8%	19.4	19.9

<sup>1</sup> Debits to demand deposit accounts of individuals, partnerships and corporations and states and political subdivisions.

<sup>2</sup> Estimated.

**Wheat**—Harvesting of small grain also progressed rapidly. Prospects for wheat on June 1 had improved over the preceding month in all district states. The estimate on that date was for a 133-million-bushel crop in district states, an increase of 9 per cent over the previous estimate and 16 per cent more than in 1952.

## District Banking in the First Half of 1953

Eighth District member banks were under pressure for reserves over virtually all the first half of 1953. The pressure was occasioned by: 1) a lack of free funds at the start of the year, 2) a drain of funds through Treasury operations virtually offsetting other gains, and 3) a strong loan demand, especially by consumers.

Daily average borrowings of district member banks from the Federal Reserve Bank were about \$90 million during December and excess reserves were somewhat below normal working levels. During the period, December 31 through June 10, district member banks gained only a moderate amount of funds (\$11 million) from routine factors despite a seasonal inflow of currency of \$42 million (largely in January) and a net inflow of funds from other districts of \$38 million. The inflow of funds from other areas was the result of a sharp contraseasonal inflow of funds during May and June, more than offsetting the normal drain earlier in the year. The gain went primarily to banks in the Louisville and St. Louis regions. Largely offsetting these gains of funds was a loss caused by Treasury operations (although the Treasury was adding funds during the same period for the country as a whole).

Considering the season, the loan demand was heavy during the first half of 1953 at district member banks, also adding to the pressure on banks for funds. Total loans at district weekly reporting banks were off less than half as much from December 31 through June 10 this year as in the comparable period last year. There was a stronger demand for credit by businesses, consumers, and banks. On the other hand, borrowings on real estate declined. Also loans at the smaller banks, where advances to farmers are an important factor, did not rise as much in the first five months this year as last.

The business loan demand came largely from commodity dealers, trade concerns, and sales finance companies. Commodity dealers, the largest business borrowers by type at the district urban banks, repaid loans, on balance, but less than normal for this time. The smaller net repayments were partly explained by the fact that these borrowers expanded

their loans less than usual during the fall of 1952. Reflecting heavy consumer demands, both trade concerns and sales finance companies increased their indebtedness from December through mid-June compared with declines in the comparable period of 1952. (In May and June, however, sales finance companies repaid bank indebtedness, on balance, partly by financing in the capital market.) On the other hand, metal manufacturers increased their outstanding loans less in the period this year than last.

District consumers sharply increased their indebtedness in the first half of 1953, continuing the trend that commenced at about the time that Regulation W was suspended in May, 1952. Consumer instalment credit outstanding at all commercial banks in the district increased an estimated 11 per cent in the first five months of the year. All types of consumer loans shared in the gain with the largest growth in automobile credit.

Partly reflecting the tightness of bank reserve positions, interbank loans were at a high level during the first half of 1953. The average Wednesday level of loans to banks by the larger (weekly reporting) banks from December through mid-June this year was \$30 million, compared with \$7 million in the comparable period last year.

To obtain funds, district banks borrowed heavily, sold securities and utilized their reserve balances more fully. Preliminary figures for the first half of 1953 show daily average borrowings from the Federal Reserve of roughly \$70 million as compared with \$15 million in the first half of 1952. The above figures on interbank lending indicate that district banks also borrowed substantially more from correspondents in the six-month period this year than last.

District banks also obtained a sizable amount of funds in the first half of 1953 by selling securities, largely short-term obligations. Holdings of Government securities at weekly reporting banks dropped \$112 million from December 31 through June 10. Two-thirds of the net liquidation was in the form of Treasury bills. Other member banks also reduced their Government security portfolios in the first five months of 1953, a total of \$37 million.

In addition to borrowing from the Federal Reserve Bank and others and selling securities to obtain funds, district member banks utilized their reserve balances more fully by carrying smaller working balances. Daily average excess reserves of district member banks were lower this year (through mid-June) than they were in the first half of 1952—\$29 million as compared with \$34 million.

cent of domestic production. In other cases the volume of potential imports represents such a small portion of domestic production as to be of no widespread significance. Shoe imports, for example, are about one-half of one per cent of domestic production. Even if such imports were to double, the effect on the shoe industry would be hard to distinguish from the many other factors affecting the volume of shoe production.

The structure of American exports would undergo some change with freer trade. The increased dollar earnings to the rest of the world would not be distributed in geographically the same directions as aid dollars are at present. About half of the increased dollar earnings would probably accrue to the other American nations, principally Canada and the Latin American republics. It is reasonable to assume that most of these dollar earnings would be spent directly for American goods. These areas are the places where the demand for American machinery and motor vehicles is the greatest and increasing the most rapidly. On the threshold of economic expansion, large-scale agriculture, large-scale resource development, and industrialization, these areas promise an important market for manufactured producers goods of all kinds as well as consumer durables. District manufacturers in these lines could expect to receive some of the direct benefits of these increased dollar earnings. Direct benefits, that is, of reduced American tariffs. This is not likely to be the experience for district agriculture, for these areas are just the ones that are also primary producers of agricultural products. Cotton may be an important exception to the general case.

For district income as a whole, however, the immediate and direct impact of freer trade and increased dollar earnings abroad should not be overstated for two reasons: 1) the importance of agriculture as a primary source of income in this area; and 2) the relatively small increase in foreign dollar earnings that could be expected in the short run, particularly if agricultural import quotas were retained. Indirectly, the result would also be slight, simply because of the relatively small impact of such a policy on the national economy.

But, if these effects are slight when measured against the aggregates of the national or district economy they may nonetheless loom large in the economies of the foreign nations concerned. The phrase "Trade not Aid" was first coined abroad. The development of freer world trade and economic integration under the aegis of trade may provide the key to a sound basis for a community of Western nations.

On balance, the opinions of district residents on these problems will be formed in part on an evaluation of their own personal stake as taxpayers, consumers, and producers. Here the indirect effects of national policies on the district are of most importance. For in the long run, district residents have a common interest in those policies which will aid in the continuing growth of the national economy in a world setting conducive to growth. And the rest of the world shares a common interest with the district and the United States. For, to a great extent, large dollar earnings abroad and a balanced world trade depend upon continued high and growing incomes in this nation.

GUY FREUTEL

# Survey of Current Conditions

**I**NDUSTRIAL production and trade in the Eighth District continued to thrive through mid-July, but an air of uncertainty toward the future clouded business thinking. And the construction and agricultural activity in some areas of the district economy had setbacks.

Adding to the record of continuing high-level business, preliminary reports through July 18 indicated that department store sales continued in fair volume a little ahead of year-earlier levels. Employment contributed its share by remaining on about an even keel. Manufacturing activity in the district was still heavy with only a few isolated cases of slackening (other than seasonal movements) ob-

servable. And the financial community gave evidence of the continued strength in the demand for funds by expanding loans to both business and consumers, following the easing in banks' reserve positions in July.

On the weak side, the construction setback in the district reflected a prolonged work stoppage in the St. Louis area and a lower level of awards. The farm outlook was dimmed as lack of rain damaged crops and pastures over wide areas of the district. However, prospects, improved by some rains in the latter half of July, were that the district crop out-turn would be larger than last year.

The district economic situation was very similar to that for the nation as a whole. The total output of goods and services in the nation, rising both in dollar and physical volume, reached an annual rate of about \$368 billion in the second quarter. Personal consumption, business investment in new plants, equipment and inventories, and Government purchases for defense all rose. Industrial production remained about the same in June. The farm economy was set back, although rains afforded some relief from the drouth. In construction, however, the national record was better than that of the district, as new gains were made in work put in place (seasonally adjusted).

Another indication of the strength in the current economic situation is to be found in the behavior of prices. Wholesale price averages moved up to 110.4 (1947-49=100) on July 14 and consumer prices at mid-June advanced 0.5 percentage points to 114.5.

Concern over the near-term future of business is thus in sharp contrast to the current general prosperity and rests primarily on: uncertainty as to the future rate of Government spending; expansion in finished goods inventories; dampening effect of higher interest rates on business investment; and the large share of consumer spending on durable goods—especially automobiles—being financed by consumer credit.

## Employment

The major labor markets in the district showed little change from mid-May to mid-June and continued to reflect the high level of the demand for labor. Unemployment in the seven district states, as indicated by claims for unemployment insurance, decreased slightly during June and early July.

In four of the major markets of the district, supply and demand for labor were in approximate balance, where a year earlier all of the areas had moderate

surpluses. In St. Louis and Evansville, the condition of approximate balance has prevailed since the fall of 1952; in Louisville, expansion of employment brought about a balanced situation in May of this year. At Paducah, where a large Atomic Energy Commission plant, two supporting electrical generating plants and several chemical plants are being erected, construction employment has declined from the peak reached in August 1952. However, total employment there exceeded that of a year earlier, despite the reduced level of employment on construction, due mainly to the doubling of the permanent work force at the AEC plant and the staffing of nearby private chemical plants.

At Memphis, Tennessee, Little Rock, Arkansas, and Springfield, Missouri, the labor supply continued to exceed moderately the demands for labor, as it has over the past year. Employment opportunities increased, but not sufficiently to absorb the labor supply. In Memphis, nonfarm employment increased only one per cent in the past year. At Little Rock, the gain was 4 per cent. In Springfield, it was only 2 per cent. Two smaller areas, Herrin-Murphysboro-West Frankfort, Illinois, and Vincennes, Indiana, also continued to have an excess labor supply.

In St. Louis, work stoppages in construction and manufacturing produced some slack in the local labor situation during June and early July. Some construction workers were idled as a result of the work stoppage of truck drivers for material dealers. The number claiming unemployment rose about 3,000, and thousands more were unable to work at their regular construction jobs.

In Louisville, employment continued to expand as construction activity increased and production of explosives, farm machinery, automobiles, and appliances rose further.

Nationally, the civilian labor force increased seasonally with the influx of school-age youngsters into the labor markets. Civilian employment in farm and nonfarm work rose to 62.3 million in early June, 600,000 more than employed a year earlier. Nonfarm employment held steady from May to June but was about 800,000 above the level of June, 1952. Employment in agriculture rose more than usual from May to June, but continued below year-earlier levels.

Nationally, the volume of unemployment increased from May to June as it usually does at that season of the year with the influx of students into the labor market. Despite the increase, the June volume of unemployment continued below year-earlier levels. Only 2.4 per cent of the civilian labor force was unemployed in June, compared with 2.8 per cent in June, 1952.

### CONSUMER PRICE INDEX

Bureau of Labor Statistics (1947-49=100)				June, 1953, compared with	
	June, '53	May, '53	June, '52	May, '53	June, '52
United States.....	114.5	113.6	113.4	+ 1%	+ 1%
St. Louis.....	115.8	114.7	115.5	+ 1	- 0 -

### RETAIL FOOD

Bureau of Labor Statistics (1947-49=100)				June, 1953, compared with	
	June, '53	May, '53	June, '52	May, '53	June, '52
U. S. (51 cities).....	113.7	112.1	114.6	+ 1%	- 1%
St. Louis.....	115.0	112.9	118.3	+ 2	- 3

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)				June, 1953, compared with	
	June, '53	May, '53	June, '52	May, '53	June, '52
All Commodities.....	109.4	109.8	111.2	- 0 -%	- 2%
Farm Products.....	95.3	97.8	107.2	- 3	- 11
Foods .....	103.3	104.3	108.5	- 1	- 5
Other .....	113.8	113.6	112.6	- 0 -	+ 1

## Industry

The high industrial output of factories in the Eighth District continued throughout June and into July. In this latter month, however, vacations have been taking a more and more pronounced effect in recent years and some slowing down from June rates is to be expected. In June, lumber production was better than it had been in the previous month. But coal mining and whiskey production remained low.

**Manufacturing**—The hum of factory wheels continued unabated in June, according to figures on use of electric power at industrial plants in the district. In comparison with a year ago, for example, reports showed textile and fabricated metals plants using over 30 per cent more kilowatts; paper and allied products, electrical machinery and transportation equipment plants, well over 20 per cent more; and most other manufacturers with gains ranging from 4 to 19 per cent.

The steel ingot production rate in the St. Louis area also stayed up. Computed on a new basis to allow for the increased capacity of the new furnaces at Granite City, it was 94 per cent of capacity during the first three weeks of July. For the first six months of the year it has averaged about 90 per cent of capacity compared with an average of 80 per cent last year, prior to the work stoppage in June. A further increase in district capacity was realized on July 8, when the Green River Steel plant at Owensboro, Kentucky, was officially opened. The new plant, with two electric furnaces and a blooming mill, will use scrap steel as a raw material. It will have an annual ingot capacity of 240,000 tons of quality carbon steel—an upward revision of previously announced capacity.

Shoe production in the district corresponded to that in the nation, where an estimated 266 million pairs were turned out in the first half year, the second highest on record.

Lumber production improved in June from the low level in May and was about the same as a year earlier. Whiskey output also held close to year-ago levels with only 24 of the 60 distilleries in Kentucky in operation at the end of the month.

**Coal and Oil Production**—Little change was shown over the month of June in coal and crude oil production in the district. For the first half year, coal production ran about 10 per cent lower than last year, but crude oil output was somewhat higher as last year's production was cut by a strike in May, 1952.

Attention has again been attracted to new gas and oil discovery possibilities in the district. Re-

cently, oil-bearing cores were brought up in St. Louis County when test drills were being run to check possible use of the area for gas storage. And in northern Mississippi, continued discovery of gas wells has led to the belief that the area may soon prove to be an important oil and gas producer.

The St. Louis exploratory drilling has just begun, but that in Mississippi has undergone considerable development. Four gas or gas-distillate fields have been discovered there and a possible fifth field opener is being tested in Clay County. Since January, 1952, twenty-five wells have been drilled below 2,000 feet, and eleven tests, eight of them wildcats, are now being drilled, according to the OIL AND GAS JOURNAL.

## Construction

In June and July, district construction activity continued to suffer from a serious tie-up of the building industry at St. Louis as truck drivers and concrete dealers failed to reach agreement in a strike going into its third month. An estimated 27,000 construction workers were affected and \$75 million construction projects cut back.

The volume of construction contract awards was also moving downward in the district. In June they

### CONSUMPTION OF ELECTRICITY—DAILY AVERAGE\*

(K.W.H. in thous.)	June, 1953	May, 1953	June, 1952	June, 1953, compared with	
	K.W.H.	K.W.H.	K.W.H.	May, '53	June, '52
Evansville.....	981	1,048	830	- 6%	+18%
Little Rock.....	144	129	140	+12	+ 3
Louisville.....	4,419	4,247	4,135	+ 4	+ 7
Memphis.....	1,621	1,684	1,458	- 4	+11
Pine Bluff.....	603	579	328	+ 4	+84
St. Louis.....	5,266	5,439	4,932	- 3	+ 7
Totals.....	13,034	13,126	11,823	- 1%	+10%

\* Selected manufacturing firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

June, '53	May, '53	June, '52	First Nine Days		6 mos. '53	6 mos. '52
			July, '53	July, '52		
110,795	117,935	98,767	33,227	29,061	682,120	650,387

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	June, 1953	May, 1953	June, 1952	June, 1953, compared with	
	1953	1953	1952	May, '53	June, '52
Arkansas.....	77.1	76.9	76.2	- 0 - %	+ 1%
Illinois.....	161.1	161.7	170.0	- 0 -	- 5
Indiana.....	35.8	35.4	32.7	+ 1	+ 9
Kentucky.....	30.4	29.9	33.9	+ 2	-10
Total.....	304.4	303.9	312.9	- 0 - %	- 3%

### COAL PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
June, '53	May, '53	June, '52	June, '53	May, '53	June, '52
117.8 P	118.1 P	118.5	125.3 P	114.7 P	126.0

P—Preliminary.

### SHOE PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
May, '53	April, '53	May, '52	May, '53	April, '53	May, '52
139.9	154.1	145.4	144.2	151.1	150.0

### BUILDING PERMITS

(Cost in thousands)	Month of June, 1953				Repairs, etc.			
	New Construction				Number		Cost	
	1953	1952	1953	1952	1953	1952	1953	1952
Evansville.....	217	59	\$ 563	\$ 77	107	113	\$ 94	\$ 222
Little Rock.....	63	46	1,454	409	205	222	368	350
Louisville.....	126	253	743	1,335	93	93	364	155
Memphis.....	1,687	1,424	3,174	3,066	227	221	155	332
St. Louis.....	294	265	2,905	1,558	332	268	443	857
June Totals.....	2,387	2,047	\$8,839	\$ 6,445	964	917	\$1,424	\$1,916
May Totals.....	2,056	3,143	\$8,078	\$13,070	996	1,011	\$1,535	\$1,225

amounted to \$79 million, 12 per cent less than in May and 32 per cent below those of last year, according to F. W. Dodge Corporation reports. The volume for the first half of the year now stands at 19 per cent below that of 1952.

In contrast with district experience, June expenditures for new construction for the nation as a whole continued to exceed those of a year ago, with the total for the first half year being 8 per cent above the first half of 1952. However, construction contract awards, which lead the volume of expenditures dropped roughly one-fourth (far more than the seasonal amount) from May to June, although for the first six months they too were higher than a year ago.

## Trade

Preliminary reports through mid-July indicated that consumer buying continued in fair volume somewhat above last year's levels. At furniture and appliance stores promotions in seasonal lines showed good results. At department stores four-weeks' sales through July 25 were 3 per cent above a year ago. In addition, there were indications that the post-July 4th slump in automobile sales was not as severe as last year. On the other hand, inventories of new and used cars have been increasing as seasonal demand for new cars has not been sufficient to match receipts and used car sales have dropped below year-ago levels.

At district department stores, sales during June declined less than seasonally from May and were larger than a year ago. Many parts of the district experienced prolonged hot weather which stimulated sales in both durable and nondurable lines. The stores (and merchants generally) were apparently better prepared this year than in 1952 when consumer buying depleted stocks of some seasonal items. This year the only apparent shortages were in some brand-name air conditioning units. After adjustment, the index of daily sales averaged 113 per cent of the 1947-49 period. In comparison, they were 108 per cent in May and 111 per cent in June, 1952. For the first six months of 1953, district sales

### DEPARTMENT STORES

	Net Sales			Stocks on Hand June 30, '53	Stock Turnover Jan. 1 to June 30, 1953	
	June, 1953 compared with May, '53	June, '52	6 mos. '53 to same period '52			
	8th F.R. District Total.....	3%	+ 7%	+ 5%	+12%	1.75
Ft. Smith Area, Ark. 1,2.....	-17	+ 2	- 0 -	+ 6	1.68	1.68
Little Rock Area, Ark. 2.....	-14	+ 7	+ 2	+14	1.64	1.78
Quincy, Ill.....	+ 3	+13	+ 2	+ 4	1.69	1.81
Evansville Area, Ind. 2.....	7	+16	+15	.....	.....	.....
Louisville Area, Ky., Ind. 2.....	5	+ 3	+ 3	+11	1.84	1.92
St. Louis Area, Mo., Ill. 2.....	4	+10	+ 5	+13	1.77	1.79
Springfield Area, Mo. 2.....	-10	+10	+ 2	+19	1.52	1.62
Memphis Area, Tenn. 2.....	-15	+ 2	+ 3	+10	1.82	1.89
All Other Cities <sup>3</sup> .....	3	+ 1	+ 6	+16	1.42	1.64

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

OUTSTANDING ORDERS of reporting stores at the end of June 30, 1953, were 8 per cent larger than on the corresponding date a year ago.

### PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding June 1, 1953, collected during June			
Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	42%	Quincy.....	20%
Little Rock.....16	44	St. Louis.....	20
Louisville.....19	46	Other Cities.....	10
Memphis.....18	39	8th F.R. Dist.....	19

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS

	8th Federal Reserve District			
	June, 1953	May, 1953	April, 1953	June, 1952
Sales (daily average), unadjusted <sup>4</sup> .....	104	112	100	103
Sales (daily average), seasonally adjusted <sup>4</sup> .....	113	108	99	111
Stocks, unadjusted <sup>5</sup> .....	142	149	148	118
Stocks, seasonally adjusted <sup>5</sup> .....	149	149	139	125

<sup>4</sup> Daily average 1947-49=100.

<sup>5</sup> End of Month Average 1947-49=100.

Trading days: June, 1953—26; May, 1953—25; June, 1952—25.

### RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	June, 1953 compared with May, '53		June, 1953 compared with May, '53		June, '53	June, '52
	May, '53	June, '52	May, '53	June, '52	June, '53	June, '52
8th Dist. Total <sup>1</sup> .....	+ 8%	+ 5%	- 5%	+ 7%	15%	16%
St. Louis.....	+ 8	+ 4	- 5	+18	16	16
Louisville Area <sup>2</sup> .....	+ 2	+15	- 4	+ 4	15	15
Louisville.....	- 5	+15	- 4	+ 3	14	13
Memphis.....	+23	+ 4	- 4	*	12	13
Little Rock.....	+14	- 8	-23	- 5	15	19
Springfield.....	-18	- 9	+ 4	+12	15	15

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Fort Smith, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Indiana.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

### PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	June, '53	May, '53	June, '52
Cash Sales.....	13%	16%	13%
Credit Sales.....	87	84	87
Total Sales.....	100%	100%	100%

**WHOLESALE TRADE**

Line of Commodities Data furnished by Bureau of Census, U.S. Dept. of Commerce*	Net Sales June, 1953 compared with		Stocks June 30, 1953 compared with June 30, 1952
	May, '53	June, '52	
Automotive Supplies.....	+13%	+ 8%	- 1%
Drugs and Chemicals.....	+ 3	+ 8	+21
Dry Goods.....	- 0	+12	+ 1
Groceries.....	+ 3	+ 3	+ 1
Hardware.....	+ 5	+ 5	- 2
Tobacco and its Products.....	+ 8	+ 6	+ 4
Miscellaneous.....	+ 4	+ 9	+17

\* Preliminary.

volume totaled 5 per cent above that in the comparable period of 1952.

During June, women's specialty store sales dropped 17 per cent from May but were 6 per cent larger than in June, 1952. Similarly, men's wear stores sales were somewhat less than those in May but larger than last year.

Furniture store sales were 8 per cent better than in May and were 5 per cent better than in June, 1952. Consumer buying was heavier in furniture lines than in appliance lines with hot weather items moving somewhat more than seasonally.

Inventories of reporting district retailers on June 30 were slightly larger than a year ago.

**Banking and Finance**

The money market, which had been tight over the first five months of the year, was eased during June and the first half of July. Early in June, Treasury operations added substantially to reserves of the banking system. Over the entire month-and-a-half, a sizable amount of reserves were supplied by Federal Reserve purchases of Treasury bills. Pressure on banks was also relieved by a reduction in reserve requirements in early July. Thus banks were able to purchase securities, reduce borrowings, and build up cash assets.

**District Banking**—From the end of May through mid-July earning assets of member banks in the Eighth District expanded. The growth centered in net purchases of Government securities. Purchases of the new Treasury tax-anticipation certificates constituted the bulk of the net addition, but Treasury bill portfolios were substantially enlarged also. Bank holdings of "other" securities rose moderately.

Total loans (other than interbank) increased in the seven-week period, with the demand coming primarily from businesses and consumers. Commercial loans at the larger city banks were up \$10 million in contrast with the moderate contraction usually developing at this time. The expansion centered at banks in St. Louis and went primarily to manufacturers, especially of textiles, apparel, and leather goods. Sales finance companies, however, substantially reduced their bank indebtedness in the period, partly by financing in the capital market.

Consumer borrowing continued to expand sharply. During June consumer instalment credit at district commercial banks jumped an estimated \$10 million to a level of \$435 million. In early July "other" (largely consumer) loans continued to climb at weekly reporting banks.

Reflecting the bank credit expansion and a net inflow of funds, deposits at district weekly reporting banks rose nearly \$250 million during June and early July. About half the gain was in deposits of the United States Government reflecting both June 15 tax collections and bank and customer purchases of tax-anticipation certificates with credit to the Treasury's tax and loan accounts. Deposits of businesses, individuals, and correspondent banks were also up substantially.

**District Member Bank Earnings**—Eighth District member bank earnings reached a new high in the

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Assets	Change from:		June, '53	Change from:		June, '53	Change from:	
		May, '53 to June, '53	June, '52 to June, '53		May, '53 to June, '53	June, '52 to June, '53		May, '53 to June, '53	June, '52 to June, '53
1. Loans and Investments.....	\$4,362	\$- 6	\$+167	\$2,497	\$- 4	\$+ 70	\$1,865	\$- 2	\$+ 97
a. Loans.....	2,018	- 26	+138	1,317	- 33	+102	1	+ 7	+ 36
b. U. S. Government Obligations.....	1,934	+ 15	+ 20	980	+ 25	- 30	954	- 10	+ 50
c. Other Securities.....	410	+ 5	+ 9	200	+ 4	- 2	210	+ 1	+ 11
2. Reserves and Other Cash Balances.....	1,385	- 0 -	+ 25	864	+ 5	+ 16	521	- 5	+ 9
a. Reserves with the F. R. Bank.....	713	- 0 -	+ 12	455	- 1	+ 3	258	+ 1	+ 9
b. Other Cash Balances <sup>3</sup> .....	672	- 0 -	+ 13	409	+ 6	+ 13	263	- 6	- 0 -
3. Other Assets.....	53	- 1	+ 3	33	- 1	+ 1	20	- 0 -	+ 2
4. Total Assets.....	\$5,800	\$- 7	\$+195	\$3,394	\$- 0 -	\$+ 87	\$2,406	\$- 7	\$+108
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,248	\$+ 17	\$+ 90	\$2,586	\$+ 27	\$+ 38	\$1,662	\$- 10	\$+ 52
a. Deposits of Banks.....	638	- 9	+ 11	602	- 9	+ 10	36	- 0 -	+ 1
b. Other Demand Deposits.....	3,610	+ 26	+ 79	1,984	+ 36	+ 28	1,626	- 10	+ 51
6. Time Deposits.....	1,061	+ 2	+ 48	506	+ 1	+ 19	555	+ 1	+ 29
7. Borrowings and Other Liabilities.....	86	- 26	+ 23	73	- 28	+ 17	13	+ 2	+ 6
8. Total Capital Accounts.....	405	- 0 -	+ 34	229	- 0 -	+ 13	176	- 0 -	+ 21
9. Total Liabilities and Capital Accounts.....	\$5,800	\$- 7	\$+195	\$3,394	\$- 0 -	\$+ 87	\$2,406	\$- 7	\$+108

<sup>1</sup> Includes 12 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

**DEPOSIT ACTIVITY**

	Debits <sup>1</sup>			Turnover	
	June, 1953 (In millions)	Percent Change from May, 1953	June, 1952 <sup>2</sup>	June, 1953 (Annual Rate)	Year Ended June 30, 1953 <sup>2</sup>
<b>Six Largest Centers:</b>					
East St. Louis-National Stock Yards, Ill. ....	\$ 129.8	+ 5%	+ 3%	26.9	27.4
Evansville, Ind. ....	176.6	+ 7	+28	18.5	17.0
Little Rock, Ark. ....	157.6	+ 5	+ 7	15.8	15.7
Louisville, Ky. ....	718.6	+ 2	+13	23.8	24.6
Memphis, Tenn. ....	613.0	+ 3	+16	23.6	25.1
St. Louis, Mo. ....	2,115.7	+10	+11	22.5	20.5
<b>Total—Six Largest Centers</b> .....	<b>\$3,911.3</b>	<b>+ 7%</b>	<b>+12%</b>	<b>22.4</b>	<b>21.6</b>
<b>Other Reporting Centers:</b>					
Alton, Ill. ....	\$ 43.0	+34%	+36%	15.2	12.1
Cape Girardeau, Mo. ....	14.1	+ 8	+17	12.4	11.4
El Dorado, Ark. ....	27.4	— 1	+19	11.6	10.8
Fort Smith, Ark. ....	50.4	+15	+16	14.3	13.5
Greenville, Miss. ....	22.6	+11	+15	12.9	14.6
Hannibal, Mo. ....	9.6	+ 7	— 5	9.1	9.0
Helena, Ark. ....	7.3	+ 3	+ 7	10.1	12.9
Jackson, Tenn. ....	20.8	+ 6	+11	11.0	11.4
Jefferson City, Mo. ....	52.1	— 4	+10	9.3	11.4
Owensboro, Ky. ....	41.6	+ 7	— 1	14.4	15.4
Paducah, Ky. ....	42.2	+ 2	— 1	14.4	14.0
Pine Bluff, Ark. ....	32.6	— 2	— 2	12.1	14.5
Quincy, Ill. ....	36.1	+ 5	+ 8	15.4	14.3
Sedalia, Mo. ....	12.0	— 1	+13	10.3	9.8
Springfield, Mo. ....	71.5	+ 8	+ 7	13.6	14.4
Texarkana, Ark. ....	22.7	+ 5	+31	15.0	12.8
<b>Total—Other Centers</b> .....	<b>\$ 506.0</b>	<b>+ 7%</b>	<b>+10%</b>	<b>12.7</b>	<b>13.0</b>
<b>Total—22 Centers</b> .....	<b>\$4,417.3</b>	<b>+ 7%</b>	<b>+12%</b>	<b>20.6</b>	<b>20.0</b>

<sup>1</sup> Debits to demand deposit accounts of individuals, partnerships and corporations and states and political subdivisions.

<sup>2</sup> Estimated.

first half of 1953. Net profits after taxes were nearly \$18 million, the highest half-year on record and one-sixth higher than the corresponding period a year ago. Both operating expenses and income taxes were higher than a year ago but the growth in earnings was sharper. The greater earnings reflected both larger holdings of earning assets and a higher average rate of return on these assets.

**Agriculture**

Rains were received in district states during the latter part of July giving temporary relief at least from the drouth. As a result of this moisture, the outlook of major district crops (corn, soybeans, cotton, and tobacco) improved considerably. However, lack of rain during the two-month period ending in mid-July damaged crops generally over wide areas of the district and was particularly harmful to pastures. The drouth reached serious proportions in Missouri and Arkansas, where 72 and 60 counties, respectively, were designated as drouth disaster areas as of July 27.

**Crop Production**—Despite serious drouth conditions in some sections, the outlook for crop production on July 1 in the Eighth District was still somewhat higher than in 1952. However, with the exception of wheat production (now estimated at

sixty-six million bushels and 31 per cent more than 1952 production), the final outturn of major district crops depends on weather during the remainder of the growing season. To a considerable extent the increased production indicated in the July 1 estimate came from states that suffered from the drouth in 1952. Thus, the 2 per cent increase in corn production for the district resulted from larger crop estimates in Kentucky, Tennessee, Mississippi, and, to a lesser extent, Indiana. Increased oats production was expected in Arkansas, Kentucky, Mississippi, and Tennessee. A larger hay crop was indicated for these same four states. The smaller tobacco crop reflects reductions in acreage quotas.

**ESTIMATED PRODUCTION FOR MAJOR CROPS EIGHTH DISTRICT, JULY 1, 1953**

(In thousands)	Estimated Production July 1, 1953	Per Cent Change From 1952	Per Cent Change From 1942-51 Average
Corn (bu.) .....	352,449	+ 2%	- 1%
Wheat (bu.) .....	66,357	+31	+74
Oats (bu.) .....	49,884	+15	-17
Rice (bags) .....	11,288	+ 8	+55
Hay (tons) .....	8,141	+ 5	-16
Tobacco, burley (lbs.) .....	189,093	-14	+ 5
Dark, air-cured (lbs.) .....	23,800	- 7	-20
Dark, fire-cured (lbs.) .....	20,511	- 0-	-29

Adapted from CROP PRODUCTION, USDA, July, 1953.

Soybean and cotton acreage estimates (production estimates not available) for the 1953 crops in district states were higher than year-ago levels. Increased acreage of soybeans in Illinois, Indiana, and Missouri more than offset reductions in other district states. The increase in district states, however, was not as large as expected nationally.

Cotton acreage in district states increased 2 per cent compared with a 9 per cent decline nationally. The bulk of the decrease nationally was expected in Texas and Oklahoma, although acreage declined one per cent in Arkansas. Growers included a considerable acreage in the July 1 figure which had been planted but did not come up, much of which will be abandoned before the next crop report. With average yields, the acreage would produce a crop of about 14 million bales.

**ESTIMATED SOYBEAN AND COTTON ACREAGE EIGHTH DISTRICT STATES, JULY 1, 1953**

(In thousands)	Soybeans		Cotton	
	1953 Acreage	Per Cent Change from 1952	1953 Acreage	Per Cent Change from 1952
Arkansas .....	733	-15%	1,885	- 1%
Illinois .....	3,626	+ 2	.....	.....
Indiana .....	1,723	+ 5	.....	.....
Kentucky .....	109	- 4	.....	.....
Mississippi .....	355	-22	2,430	+ 1
Missouri .....	1,864	+ 8	515	+ 4
Tennessee .....	179	- 1	905	+ 8
District States .....	8,589	+ 1%	5,735	+ 2%
United States .....	14,335	+ 2%	24,618	- 9%

Source: CROP PRODUCTION, COTTON PRODUCTION, USDA, July, 1953.

take a loss of several points on the mortgage when it is sold. This makes the "take-out" quite expensive, and so far the volume of commitments sought from FNMA has not been very large.

***... in order to assure a free flow of funds to the nation's mortgage markets.***

Congress has thus tried to maintain a flow of funds to mortgagor-purchasers who qualify for FHA and VA loans while preserving for these buyers certain advantages over conventional loans. The attempt has been made without resort to devices such as unlimited purchasing authorization to FNMA or an extension of the now very limited authority of the Veterans Administration to lend directly to veterans—both of which involve Government entry into the market. Should the downward drift in market yields which has been going on since mid-June persist, the recent steps may prove sufficient to assure plentiful funds at the present maximum rates. As of mid-August, however, money for Federally underwritten mortgages was generally reported inadequate throughout the country, including Eighth District cities. Although the supply of conventional money varied among cities in the Eighth District, largely because of

traditional differences in the willingness of individuals to invest in mortgage instruments, the availability of funds for conventional mortgages was in August generally satisfactory as it was for the United States as a whole.

One thing is certain. There is no disposition on the part of private interests or Government officials to effect a serious withdrawal of the Federal Government from the urban mortgage market. In the event of a downturn in economic activity prompt action by Governmental agencies to stimulate the construction industry may be expected, as is evidenced by the "standby" authority recently given the President to lower down payments. A review of the extensive Congressional hearings, held on housing matters over the past two years, reveals universally sympathetic attitudes on the part of Congressmen toward the problems of home-seekers. Such attitudes indicate that present uncertainty is but a passing phase in the evolution of a Federal program which has by now become a permanent part of the structure of the American economy.

ROSS M. ROBERTSON

## Survey of Current Conditions

**B**USINESS ACTIVITY in the Eighth District fell off somewhat during July from the high rate of earlier months as strikes and plant-wide vacations interrupted operations. Construction activity and department store trade declined more than seasonally. Industrial operations, however, declined about the usual amount and employment in the district's major areas continued close to the level of June. Agricultural prospects improved in areas where the drouth was relieved by the scattered rains in the last half of July and early August. To finance operations and inventories for the fall season, business loans expanded more than seasonally during July.

By mid-August, available indicators showed some recovery from July. Industrial operations increased, construction activity picked up after the strike settlement in St. Louis, and preliminary trade reports indicated a continuing high rate of consumer spending. Department store sales in the first three weeks of August were nearly equal to the advanced level in the same period a year earlier and automobile sales showed some strength.

Activity in the nation was at a high rate during July, but showed some of the same movements noticeable in the district. On the one hand, non-farm employment was greater than during any July on record. Total personal income continued to increase as gradually rising pay scales combined with the record employment more than offset income declines in the farm sector. Industrial activity continued at a high rate, after allowance for seasonal slackening. And although consumer purchasing at department stores declined more than usual in July, in the first half of August it equaled the rate of a year earlier. On the other hand, construction activity expanded less than seasonally and the number of nonfarm houses started in July was off slightly more than the usual amount. Steel mills, in contrast to early 1953, continued operations below capacity rates in July and the first half of August. Automobile and truck output was at near-peak rates in July but fell off somewhat in August.

Wholesale price averages fluctuated within a narrow range between mid-July and mid-August, reflecting primarily price movements in farm products and processed foods.

**CONSUMER PRICE INDEX**

Bureau of Labor Statistics (1947-49=100)	July, '53	June, '53	July, '52	July, 1953 compared with	
				June, '53	July, '52
United States.....	114.7	114.5	114.1	-0-%	+ 1%

**RETAIL FOOD**

Bureau of Labor Statistics (1947-49=100)	July, '53	June, '53	July, '52	July, 1953 compared with	
				June, '53	July, '52
U. S. (51 cities).....	113.8	113.7	116.3	-0-%	+ 2%
St. Louis.....	116.6	115.0	118.8	+1	- 2

**WHOLESALE PRICES IN THE UNITED STATES**

Bureau of Labor Statistics (1947-49=100)	July, '53	June, '53	July, '52	July, 1953 compared with	
				June, '53	July, '52
All Commodities.....	110.9	109.4	111.8	+1%	- 1%
Farm Products.....	97.9	95.3	110.2	+3	- 11
Foods.....	105.5	103.3	110.0	+2	- 4
Other.....	114.8	113.8	112.5	+1	+ 2

## Employment

A slackening of demand in two of the district's major labor market areas marked July developments in employment. In addition, construction employment in the St. Louis area continued low until a twelve week strike was ended on August 12. Elsewhere in the district, developments were more moderate.

In Evansville, the refrigerator industry, which dominates the economy, cut employment by 20 per cent in May and June. In Paducah, Kentucky, the slump in employment continued through July, due largely to layoffs from the construction of the nearby AEC plant. To these reductions, strikes and vacation shutdowns added to the increase in unemployment. As a result of the cutbacks in these two areas, the labor situation eased somewhat. In July, both areas shifted from the category of a balanced labor supply to one of moderate labor surplus.

In the St. Louis metropolitan area, nonfarm employment decreased from mid-June to mid-July, largely due to plant-wide vacation shutdowns. Construction employment, which had dropped by 8,000 from May to June due to the strikes, increased by about 1,700 in the following month. After the strike settlement on August 12, construction employment recovered to near pre-strike levels, but remained less than a year earlier.

In the Louisville metropolitan area, nonfarm employment continued to increase from June to July when an estimated 237,500 were at work. Most of the increase from June was the result of greater employment in ordnance, chemical, and electrical appliance plants and seasonal increases in food processing and woodworking activities.

Employment in nonagricultural establishments in the nation as of mid-July remained virtually un-

changed from a month earlier at 49.4 million, in contrast to a usual decline. In comparison with a year earlier, nonfarm employment was 2.3 million greater. More than one-third of the increase reflected the low level of a year earlier when a nation-wide steel strike was in progress. However, higher demand for goods and services led to increased employment in most types of business.

Unemployment in the nation remained low in July with only 1.5 million persons (2.4 per cent of the civilian labor force) in the jobless category.

## Industry

The production of factories in the Eighth District in July reflected vacation shutdowns and strikes, yet remained at levels well above a year ago when effects of the steel strike were felt. In early August, some weekly indicators advanced from those of July.

**Manufacturing—Reductions—**mainly seasonal—from a month earlier in use of electric power ranged from 5 to 11 per cent in the textile, electrical machinery, chemical and paper and allied products industries. Several industrial groups, such as shoe, stone-clay-glass, food and transportation equipment manufacturers, increased their consumption of power over the June rate. With only a few exceptions, energy use ran far above strike-affected July, 1952.

**CONSUMPTION OF ELECTRICITY—DAILY AVERAGE\***

(K.W.H. in thous.)	July 1953	June 1953	July 1952	July, 1953 compared with	
	K.W.H.	K.W.H.	K.W.H.	June, '53	July, '52
Evansville.....	991	981	834	+ 1%	+19%
Little Rock.....	122	144	125	-15	- 2
Louisville.....	4,228	4,419	3,717	- 4	+ 14
Memphis.....	1,390	1,621	1,121	-14	+ 24
Pine Bluff.....	432	603	321	-28	+ 35
St. Louis.....	4,898	5,266	4,432	- 7	+11
Totals.....	12,061	13,034	10,550	- 8%	+14%

\*Selected Manufacturing firms.

**LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS**

July, '53	June, '53	July, '52	Aug., '53	Aug., '52	7 mos. '53	7 mos. '52
113,926	110,795	108,461	31,800	33,393	685,251	660,081

Source: Terminal Railroad Association of St. Louis.

**CRUDE OIL PRODUCTION—DAILY AVERAGE**

(In thousands of bbls.)	July 1953	June 1953	July 1952	July, 1953 compared with	
	July, '53	June, '53	July, '52	June, '53	July, '52
Arkansas.....	76.8	77.1	76.6	-0-%	-0-%
Illinois.....	158.9	161.1	165.1	- 1	- 4
Indiana.....	35.0	35.8	32.5	- 2	+ 8
Kentucky.....	30.4	30.4	33.5	-0-	- 9
Total.....	301.1	304.4	307.7	- 1%	- 2%

**COAL PRODUCTION INDEX**  
1935-39=100

Unadjusted			Adjusted		
July, '53	June, '53	July, '52	July, '53	June, '53	July, '52
109.6 P	118.0	95.4	124.5 P	125.5	108.4

Steel ingot production in the St. Louis area rose from 94 per cent of capacity in July to 100 per cent in the first three weeks of August.

Southern pine output in July was at an average weekly rate 4 per cent below June, but 2 per cent above July, 1952. Southern hardwood producers operated at a rate 9 per cent better than in June and 8 per cent better than a year ago. While production was running somewhat ahead of orders, lumber stocks were reportedly moderate.

The number of livestock slaughtered in the St. Louis area dropped 13 per cent in July from June, but was 10 per cent above July, 1952.

Whiskey production improved somewhat with 33 Kentucky distilleries in operation at the end of July compared with 24 at the end of June and only 12 on July 31, 1952.

**Coal and oil production**—Coal and crude oil production remained at practically the same level as a month earlier. The July coal output was about a sixth larger than a year ago, however, when production was unusually low.

## Construction

Value of construction activity in the nation increased less than seasonally from June to July, but was at a new monthly peak of almost \$3.3 billion in July, 2 per cent above that for June, and 8 per cent above that of July, 1952.

In the first seven months of 1953 total expenditures amounted to \$19.3 billion, 8 per cent more than in the same period last year. However, increased costs have accounted for most of the gain; physical volume has increased only slightly. Public utility, commercial, educational, and residential construction have set new records so far this year for value of construction put in place.

In addition to the less than seasonal expansion in construction activity, new housing starts declined from 103,000 in June to 96,000 in July, a slightly more than seasonal drop.

Although construction in the nation as a whole was breaking records, construction activity in the Eighth Federal Reserve District in July and early August was below the high rates reached in 1951 and 1952. The reduction in activity was indicated by lower construction employment in a number of district areas.

Completion of portions of the Atomic Energy Commission plant near Paducah has reduced activity there. Furthermore, the work remaining to be done before the December 1954 scheduled completion date of the plant will require a smaller force than was employed last year. Two large

power plants being built to supply the AEC plant have been partially completed. Work on one of them, the Electric Energy, Inc., plant at Joppa, Illinois, was halted July 30 for a short period in order to reorganize the work under a new contractor.

In St. Louis a series of work stoppages, one of them lasting from May 19 to August 12, slowed construction of many projects and virtually halted new work. Even before the strike, activity in some types of construction had been slower than a year earlier. Arkansas construction employment was down about 20 per cent from its 1952 level, and Memphis construction employment was off approximately 7 per cent. In the first half of this year the Louisville area was a bright spot in the construction picture with employment about one-fifth greater than a year ago. However, approximately 450 construction workers were released recently in the New Albany sector of the Louisville area, and further major declines are expected in the next few months.

Construction contract awards do not indicate any major increase in Eighth District construction activity in the near future. In the nation, record activity this year was accompanied by contract awards in the first seven months which were 5 per cent larger than for the same period of 1952. In the Eighth District, on the other hand, awards in the period totaled \$611 million, or 14 per cent less than in the comparable months of 1952. Declines in awards for the first seven months in St. Louis and Louisville, as shown by the table, considerably outweighed the increases in other metropolitan areas.

### TOTAL CONSTRUCTION CONTRACTS AWARDED FIRST SEVEN MONTHS

	(Dollar amounts in millions)		Per cent change
	1953	1952	
United States total.....	\$9,701.2	\$9,269.9	+ 5
Eighth District total.....	610.8 <sup>P</sup>	713.0	— 14
Non-metropolitan areas.....	318.9	339.6	— 6
Metropolitan areas			
St. Louis.....	136.3	219.7	— 38
Louisville.....	58.8	75.8	— 23
Memphis.....	66.8	59.6	+ 12
Little Rock.....	11.7	10.8	+ 8
Evansville.....	18.3	7.5	+144

<sup>P</sup>—Preliminary.  
Source: F. W. Dodge Corporation.

### BUILDING PERMITS Month of July, 1953

(Cost in thousands)	New Construction				Repairs, etc.			
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
	1953	1952	1953	1952	1953	1952	1953	1952
Evansville.....	88	107	\$ 4,063	\$ 242	96	99	\$ 58	\$ 116
Little Rock.....	46	52	961	438	243	206	353	247
Louisville.....	172	177	1,062	968	118	87	196	194
Memphis.....	1,674	1,985	2,433	4,196	274	204	209	299
St. Louis.....	213	267	4,264	20,696	377	329	509	1,180
July Totals.....	2,193	2,588	\$12,783	\$26,540	1,108	925	\$1,325	\$2,036
June Totals.....	2,387	2,047	\$ 8,839	\$ 6,445	964	917	\$1,424	\$1,916

## Trade

Retail sales during July, like everything else, wilted under the hot summer's sun as volume dropped seasonally below that in June. But in comparison to the relatively low level of sales in July 1952, some lines registered gains. While there were indications that sales of new automobiles compared favorably with those in 1952, used car sales were at a lower level. The rate of sales in early August was reported to be somewhat ahead of July. The used car market showed signs of firming and sales of some makes of new cars were larger than a year ago. In nondurables lines, seasonal promotions in the first half of August were moderately successful.

Sales at department stores in the Eighth District dropped more than seasonally from the advanced level in June. The index of daily sales for July, adjusted for seasonal variation, averaged 107 per cent of the 1947-1949 base period, compared with 122 per cent in June and 104 per cent in July 1952. For the first seven months of 1953 district sales totaled 4 per cent larger than for the same period a year ago. In major district shopping areas, cumulative sales experience from 1952 ranged from equal to last year at Fort Smith to an increase of 14 per cent in Evansville. At mid-August preliminary reports indicated that the cumulative rate of gain from 1952 would be maintained in the month.

Specialty store sales during July dropped substantially below those in June. In comparison to July 1952 women's specialty sales were somewhat larger, while men's wear store sales were about equal to those a year ago.

District furniture store sales during July dropped below those in both the previous month and in July 1952. In a few communities throughout the district, increased sales activity of television receivers was noted as new television stations began broadcasting and the power of some existing stations was stepped up.

Inventories held by reporting retail lines on July 31 were at about the same level as on June 30, except at women's specialty stores where they dropped sharply. Inventories this year were at a higher level than a year earlier. Reflecting a cautious attitude toward the future sales level, department stores reported outstanding orders substantially less than either a month earlier or for the same period a year ago.

### DEPARTMENT STORES

	Net Sales		Stocks	Stock		
	July, 1953	7 mos. '53	on Hand	Turnover		
	compared with	compared with	July 31, '53	Jan. 1 to		
	June, '53	July, '52	comp. with	July 31,		
	July, '52	period '52	July 31, '52	1953		
				1952		
8th F.R. Dist. Total.....	-22%	+ 2%	+ 4%	+14%	1.99	2.08
Ft. Smith Area, Ark. <sup>1,2</sup> .....	-13	- 3	- 0	+12	1.92	1.94
Little Rock Area, Ark. <sup>2</sup> .....	-15	- 3	+ 1	+12	1.87	2.05
Quincy, Ill. <sup>2</sup> .....	-23	- 2	+ 1	+15	1.91	2.09
Evansville Area, Ind. <sup>2</sup> .....	-19	+ 5	+14	.....	.....	.....
Louisville Area, Ky., Ind. <sup>2</sup> .....	-23	+ 1	+ 3	+ 5	2.12	2.20
St. Louis Area, Mo., Ill. <sup>2</sup> .....	-25	+ 5	+ 5	+18	2.00	2.05
Springfield Area, Mo. <sup>2</sup> .....	-19	- 1	+ 2	+14	1.76	1.89
Memphis Area, Tenn. <sup>2</sup> .....	-14	- 1	+ 3	+11	2.08	2.18
All Other Cities <sup>3</sup> .....	-24	- 4	+ 5	+ 8	1.62	1.88

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

OUTSTANDING ORDERS of reporting stores at the end of July, 1953, were 8 per cent smaller than on the corresponding date a year ago.

### PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE Outstanding July 1, 1953, collected during July

	Instalment Accounts		Excl. Instal. Accounts	
	%	44%	%	58%
Fort Smith.....	14	48	17	55
Little Rock.....	18	45	9	47
Louisville.....	19	36	18	49
Quincy.....	17	58	19	55
St. Louis.....	9	47	9	47
Other Cities.....	18	49	18	49
8th F.R. Dist....	18	49	18	49

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS 8th Federal Reserve District

	July, 1953	June, 1953	May, 1953	July, 1952
Sales (daily average), unadjusted <sup>4</sup> .....	86	110	118	84
Sales (daily average), seasonally adjusted <sup>4</sup> ....	107	122	118	104
Stocks, unadjusted <sup>5</sup> .....	122	132	138	111
Stocks, seasonally adjusted <sup>5</sup> .....	131	132	131	119

<sup>4</sup> Daily average 1947-49=100

<sup>5</sup> End of Month Average 1947-49=100

NOTE: Indexes revised August, 1953. Revised back data through 1947 available upon request to Research Department, Federal Reserve Bank of St. Louis, St. Louis 2, Missouri.

Trading days: July, 1953—26; June, 1953—26; July, 1952—26.

### RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	July, 1953	July, 1953	July, 1953	July, 1953	July, '53	July, '52
	compared with	compared with	compared with	compared with	July, '53	July, '52
	June, '53	July, '52	June, '53	July, '52	July, '53	July, '52
8th Dist. Total <sup>1</sup> .....	-12%	- 8%	- 2%	+ 3%	19%	20%
St. Louis.....	- 8	-16	- 3	+ 1	27	28
Louisville Area <sup>2</sup> .....	-14	+10	- 1	+ 4	14	13
Louisville.....	-10	+10	- 2	+ 3	13	13
Memphis.....	-28	- 3	*	*	12	12
Little Rock.....	-26	- 5	+ 4	- 5	15	17
Springfield.....	+ 7	+ 6	- 7	+ 6	15	16

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Fort Smith and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Indiana.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

### PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	July, '53	June, '53	July, '52
	Cash Sales .....	16%	14%
Credit Sales .....	84	86	84
Total Sales .....	100%	100%	100%

### WHOLESALE TRADE

Line of Commodities	Net Sales		Stocks
	July, 1953		July 31, 1953
	compared with	compared with	compared with
	June, '53	July, '52	July 31, 1952
Automotive Supplies.....	+15%	+14%	+ 3%
Drugs and Chemicals.....	+ 2	+28	.....
Dry Goods.....	+ 6	+54	+11
Groceries.....	+ 8	+ 3	- 4
Hardware.....	-19	- 4	- 1
Tobacco and its Products.....	+ 1	- 0	- 4
Miscellaneous.....	- 5	+25	- 0

\*Preliminary.

## Banking and Finance

In the six-week period ended mid-August the money market was at first comparatively easy but later became progressively tighter. Within this framework, bank credit rose sharply, largely through subscriptions to Treasury anticipation certificates. Bank loans increased moderately. During July interest rates in the capital markets continued to drift lower from the peaks reached in June but firmed in early August.

**Money market**—Reserve positions of most member banks in the nation were comparatively easy in the first half of July. The easiness in the market was primarily due to a reduction in member bank reserve requirements in early July which freed about \$1.2 billion in reserves. Reflecting the improved reserve positions the rate on Federal funds dropped to 1/16 of 1 per cent.

From mid-July to mid-August bank reserve positions became progressively tighter. Borrowings by banks increased, and Federal funds were again exchanged at or just below the rediscount rate of 2 per cent. The tightness was the result of both a loss of funds from a gold outflow, contraction of float and Treasury operations and an increased need for reserves to support a deposit expansion.

Reserve positions of district member banks were about the same as in the nation over the entire six-week period. Early in July, district banks were drained of a large amount of funds by Treasury operations, partially offsetting the decline in reserve requirements.

**District Banking**—Earning assets of district member banks increased during July and the first half of August. The bulk of the growth was in net purchases of Treasury tax anticipation certi-

ificates. Total loans rose \$37 million at weekly reporting banks, largely as a result of a more than seasonal growth in loans to businesses in most cities. Reports indicated that all types of businesses except sales finance companies increased the indebtedness. Largest net borrowings resulted from seasonal increases in operations of textile, apparel and leather manufacturers at St. Louis. Security, real estate and consumer loans showed little change. Total loans at rural banks were virtually unchanged during July.

Time deposits at district member banks were up \$12 million during July, rural area banks reporting the sharpest gain. The growth during the month was more than in July last year; however, for the year to date the increase was less than during the same period a year ago.

**Banking nationally**—Loans and investments at banks in leading cities of the nation also increased substantially during July and early August. As in the district, the largest growth was due to subscriptions to tax anticipation certificates. Loans to brokers and dealers for the purchase of United States Government securities also rose substantially. Advances to consumers, real estate owners and businesses expanded moderately.

Largely as a result of the jump in bank credit, the private money supply rose moderately in July and early August. However, for the first seven months of this year demand deposits and currency of individuals and businesses contracted about \$4 billion compared with roughly \$2.5 billion in the corresponding seven months a year ago. Time deposits continued to rise in the six weeks ended mid-August. United States Government accounts rose sharply primarily as a result of new financing.

### EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Change from:			Change from:			Change from:		
	July, '53	June, '53 to July, '53	July, '52 to July, '53	July, '53	June, '53 to July, '53	July, '52 to July, '53	July, '53	June, '53 to July, '53	July, '52 to July, '53
<b>Assets</b>									
1. Loans and Investments.....	\$4,493	\$+131	\$+192	\$2,608	\$+111	\$+102	\$1,885	\$+ 20	\$+ 90
a. Loans.....	2,047	+ 29	+128	1,347	+ 30	+ 94	700	- 1	+ 34
b. U. S. Government Obligations.....	2,023	+ 89	+ 41	1,057	+ 77	+ 3	966	+ 12	+ 38
c. Other Securities.....	423	+ 13	+ 23	204	+ 4	+ 5	219	+ 9	+ 18
2. Reserves and Other Cash Balances.....	1,358	- 27	+ 26	834	- 30	+ 21	524	+ 3	+ 5
a. Reserves with the F. R. Bank.....	683	- 30	- 14	439	- 16	- 7	244	- 14	- 7
b. Other Cash Balances <sup>3</sup> .....	675	+ 3	+ 40	395	- 14	+ 28	280	+ 17	+ 12
3. Other Assets.....	56	+ 3	+ 6	33	- 0 -	+ 1	23	+ 3	+ 5
4. Total Assets.....	\$5,907	\$+107	\$+224	\$3,475	\$+ 81	\$+124	\$2,432	\$+ 26	\$+100
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,350	\$+102	\$+173	\$2,664	\$+ 78	\$+121	\$1,686	\$+ 24	\$+ 52
a. Deposits of Banks.....	653	+ 15	+ 19	617	+ 15	+ 19	36	- 0 -	- 0 -
b. Other Demand Deposits.....	3,697	+ 87	+154	2,047	+ 63	+102	1,650	+ 24	+ 52
6. Time Deposits.....	1,073	+ 12	+ 51	509	+ 3	+ 20	564	+ 9	+ 31
7. Borrowings and Other Liabilities.....	80	- 6	- 33	73	- 0 -	- 30	7	- 6	- 3
8. Total Capital Accounts.....	404	- 1	+ 33	229	- 0 -	+ 13	175	- 1	+ 20
9. Total Liabilities and Capital Accounts.....	\$5,907	\$+107	\$+224	\$3,475	\$+ 81	\$+124	\$2,432	\$+ 26	\$+100

<sup>1</sup> Includes 12 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

**Capital markets**—During July yields on capital market issues continued to drift lower from the peaks reached in June. This was in sharp contrast to most of the first half of 1953 when there was a marked acceleration in the upward movement of interest rates. The July reaction resulted from a continued high rate of savings and a reduction in capital offerings. With the improvement of reserve positions in early July, banks increased holdings of capital market issues. The increased rate of purchases of longer-term Government securities by Treasury investment accounts also added to the supply of funds. As the supply of longer-term funds was increased the demand for them fell off. The volume of corporate and municipal issues in July was about half the June total. In the first two weeks of August interest rates firmed, reflecting in part the tighter conditions in the money market.

**Assets of life insurance companies**—Assets of life insurance companies rose \$2.4 billion in the six months ended June 30, virtually the same as in the first half of 1952. The companies continued to reduce their holdings of Government securities but at a substantially lower rate than in the corresponding months of 1952 (\$165 million compared with \$650 million). There was also a sizable decline (\$190 million) in cash holdings indicating a slight decline in liquidity.

Funds were used primarily to purchase "other" securities (\$1.6 billion) and mortgages (\$1.0 billion). As in the first half of 1952, roughly two-thirds of the expansion in "other" securities was in net purchases of industrial bonds but most other types of securities were increased also. One exception was a net reduction in holdings of foreign government obligations. Net acquisitions of mortgages were about the same as in the comparable period last year. However, the net increases in VA mortgages were much lower, \$45 million compared with \$180 million. And there were somewhat fewer net purchases of FHA mortgages. On the other hand, these companies increased their holdings of "conventional" mortgages more than in the first half of 1952.

**Checks cashed**—Reflecting the continued high level of business activity, the dollar volume of checks cashed remained high during July. Debits to demand deposit accounts (except interbank and United States Government) at banks in 22 reporting centers of the district totaled \$4.4 billion. This was the highest July on record and was 11 per cent more than July a year ago. Normally there are fewer deposit withdrawals in July than in June, but this year the July total was about as

	DEPOSIT ACTIVITY			Turnover	
	Debits <sup>1</sup>		Percent Change from July 1952 <sup>2</sup>	July	Year
	July 1953 (In millions)	June 1953		1953 (Annual Rate)	Ended July 31 1953 <sup>2</sup>
<b>Six Largest Centers:</b>					
East St. Louis-National Stock Yards, Ill.....	\$ 127.4	— 2%	— 0 —%	25.7	27.0
Evansville, Ind.....	173.9	— 2	+16	18.0	17.0
Little Rock, Ark.....	155.1	— 2	+ 9	15.5	15.7
Louisville, Ky.....	727.6	+ 1	+10	24.2	24.5
Memphis, Tenn.....	587.2	— 4	+14	22.6	25.4
St. Louis, Mo.....	2,099.5	— 1	+12	22.3	20.7
Total—Six Largest Centers.....	\$3,870.7	— 1%	+11%	22.2	21.7
<b>Other Reporting Centers:</b>					
Alton, Ill.....	\$ 36.0	—16%	+15%	12.6	12.1
Cape Girardeau, Mo.....	14.5	+ 3	+12	12.8	11.5
El Dorado, Ark.....	27.0	— 1	+14	11.3	10.9
Fort Smith, Ark.....	46.6	— 8	— 1	13.3	13.5
Greenville, Miss.....	21.4	— 5	+14	12.5	14.8
Hannibal, Mo.....	9.9	+ 3	— 3	9.4	8.9
Helena, Ark.....	7.0	— 4	+ 8	10.2	13.0
Jackson, Tenn.....	20.1	— 3	+ 4	10.8	11.4
Jefferson City, Mo.....	61.0	+17	+15	10.9	11.4
Jeffersonboro, Ky.....	38.0	— 9	+11	13.3	15.4
Paducah, Ky.....	43.6	+ 3	+ 4	15.9	14.1
Pine Bluff, Ark.....	33.2	+ 2	—11	12.6	14.6
Quincy, Ill.....	34.2	— 5	+ 6	14.7	14.3
Sedalia, Mo.....	12.3	+ 3	+10	10.4	9.9
Springfield, Mo.....	72.4	+ 1	+ 4	13.7	14.2
Texarkana, Ark.....	25.0	+10	+37	17.0	13.3
Total—Other Centers.....	\$ 502.2	— 1%	+ 7%	12.8	13.0
Total—22 Centers.....	\$4,372.9	— 1%	+11%	20.4	20.1

<sup>1</sup> Debits to demand deposit accounts of individuals, partnerships and corporations and states and political subdivisions.

<sup>2</sup> Estimated.

large as the June figure. Activity was brisk nationally also, debits at the 345 reporting centers amounted to \$148 billion, somewhat lower than in June but 8 per cent more than in July 1952.

## Agriculture

Agricultural conditions in the Eighth District up to mid-August varied from good to very poor. Prospects for the cotton crop in west Tennessee, for example, were good. Corn and other crops in areas receiving periodic showers also were in good condition. However, moisture was short in wide areas of the district and the drouth was particularly severe in parts of Missouri and Arkansas. This condition was further aggravated by the extremely hot weather in late July and early August.

**Crop production**—Crop production estimates on August 1 generally were above the estimates for a month earlier, and pointed to a large total crop outturn in the district.

District corn production was expected to be 351 million bushels, 2 per cent more than in 1952. Although early planted corn in the mid-South was damaged seriously by the drouth, corn that was planted later has made satisfactory progress. The condition of the crop varied greatly in different local areas.

Oats and wheat production were estimated to be 21 and 38 per cent larger, respectively, than in 1952.

This August estimate represented an increase of 5 per cent for both crops from the July estimate. The district rice crop made satisfactory progress during July, the estimated 11,340 thousand bags being 8 per cent larger than the 1952 production. There was a 12 per cent decline in estimated burley tobacco production which reflected reduced acreage allotments and spotty rainfall in the Burley Belt.

**ESTIMATED PRODUCTION FOR MAJOR CROPS  
EIGHTH DISTRICT, AUGUST 1, 1953**

	(In thousands) Estimated production August 1, 1953	Per cent change from 1952	Per cent change from 1942-51 average
Corn (bu.).....	351,336	+ 2%	- 1%
Wheat (bu.).....	70,015	+38	+84
Oats (bu.).....	52,487	+21	-13
Rice (bags).....	11,340	+ 8	+56
Hay (tons).....	8,166	+ 5	-15
Tobacco, burley (lbs.).....	193,275	-12	+ 7
Dark, air cured (lbs.).....	24,090	- 6	-19
Dark, fire cured (lbs.).....	20,767	+ 1	-28

Source: Adapted from Crop Production, USDA, August, 1953.

**Hay and pastures**—Pastures generally made some recovery in the district where the rains were received. However, in southern Missouri and north-central Arkansas the condition of pastures deteriorated further as a result of the prolonged drouth and excessive temperature. On the average, pastures were in better condition in August 1953 than a year earlier. District hay production was expected to be 5 per cent more than in 1952.

**Cotton**—The cotton crop in Tennessee, where early plantings came up to excellent stands, was expected to exceed 1952 production. Production in other district states, however, was expected to be less in 1953 than in 1952. The national crop, estimated to be 14.6 million bales, will be somewhat smaller than the 15.1 million bales produced in 1952. Smaller acreage and larger abandonment nationally account for the reduction. A substantial acreage still in cultivation in the district is extremely late, having germinated after July 20. This is particularly true in the Mississippi Delta. Unusually good growing weather will be necessary if this late cotton is to mature.

**Soybeans**—District soybean production is expected to be slightly larger than in 1952 reflecting a minor increase in acreage.

**ESTIMATED SOYBEAN AND COTTON PRODUCTION  
EIGHTH DISTRICT STATES, AUGUST 1**

	Soybeans		Cotton		Per cent change from 1942-51 average
	Indicated production bushels	Per cent change from 1952	Indicated production bales	Per cent change from 1952	
Arkansas.....	13,194	- 5%	1,225	-10%	-10%
Illinois.....	87,024	+ 2	.....	.....	.....
Indiana.....	39,629	+ 3	.....	.....	.....
Kentucky.....	1,962	+11	.....	.....	.....
Mississippi.....	4,615	-25	1,860	- 2	+11
Missouri.....	33,552	+ 2	370	+ 6	+ 7
Tennessee.....	3,580	- 1	650	+ 2	+20
District States.....	183,556	+ 1	4,105	- 5	+ 5
United States.....	295,018	+ 1	14,605	- 4	+20

Source: Crop Production, Cotton Production, USDA, August 1, 1953.

**Prices**—Prices received by farmers remained unchanged for the month ending July 15. Livestock prices generally were higher but price declines in several crops offset this increase. From mid-July through the third week of August cattle prices were steady to lower. Hog prices declined seasonally but moved upward after August 6. Prices paid by farmers increased nearly 1 per cent for the month ending July 15 reflecting higher feeder cattle prices and higher wage rates. The parity ratio thus declined to 93, ten points lower than a year ago.

**CASH FARM INCOME**

(In thousands of dollars)	June, 1953	June, 1953 compared with		6 month total Jan. thru June 1953		
		May, 1953	June, 1952	1953	compared with 1952 1951	
Arkansas.....	\$ 22,609	+14%	-16%	\$ 134,477	-28%	-16%
Illinois.....	135,921	- 1	- 0-	861,745	- 2	- 3
Indiana.....	67,132	- 7	-10	453,889	- 5	- 8
Kentucky.....	27,228	+10	-16	245,779	- 0-	+ 2
Mississippi.....	17,840	- 0-	-23	138,040	- 1	+12
Missouri.....	72,730	+17	- 3	391,946	-11	-16
Tennessee.....	26,791	+ 4	-21	173,318	- 9	-10
7 State Totals.....	\$370,251	+ 3%	- 8%	\$2,399,194	- 6%	- 6%
8th Dist. Total.....	\$159,633	+ 8%	-10%	\$1,018,378	- 9%	- 8%

**RECEIPTS AND SHIPMENTS AT  
NATIONAL STOCK YARDS**

	Receipts			Shipments		
	July, 1953	July, 1953 compared with June, 1953 July, 1952		July, 1953	July, 1953 compared with June, 1953 July, 1952	
Cattle and calves.....	150,567	- 2%	+20%	56,677	- 6%	+ 6%
Hogs.....	163,262	-24	-26	40,095	-37	-49
Sheep.....	54,300	-27	-17	17,470	-59	-58
Totals.....	368,129	-17%	-11%	114,242	-32%	-34%

**Department Store Indexes**

**R**EVISION of department store indexes of sales and stocks for the Eighth Federal Reserve District and of sales indexes for Louisville, Memphis and Little Rock has been completed. Seasonal adjustment factors in the sales indexes were re-computed to conform with changes in the pattern of consumer buying. In addition, sample coverage for the district sales index was increased.

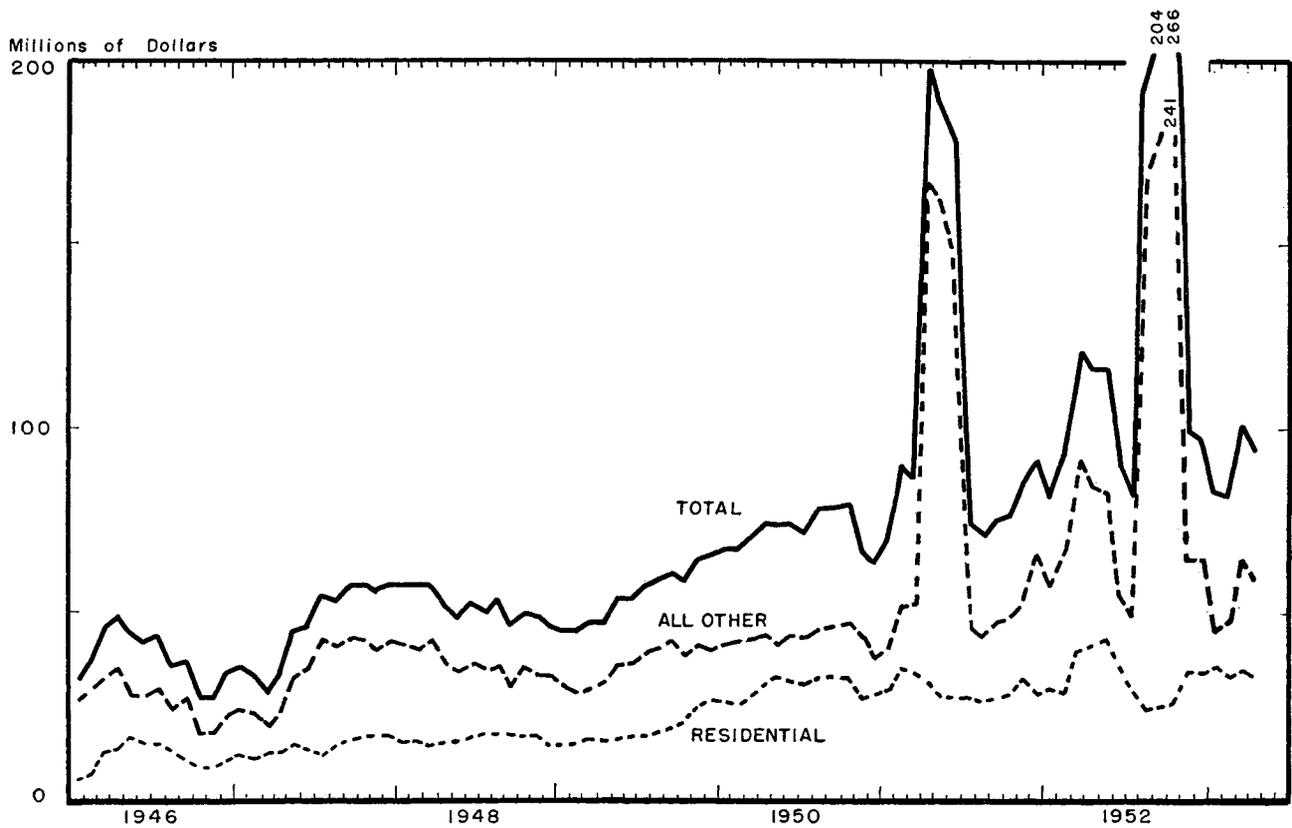
A new index of department store sales for the St. Louis metropolitan area was established for the period since 1940. The previous index of sales for the City of St. Louis has been discontinued. The revision of the district stocks index, computed by the stocks-sales ratio method, covers the period since 1947.

The revision of sales and stocks indexes and the establishing of a St. Louis area sales index was accomplished according to procedures developed by Federal Reserve System representatives. Revised indexes and a description of techniques used are available upon request from the Research Department, Federal Reserve Bank of St. Louis, St. Louis 2, Missouri.

## CONSTRUCTION CONTRACTS AWARDED

### EIGHTH FEDERAL RESERVE DISTRICT

SEASONALLY ADJUSTED, THREE-MONTH MOVING AVERAGE



Source of Unadjusted Data: F. W. Dodge Corp.

**S** EASONALLY adjusted construction contract awards for residential, all other, and total construction in the Eighth Federal Reserve District are charted above for the period January, 1946, to April of this year.

Indexes of construction contracts awarded in the Eighth District are now available on a monthly basis for the period from 1923 to date. Both unadjusted and seasonally adjusted indexes of the value of awards for

residential building, all other than residential, and total construction have been compiled with 1947-49 averages as a base. Three-month moving averages of data supplied by the F. W. Dodge Corporation are used. A complete description of the technique employed and back data from 1923 to date can be obtained from the Research Department of this Bank upon request.

Current indexes will be published in the *Review*.

#### INDEX OF CONSTRUCTION CONTRACTS AWARDED EIGHTH FEDERAL RESERVE DISTRICT\*

(1947-1949=100)

	June 1953	May 1953	June 1952		June 1953	May 1953	June 1952
<b>Unadjusted</b>				<b>Seasonally adjusted</b>			
Total.....	184.0 <sup>P</sup>	193.0	206.4	Total.....	154.5 <sup>P</sup>	170.8	173.7
Residential.....	173.9 <sup>P</sup>	198.0	251.1	Residential.....	148.6 <sup>P</sup>	175.2	214.6
All other.....	188.7 <sup>P</sup>	190.6	185.6	All other.....	157.2 <sup>P</sup>	168.7	154.7

\*Based on three-month moving average of value of awards, as reported by F. W. Dodge Corporation.

# Survey of Current Conditions

**I**N SEPTEMBER, while layoffs occurred in a few manufacturing plants and some indicators showed an easing of operations, Eighth District business generally held close to its August levels. However, the deadening effect of the drouth continued through September to bear heavily on district agriculture.

During August business activity recovered from the slow-down caused by vacations, strikes, and seasonal factors in July. Manufacturing activity picked up and was substantially above year-earlier levels in almost all lines. Retail sales remained close to the year's peak rates, reflecting the high level of nonfarm income and continued use of credit. Also, construction recovered in St. Louis after the settlement of a prolonged strike, but operations in some other areas were hampered by strikes, and total construction activity in the district was less than a year earlier.

In September, some developments indicated a slower rate of activity. War goods production was cut back substantially at a few district plants, adding to the growing list of recent reductions. Retail sales at department stores failed to equal the level of a year earlier. However, though some slackening was apparent, business activity was generally still above the rate a year earlier.

In the nation, business activity during August regained most of the seasonal July setback. Industrial production improved, but failed to equal the June rate of output. However, farm machinery output was curtailed in August because of slower sales, and automobile assembly was reduced somewhat as a result of high inventories in some lines, model changeovers, and a transmission plant fire. Construction expenditures increased less than seasonally and nonfarm housing starts fell more than usual. And while consumer spending at department stores continued at the same rate as in July (taking into consideration the normal seasonal changes), it was below the 1953 peak.

In September, some cutbacks in defense production, adjustments to high inventories, and smaller sales of civilian goods reduced business activity further. Steel mills operated below the August rate of 94 per cent in the first two weeks of September, but recovered in the last two weeks of the month. Automobile assembly was below the August average. Oil refining was cut back because of large

stocks and reductions of crude oil output were scheduled.

In addition to the cutbacks in defense and civilian production, business plans for new plant and equipment expenditures, surveyed in August, indicated a 5 per cent decline in the fourth quarter from the peak outlays scheduled in the third quarter.

The relative scarcity of strengthening factors in the outlook for the remainder of the year has caused some concern. But the positive factors—increased personal income over year-earlier levels, relatively high level of employment, lower money and capital market rates, generally liquid position of spending units, the expanding population base, easing of international tension, and so on—should not be overlooked.

## Employment

Total employment in the United States increased 300,000 from July to August, reaching a record high of 63.4 million, one million more than a year earlier. Unemployment declined with only 1.9 per cent of all civilian workers out of jobs.

District states joined in the nation-wide increase in employment through August as plant vacation shutdowns tapered off and seasonal gains occurred in the clothing industry and in food processing. By early September, however, there were indications of some employment declines in the district.

Layoffs occurred in the structural clay products, automobile, and refrigerator industries in Evansville. In the Louisville area employment declined by 500 from its July level. Increases in production of tobacco, chemicals, apparel, and ordnance there

### CONSUMER PRICE INDEX

Bureau of Labor Statistics (1947-49=100)	August, 1953 compared with		
	Aug., '53	July, '53	Aug., '52
United States.....	115.0	114.7	114.3
			July, '53 Aug., '52
			-0-% + 1%

### RETAIL FOOD

Bureau of Labor Statistics (1947-49=100)	August, 1953 compared with		
	Aug., '53	July, '53	Aug., '52
U. S. (51 cities).....	114.1	113.8	116.6
St. Louis.....	117.2	116.6	119.0
			July, '53 Aug., '52
			-0-% -2%
			+ 1 - 2

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	August, 1953 compared with		
	Aug., '53	July, '53	Aug., '52
All Commodities.....	110.6	110.9	112.2
Farm Products.....	96.3	97.9	109.9
Foods.....	104.8	105.5	110.5
Other.....	114.8	114.8	113.0
			July, '53 Aug., '52
			-0-% -2%
			- 1 - 5
			-0- + 2

were not enough to offset reductions in farm tractor manufacturing, food processing, and construction.

At St. Louis, employment increased from July to August, but in September sizable layoffs occurred. McDonnell Aircraft Corporation, largest employer in the area, announced a reduction of about 3,000 employees. And between 450 and 500 workers were laid off by two Granite City foundries. Completion of subcontracts for medium tank parts and lack of orders for railroad castings were the reasons given for the latter layoffs.

## Industry

District industrial output during August recovered from the slight dip in July and was at levels well above a year ago. Production generally maintained its position in early September, with some notable exceptions such as aircraft manufacturing.

**Manufacturing**—Use of electric power in August by reporting industries in the district showed gains over a year ago with the exception of shoes and primary metals production. The former held about even, while the latter was off 4 per cent. Compared with July, however, three groups, electrical machinery, nonelectrical machinery, and rubber manufacturing, showed drops ranging from 11 to 21 per cent.

The steel ingot production rate in the district continued to be better than that nationally in August, averaging 99 per cent of capacity. Though it tapered off to 91 per cent in early September, this reflected operational problems rather than any lack of orders.

Production of Southern hardwoods was at an operating rate 13 per cent better than a month ago and 9 per cent over August, 1952, and continued at the same high level in early September. Southern pine production held about the same as in July and a year ago, although, unlike hardwoods, it was cut back in early September.

Livestock slaughtered under Federal inspection in the St. Louis area in August showed large gains over a year ago (17 per cent), was 14 per cent over July, and continued high in early September. Cattle slaughter showed a 60 per cent increase over the comparable period in 1952, reflecting the forced liquidation of herds due to the drouth.

Even whiskey production in Kentucky was better than a year ago (with 20 distilleries in operation at the end of August compared with 12 last year) although the number was down from July.

**Coal and oil**—Preliminary figures indicated a slight improvement over a month ago in the output of coal mines in the district, and some gain over August last year. Crude oil output through the

first half of September remained about the same as a month and a year ago. Some cuts were in prospect nationally in view of high stocks.

During the latter part of August, oil was discovered in northeastern Mississippi. The well, although producing only moderately, was important as it not only marked the first oil production in this area but also tapped a lower rock strata than heretofore.

## Construction

Construction activity quickened in some district areas, following strikes and other interruptions, but strikes continued to retard major projects through August and September. At the same time, there was a slackening of activity in particular areas as projects neared completion.

Work was resumed on many projects in the St. Louis area after settlement of a cement-truck drivers strike. After a one-month shutdown for reorganization under a new contractor, the Electric Energy, Inc. power project at Joppa, Illinois, got underway about the first of September on a limited scale. Within two weeks operations were halted again by a strike of ironworkers which idled the whole 600-man force. Walk-outs of varying duration retarded work at the Atomic Energy Commission project near Paducah, Kentucky, and several projects in the Louisville area. Evansville, Little Rock, and Louisville had declines in construction employment in August resulting from completions.

### CONSUMPTION OF ELECTRICITY DAILY AVERAGE\*

(K.W.H. in thous.)	August 1953	July 1953	August 1952	August 1953 compared with	
	K.W.H.	K.W.H.	K.W.H.	July, '53	Aug., '52
Evansville.....	910	991	886	- 8%	+ 3%
Little Rock.....	138	122	133	+13	+ 4
Louisville.....	4,590	4,228	3,806	+ 9	+21
Memphis.....	1,454	1,390	1,251	+ 5	+16
Pine Bluff.....	476	432	346	+10	+38
St. Louis.....	5,464	4,898	4,864	+12	+12
Totals.....	13,032	12,061	11,286	+ 8%	+15%

\* Selected Manufacturing Firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Aug., '53	July, '53	Aug., '52	First Nine Days			8 mos. '53	8 mos. '52
			Aug., '53	Sept., '53	Sept., '52		
111,934	113,926	114,211	30,620	31,341	797,185	774,292	

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	August, 1953	July, 1953	August, 1952	August, 1953 compared with	
				July, '53	Aug., '52
Arkansas.....	77.0	76.8	76.1	- 0 - %	+ 1%
Illinois.....	161.5	158.9	166.5	+ 2	- 3
Indiana.....	34.9	35.0	33.3	- 0 -	+ 5
Kentucky.....	31.3	30.4	32.8	+ 3	- 5
Total.....	304.7	301.1	308.8	+ 1%	- 1%

### COAL PRODUCTION INDEX

1935-39=100					
Unadjusted			Adjusted		
Aug., '53	July, '53	Aug., '52	Aug., '53	July, '53	Aug., '52
132.2 P	109.6 P	109.3	133.5 P	124.5 P	110.4

**DEPARTMENT STORES**

	Net Sales		Stocks on Hand		Stock Turnover	
	August, 1953 July, 1953	August, 1952	Aug. 31, '53 comp. with Aug. 31, 1952	Aug. 31, '53 comp. with Aug. 31, 1952	Jan. 1 to Aug. 31, 1953	Jan. 1 to Aug. 31, 1952
8th F.R. District Total.....	+17%	-1%	+4%	+13%	2.26	2.39
Fort Smith Area, Ark. <sup>1,2</sup> .....	+20	-2	-0-	+9	2.17	2.24
Little Rock Area, Ark. <sup>2</sup> .....	+18	-7	-0-	+16	2.12	2.36
Quincy, Ill. <sup>2</sup> .....	+28	+2	+2	+15	2.20	2.43
Evansville Area, Ind. <sup>2</sup> .....	+11	+2	+12	.....	.....	.....
Louisville Area, Ky., Ind. <sup>2</sup> .....	+19	+1	+3	+4	2.43	2.51
St. Louis Area, Mo., Ill. <sup>2</sup> .....	+16	-1	+5	+15	2.28	2.37
Springfield Area, Mo. <sup>2</sup> .....	+9	-7	-0-	+13	2.01	2.19
Memphis Area, Tenn. <sup>2</sup> .....	+23	+2	+3	+11	2.37	2.51
All Other Cities <sup>3</sup> .....	+9	-9	+3	+10	1.85	2.17

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

Outstanding orders of reporting stores at the end of August, 1953, were 17 per cent smaller than on the corresponding date a year ago.

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**  
Outstanding August 1, 1953, collected during August

	Instalment Accounts		Excl. Instal. Accounts			Instalment Accounts		Excl. Instal. Accounts	
	%	%	%	%		%	%	%	%
Fort Smith .....	14	42	18	59	Quincy .....	18	59	19	52
Little Rock .....	20	46	19	52	St. Louis .....	19	52	9	47
Louisville .....	18	48	18	47	Other Cities .....	18	47	18	47
Memphis .....	18	34	18	47	8th F. R. Dist.....	18	47	18	47

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**  
8th Federal Reserve District

	August, 1953	July, 1953	June, 1953	August, 1952
Sales (daily average), unadjusted <sup>4</sup> .....	100	86	110	102
Sales (daily average), seasonally adjusted <sup>4</sup> ..	110	107	122	112
Stock, unadjusted <sup>5</sup> .....	130	122	132	115
Stocks, seasonally adjusted <sup>5</sup> .....	134	131	132	119

<sup>4</sup> Daily average 1947-49=100.

<sup>5</sup> End of Month Average 1947-49=100.

Trading days: August, 1953—26; July, 1953—26; August, 1952—26.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	August, 1953 July, '53	August, 1952 Aug., '52	August, 1953 July, '53	August, 1952 Aug., '52	Aug., '53	Aug., '52
8th Dist. Total <sup>1</sup> .....	+10%	-4%	+2%	+4%	18%	20%
St. Louis.....	+10	-10	-2	25	28	28
Louisville Area <sup>2</sup> .....	+18	+15	-4	-2	14	14
Louisville.....	+19	+15	-4	-3	14	13
Memphis.....	+13	-13	*	*	12	13
Little Rock.....	+3	-20	+17	+12	14	17
Springfield.....	-8	+2	-1	+6	15	16
Fort Smith.....	-8	-3	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Indiana.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Aug., '53	July, '53	Aug., '52
Cash Sales .....	16%	16%	15%
Credit Sales .....	84	84	85
Total Sales .....	100%	100%	100%

**WHOLESALE TRADE**

Line of Commodities	Net Sales		Stocks
	August, 1953 July, '53	August, 1952 Aug., '52	
Automotive Supplies.....	-10%	-1%	+7%
Drugs and Chemicals.....	-6	-1	N.A.
Dry Goods.....	+18	-7	+24
Groceries.....	-11	-4	-5
Hardware.....	-5	-0-	-8
Tobacco and its Products.....	-10	-4	+7
Miscellaneous.....	+7	-9	+14

\* Preliminary.

N.A.—Not available.

**INDEX OF CONSTRUCTION CONTRACTS AWARDED**  
**EIGHTH FEDERAL RESERVE DISTRICT\***

(1947-1949=100)

	July, 1953	June, 1953	July, 1952
Unadjusted			
Total.....	181.9 P	183.4	198.8
Residential.....	165.5 P	174.0	216.7
All Other.....	189.6 P	187.8	190.4
Seasonally adjusted			
Total.....	140.8 P	154.0	155.0
Residential.....	141.5 P	148.7	185.2
All Other.....	140.4 P	156.5	141.0

\* Based on three-month moving average of value of awards, as reported by F. W. Dodge Corporation.  
P—Preliminary.

August expenditures for new construction in the nation totaled over \$3.3 billion, slightly above the record level reached in July, and about 7 per cent above the total for August, 1952. Because of a decline in private housing construction, the July-August increase in total expenditures was somewhat less than seasonal.

In terms of starts, too, housing activity in the nation was down more than seasonally: from 96,000 in July to 94,000 in August. August starts are usually about the same as those in July.

Commercial building rose more than seasonally, continuing the upward movement of the past several months. Private spending for industrial building leveled off after declining since spring.

**Trade**

The level of retail sales in the Eighth District during August advanced generally—and in some lines at a more-than-seasonal rate—from that in July. In comparison to the relatively high level in August, 1952, sales were down slightly at furniture stores, men's wear and women's specialty stores, while department store sales equaled those a year earlier. Seasonal promotions were moderately successful but continued excessively hot, dry weather in the month was a depressing factor.

At automobile dealers, sales of new cars continued above those a year ago, when supplies were considerably reduced, while used car sales were at a somewhat slower pace. Appliance dealers' sales volume was not much changed from that a year earlier.

Department store sales in August increased more than seasonally from those in July. After adjustment for seasonal variation, the index of daily sales averaged 110 per cent of the 1947-1949 base. In comparison, they were 107 per cent in July and 112 per cent in August, 1952. Cumulative sales for the first eight months of 1953 totaled 4 per cent larger than in the same period of 1952.

Specialty store sales in August were substantially larger than in July but were slightly below those

in August, 1952. Women's specialty store sales were about one-third larger than in July, while men's wear store sales volume was about one-sixth greater.

Furniture store volume in August was 10 per cent larger than a month earlier but slightly below that during August, 1952.

Inventories held by reporting retail lines at the end of August were generally larger than both a month earlier and on August 31, 1952. Outstanding orders at department stores at the month's end were slightly under those at the end of July and totaled substantially less than a year ago.

## Banking and Finance

Both districtwise and nationally loans rose and investment holdings declined at banks during August and early September. The money supply of individuals and businesses remained virtually unchanged in August, but there appeared to be a less rapid turnover of the money supply than in July. Interest rates, especially short-term, declined around the middle of September.

**District banking**—From the end of July through September 16, earning assets of Eighth District weekly reporting banks rose moderately. The gain was the net result of a growth in business loans which more than counterbalanced a moderate contraction in most other types of loans and a reduction in investment holdings (primarily short-term Treasury securities).

Business loans rose more than usual in the seven weeks with largest gains at St. Louis, Louisville, and Little Rock. Food manufacturers and sales finance companies accounted for the bulk of the net increase in borrowing. Real estate loans continued virtually unchanged. Security and "other" (largely consumer) loans were off slightly.

Time deposits continued to rise suggesting that savings are proceeding at a high rate.

At the smaller district banks total loans rose moderately during August with the growth centering in those banks located in towns under 15,000 population. In addition these banks increased their investment portfolios, primarily by net purchases of Government securities. However, total deposits declined, despite a large growth in savings accounts.

**Banking nationally**—Earning assets of weekly reporting banks in leading cities of the nation, in contrast with district experience, declined during August and early September. The reduction was the result of heavy net sales of Treasury bills and certificates as banks attempted to relieve some of the pressure on their reserve positions. Business

loans rose and real estate loans continued to climb moderately. "Other" loans (largely consumer) showed little change in contrast with sharp increases previously.

The nation's private money supply was virtually unchanged in August. Contraction in bank earning assets and a moderate outflow of gold were approximately offset by a shift of funds from Treasury to business accounts. By contrast, demand deposits and currency of businesses and individuals rose moderately in August last year. In the first eight months of 1953 the private money supply contracted \$4.5 billion compared with \$2.4 billion in the corresponding period a year ago.

**Debits to deposit accounts**—Both districtwise and nationally the volume of checks cashed at reporting banks during August was nine per cent lower than in July. In the Eighth District there were fewer debits in each of the reporting centers. Nationally the volume of checks cashed was lower during August than in July in every Federal Reserve District except the Ninth (Minneapolis).

**Interest rates**—During August and early September yields on long-term bonds were fairly steady. Around mid-September, however, yields on Government securities declined, especially short-term issues. The decline in interest rates was the result of many factors. Savings continued at a high level adding to the supply of funds. At the same time, the

### DEPOSIT ACTIVITY

	Debits <sup>1</sup>		Turnover		
	August, 1953 In millions)	Percent Change from July, 1953	August, 1953 (Annual Rate)	Year Ended Aug. 31, 1953 <sup>2</sup>	
<b>Six Largest Centers:</b>					
East St. Louis-National Stock Yards, Ill.....	\$ 116.3	— 9%	— 0—%	22.0	26.5
Evansville, Ind.....	160.7	— 8	+28	16.4	17.2
Little Rock, Ark.....	141.2	— 9	+10	14.0	15.8
Louisville, Ky.....	706.6	— 3	+ 9	24.3	24.6
Memphis, Tenn.....	532.0	— 9	+12	20.7	25.7
St. Louis, Mo.....	1,865.8	—11	+17	19.7	20.8
<b>Total—Six Largest Centers.....</b>	<b>\$3,522.6</b>	<b>— 9%</b>	<b>+14%</b>	<b>20.2</b>	<b>21.9</b>
<b>Other Reporting Centers:</b>					
Alton, Ill.....	\$ 34.6	— 4%	+15%	12.1	12.2
Cape Girardeau, Mo.....	13.5	— 7	+14	11.9	11.7
El Dorado, Ark.....	24.8	— 8	— 3	10.5	10.9
Fort Smith, Ark.....	45.7	— 2	+ 3	13.0	13.5
Greenville, Miss.....	18.5	—14	+ 2	11.6	14.8
Hannibal, Mo.....	9.1	— 8	+ 1	8.4	8.9
Helena, Ark.....	6.8	— 3	+13	11.2	13.2
Jackson, Tenn.....	19.6	— 2	+ 1	10.6	11.4
Jefferson City, Mo.....	52.8	—13	+ 4	9.1	11.3
Owensboro, Ky.....	37.0	— 3	+ 1	12.6	15.2
Paducah, Ky.....	40.2	— 8	— 4	15.3	14.2
Pine Bluff, Ark.....	29.0	—13	—17	11.5	14.5
Quincy, Ill.....	33.7	— 1	+ 5	14.4	14.4
Sedalia, Mo.....	12.1	— 2	+12	9.9	9.9
Springfield, Mo.....	67.0	— 7	+11	12.4	14.0
Texarkana, Ark.....	21.3	—15	+22	14.9	13.5
<b>Total—Other Centers.....</b>	<b>\$ 465.7</b>	<b>— 7%</b>	<b>+ 4%</b>	<b>11.9</b>	<b>13.0</b>
<b>Total—22 Centers.....</b>	<b>\$3,988.3</b>	<b>— 9%</b>	<b>+13%</b>	<b>18.6</b>	<b>20.2</b>

<sup>1</sup>Debits to demand deposit accounts of individuals, partnerships and corporations and states and political subdivisions.

<sup>2</sup> Estimated.

amount of Treasury bills outstanding declined as the September 18th tax anticipation issue matured (\$800 million) and the System purchased net about \$250 million of Government securities, largely Treasury bills, from mid-August to mid-September. Also at mid-September there was some easing in the money market due to a mid-month increase in float and a return flow of currency after the Labor Day and other holidays. Then, too, the reduction on September 17 in discount rates from 4 per cent to 3½ per cent by the central banks of England and France had an influence on market psychology.

## Agriculture

Widespread drouth accompanied by high temperatures in late August and early September caused further deterioration of Eighth District crops. A few sections, particularly in north Missouri, received more than an inch of rain during the first week of September. In large parts of the district, however, severe drouth conditions prevailed through mid-September. Pastures in particular were hard hit. In most areas, their condition on September 1 was considered to be worse than in 1952 even though many experienced severe drouths then. In Missouri, for example, pasture conditions were estimated to be 18 per cent of normal compared with 76 a year earlier. In Arkansas, Illinois, Indiana, and Kentucky also, they were in a poorer condition than a year earlier.

**Crop production**—The effects of the drouth also were reflected in smaller estimates of corn, soybean, and hay production. The recent district corn estimate of 324 million bushels was 6 per cent lower than 1952 production. Estimated hay production was 2 per cent smaller than the 1952 crop and a decline of 12 per cent was expected in soybean production.

Despite the drouth, estimated production of cotton, tobacco, and rice was higher on September 1 than a month earlier. Increased cotton production in Arkansas and Mississippi was expected to more than offset decreased production in Missouri and

Tennessee. Record rice crops were forecast for both Arkansas and Mississippi.

Dry weather hastened the maturity of burley tobacco and facilitated harvesting. The September district production estimate of 197 million pounds, although 10 per cent smaller than the 1952 crop, represented an increase of 3 million pounds over the August estimate.

### ESTIMATED PRODUCTION FOR MAJOR CROPS EIGHTH DISTRICT—SEPTEMBER 1, 1953

(In Thousands of Units)	Estimated production September 1, 1953	Per cent change from 1952	Per cent change from 1942-51 average
Corn (bu.).....	324,208	-6%	-8%
Oats (bu.).....	52,487	+21	-13
Cotton (bales).....	3,748	-4	+5
Soybeans (bu.).....	77,207	-12	+40
Rice (bags).....	11,655	+11	+60
Hay (tons).....	7,574	-2	-22
Tobacco, burley (lbs.).....	196,667	-10	+9
Dark, air-cured (lbs.).....	23,791	-7	-20
Dark, fire-cured (lbs.).....	20,551	-0-	-29

Source: Adapted from *Crop Production*, USDA, September 1, 1953.

**Farm land values**—Values of farm land declined in all district states either 1 or 2 per cent between March and July of 1953, continuing the decline begun a year earlier. Declines were most pronounced in Arkansas and Kentucky where land values were 5 and 8 per cent lower than a year earlier.

### CHANGES IN DOLLAR VALUE OF FARM LAND EIGHTH DISTRICT STATES

	Per cent change from		
	March, 1953 to July, 1953	July, 1952 to July, 1953	1947-49 to July, 1953
Arkansas.....	-1%	-5%	+27%
Illinois.....	-2	-3	+37
Indiana.....	-1	-1	+35
Kentucky.....	-1	-8	+22
Mississippi.....	-1	+3	+37
Missouri.....	-2	-3	+30
Tennessee.....	-2	-2	+22
Eighth District.....	-2	-4	+31
United States.....	-2	-4	+24

Source: *Farm Real Estate Market*, USDA, July, 1953.

**Prices**—The index of prices received by farmers declined one point for the month ending August 15, reflecting lower prices for livestock, only partially offset by higher prices for milk and eggs. Livestock prices increased somewhat after August 15, but declined in the latter part of August and by the end of the first week of September were lower than mid-August levels. Mid-August prices paid by farmers and the parity ratio were unchanged from the month-earlier figures.

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCKYARDS

	Receipts			Shipments		
	Aug., 1953	July, 1953	Aug., 1952	Aug., 1953	July, 1953	Aug., 1952
Cattle and calves.....	177,233	+18%	+36%	68,330	+21%	+6%
Hogs.....	177,896	+9	-2	40,652	+1	-33
Sheep.....	60,168	+11	-17	20,813	+19	-56
Totals.....	415,297	+13%	+8%	129,795	+14%	-25%

### CASH FARM INCOME

(In thousands of dollars)	July, 1953 compared with		7 month total Jan. thru July 1953 compared with	
	July, 1953	June, 1953	1953	1952
Arkansas.....	\$ 27,056	+20%	\$ 161,533	-26%
Illinois.....	190,104	+40	1,051,849	-2
Indiana.....	110,729	+65	564,618	-3
Kentucky.....	34,739	+28	280,518	-1
Mississippi.....	18,905	+6	156,945	-0-
Missouri.....	100,543	+38	492,489	-8
Tennessee.....	31,451	+17	204,769	-8
7 State Totals.....	\$513,527	+39%	\$2,912,721	-5%
8th Dist. Totals.....	\$211,734	+33%	\$1,230,112	-8%

# Survey of Current Conditions

**B**USINESS ACTIVITY in the Eighth District declined slightly during September and early October. Nevertheless, activity was still at a higher level than a year earlier and only slightly below the peak level reached in the spring of this year. Employment in the major centers of the district followed diversified trends with little net change from August, but was somewhat below the level in the earlier months of the year. Industrial and construction activities declined. Department store sales, seasonally adjusted, fell below August levels and, for the second consecutive month, failed to equal the rate of a year earlier. Reflecting a decrease in prices of farm products and, to some extent, the damaging effects of the drouth, farm income in the district continued below 1952. With the easing in the general business activity and reduced inventory accumulation, loans to businesses expanded less than seasonally in September and the first half of October.

Economic activity in the nation also slowed slightly during September. Industrial output declined. The drop in national employment was primarily seasonal, but for the first time this year there was virtually no margin of gain over comparable months of 1952. Department store sales rose less than seasonally. Construction activity, which had increased less than normally in recent months, remained practically unchanged from August to September. Bank loans expanded substantially less than in the same period a year ago. Average wholesale prices declined about one per cent from mid-September through mid-October, and prices of basic raw materials eased further.

The total value of goods and services produced in the nation during the third quarter decreased slightly from the peak level reached in the second quarter. Decreases in the rate of business inventory accumulation and Government expenditures for national security programs more than offset an increase in consumer expenditures. Business inventories had been expanded at an annual rate of \$8.8 billion during the second quarter, but during the third quarter additions were at a rate of \$5.5 billion. Investment in private residential construction also declined slightly from the second to the third quarter but other forms of private domestic investment increased slightly. Expansion in consumer spending in the third quarter reflected largely further growth in expenditures for services, with purchases of durable goods showing little change and outlays for nondurable goods rising only slightly.

The declining rate of Government outlays, the prospective reductions in new plant and equipment expenditures and the record level of inventories, were among the chief factors in the current business outlook. Business inventories at the end of August were at a record level of nearly \$79 billion, almost \$6 billion higher than a year earlier, while sales have increased to a lesser extent. As a result of the high levels of stocks, businessmen have become cautious and reduced their orders. There has also been a decline in military orders.

## Employment

The opening of schools in September called away from shop, store, and farm thousands of teen agers who had swelled employment to an all-time high in August. Without the students, an estimated 62.3 million people remained at work in the nation, about a million less than were employed in August, and about the same as in September, 1952. Unemployment, estimated at 1.2 million in early September, remained practically unchanged from August.

Through September and October signs of a slackening in demand for labor appeared in both nation and district. There were layoffs in a variety of industries, with the greatest number occurring in durable goods manufacturing, and there were some increases in initial claims for unemployment compensation.

### CONSUMER PRICE INDEX

Bureau of Labor Statistics (1947-49=100)	Sept., 1953			Sept., 1953 compared with	
	Sept., '53	June, '53	Sept., '52	June, '53	Sept., '52
United States.....	115.2	114.5	114.1	+ 1%	+ 1%
St. Louis.....	117.1	115.8	115.5	+ 1	+ 1

### RETAIL FOOD

Bureau of Labor Statistics (1947-49=100)	Sept., 1953			Sept., 1953 compared with	
	Sept., '53	Aug., '53	Sept., '52	Aug., '53	Sept., '52
U. S. (51 cities).....	113.8	114.1	115.4	- 0-%	- 1%
St. Louis.....	115.7	117.2	116.7	- 1	- 1

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	Sept., 1953			Sept., 1953 compared with	
	Sept., '53	Aug., '53	Sept., '52	Aug., '53	Sept., '52
All Commodities.....	111.0	110.6	111.8	- 0-%	- 1%
Farm Products.....	97.9	96.4	106.6	+ 2	- 8
Foods.....	106.5	104.8	110.3	+ 2	- 4
Other.....	114.8	114.9	113.2	- 0-	+ 1

Employment declined from August to September in the two largest labor markets of the Eighth District, St. Louis and Louisville, but increased in Evansville and Little Rock. The St. Louis area declines resulted from layoffs in plants producing aircraft, tank parts, railroad castings, and auto parts. In Louisville, construction completions were the largest factor in the 1.2 per cent decline in total employment. However, Louisville employment was 6 per cent higher this September than a year earlier.

Evansville recovered somewhat in September from an August employment low of 78,200. The 4 per cent increase was accounted for largely by recalls of auto workers following a shutdown for inventory adjustment.

In Little Rock, settlement of a labor dispute which had affected 1,050 workers in August, and a seasonal increase in cottonseed oil milling helped raise manufacturing employment 1,350 from August. Total nonagricultural employment increased by 1,600 to 71,550, which is 1,550 above a year ago.

## Industry

Industrial production in the district tapered off slightly in September and early October. But many indicators were well above 1952 levels.

**Manufacturing**—Of the fourteen lines of manufacturing activity for which reports were obtained, only three (rubber, fabricated metals, and electrical machinery) showed an increase in use of electric power in September over that used in August. All others showed declines. However, all except two lines (primary metals and shoes) showed an increase in power use over September a year ago, showing that production still remained strong.

Particularly strong, among other indicators, was the steel ingot rate in the St. Louis area where operations were held at 99 per cent of capacity throughout September and early October. Southern hardwood production in the district also continued in good volume, although orders were reportedly below production and stocks thus were rising.

Livestock slaughter remained heavy as the drouth continued to force marketings, and hog marketing increased seasonally. Whiskey output improved, with five more distilleries in Kentucky in operation at the end of the month than at the end of August and eight more than on September 30, 1952.

Some activity lagged, however. Southern pine mills continued production at a reduced rate from a month and a year ago in September and early October. And shoe production in September and October was estimated to be running 5 to 10 per cent below last year, according to results of a

survey made by the National Shoe Manufacturers Association. September orders were running 10 to 20 per cent below those of 1952, the survey also showed.

Production of slab zinc at St. Louis was cut back at the end of September and will be further reduced in November. Imports of this metal have increased sharply in recent months.

In a number of instances, producers of durables, such as defense goods and autos, made further cutbacks.

**Mineral Production**—Coal output at the end of September and in the first weeks of October experienced a slight seasonal pickup. Oil production remained at about the same level, although for the month of October allowable output in Arkansas was reduced 15 per cent by state authorities. Stocks were high throughout the country.

## Construction

There was no apparent slackening in total construction activity in the nation from August to September, although the number of new housing starts declined. Expenditures for new construction in September, totaling \$3.3 billion, were about the same as in August and were 5 per cent above September, 1952. Private expenditures of \$2.2 billion were 8 per cent above those of a year ago, while public expenditures were practically unchanged from last year. September's 92,000 housing starts were 2,000 under those of August and 8,800 under those of September, 1952.

### CONSUMPTION OF ELECTRICITY DAILY AVERAGE \*

(K.W.H. in thous.)	Sept., 1953	Aug., 1953	Sept., 1952	Sept., 1953 compared with	
	K.W.H.	K.W.H.	K.W.H.	Aug., '53	Sept., '52
Evansville.....	912	910	853	- 0 -	+ 7%
Little Rock.....	181	138	169	+31	+ 7
Louisville.....	4,485	4,590	3,860	- 2	+16
Memphis.....	1,603	1,454	1,346	+10	+19
Pine Bluff.....	516	476	280	+ 8	+84
St. Louis.....	5,340	5,464	5,132	- 2	+ 4
Totals.....	13,037	13,032	11,640	- 0 -	+12%

\* Selected Manufacturing Firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Sept., '53	Aug., '53	First Nine Days		9 mos. '53	9 mos. '52
		Sept., '52	Oct., '53		
110,795	111,934	98,767	33,227	29,061	907,980
					873,059

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Sept., 1953	Aug., 1953	Sept., 1952	Sept., 1953 compared with	
				Aug., '53	Sept., '52
Arkansas.....	77.8	77.0	75.1	+ 1%	+ 4%
Illinois.....	165.3	161.5	166.9	+ 2	- 1
Indiana.....	34.6	34.9	33.7	- 1	+ 3
Kentucky.....	31.5	31.3	32.2	+ 1	- 2
Total.....	309.2	304.7	307.9	+ 1%	- 0 -%

### COAL PRODUCTION INDEX 1935-39=100

Unadjusted			Adjusted		
Sept., '53	Aug., '53	Sept., '52	Sept., '53	Aug., '53	Sept., '52
144.8 <sup>F</sup>	132.2 <sup>F</sup>	194.2	137.9 <sup>F</sup>	133.5 <sup>F</sup>	185.0

<sup>F</sup> Preliminary.

## INDEX OF CONSTRUCTION CONTRACTS AWARDED EIGHTH FEDERAL RESERVE DISTRICT\*

(1947-1949=100)

Unadjusted	Aug., 1953	July, 1953	Aug., 1952
Total.....	188.3 <sup>P</sup>	183.9	457.9**
Residential.....	176.2 <sup>P</sup>	167.8	174.8
All Other.....	193.9 <sup>P</sup>	191.3	589.3**
Seasonally adjusted			
Total.....	154.2 <sup>P</sup>	142.2	373.4**
Residential.....	146.8 <sup>P</sup>	143.3	145.7
All Other.....	157.6 <sup>P</sup>	141.7	479.1**

\* Based on three-month moving average of value of awards, as reported by F. W. Dodge Corporation.

\*\* Includes \$459,000,000 Atomic Energy Commission project.

<sup>P</sup> Preliminary.

In the Eighth District, construction employment declined in several areas, and remained the same or increased slightly in others. Louisville had the largest decline; completion of major projects reduced construction employment by 18 per cent from August to September. A gradual reduction continued at the Atomic Energy Commission project near Paducah. Work on the Joppa, Illinois, power plant of Electric Energy, Inc., was stalled through the last two weeks of September and the first part of October by an ironworkers strike. In Little Rock, a small increase in construction employment was reported. In St. Louis, construction employment in September recovered the loss caused by the prolonged strike.

Construction contracts awarded, as reported by the F. W. Dodge Corporation, during September in 37 eastern states increased 23 per cent from August, but were still substantially below those of a year ago. Awards in the 8th district went down instead of up from August to September, but were higher than a year ago. If the value of a \$459 million AEC Contract reported last year is excluded.

The Eighth District appears to be lagging considerably behind the nation in the value of construction contracts awarded in the first 8 months of 1953. While total awards in the nation were 4 per cent higher in the first 8 months of this year than in 1952, total awards in this district were down 13 per cent. Similar differences can be seen for the other classifications in the table below. The most noticeable drop was in contracts for factory construction in the district—down 55 per cent from 1952.

### CONSTRUCTION CONTRACT AWARDS

8 months '53 compared with 8 months '52

	Eighth District	United States
Total Construction.....	-13% <sup>P</sup>	+ 4%
Residential.....	-16 <sup>P</sup>	- 4
Commercial.....	+17	+61
Manufacturing.....	-55	+ 4
Public Works and Public Utilities.....	- 8	+ 4

<sup>P</sup> Preliminary.

Source: F. W. Dodge Corporation.

## Trade

The level of district retail sales in September and through mid-October was somewhat lower than in the comparable period of 1952. Sales volume during September was larger than in August in some lines—but the increase was less than usual. Continued unseasonably warm weather limited the effectiveness of traditional promotions at district

### DEPARTMENT STORES

	Net Sales			Stocks on Hand	Stock Turnover
	Sept., 1953 compared with Aug., 1953	Sept., 1952	9 mos. to same period '52	Sept., 30,'52	Jan. 1 to Sept. 30, 1953 1952
8th F.R. District Total.....	+ 4%	- 5%	+ 3%	+ 7%	2.54 2.70
Fort Smith Area, Ark. <sup>1,2</sup> .....	+ 8	-11	- 2	+11%	2.44 2.58
Little Rock Area, Ark. <sup>2</sup> .....	+11	- 6	- 1	+ 9	2.42 2.71
Quincy, Ill.....	- 3	- 2	+ 1	+ 5	2.47 2.72
Evansville Area, Ind. <sup>2</sup> .....	+ 5	+ 8	+11	.....	.....
Louisville Area, Ky., Ind. <sup>2</sup> .....	+ 2	-10	+ 1	+ 3	2.72 2.83
St. Louis Area, Mo., Ill. <sup>2</sup> .....	+ 5	- 3	+ 4	+ 7	2.55 2.69
Springfield Area, Mo. <sup>2</sup> .....	+ 1	- 9	- 1	+ 3	2.27 2.48
Memphis Area, Tenn. <sup>2</sup> .....	+ 3	- 6	+ 2	+10	2.78 2.98
All Other Cities <sup>3</sup> .....	- 0	-12	+ 1	+ 5	2.07 2.44

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

Outstanding orders of reporting stores at the end of September, 1953, were 27 per cent smaller than on the corresponding date a year ago.

### PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding September 1, 1953, collected during September.

	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	%	41%	Quincy.....	18%
Little Rock.....	14	45	St. Louis.....	18
Louisville.....	21	47	Other Cities.....	9
Memphis.....	18	43	8th F.R. Dist.....	18
				49

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Sept., 1953	Aug., 1953	July, 1953	Sept., 1952
Sales (daily average), unadjusted <sup>4</sup> .....	109	100	86	116
Sales (daily average), seasonally adjusted <sup>4</sup> .....	102	110	107	108
Stocks, unadjusted <sup>5</sup> .....	138	130	122	129
Stocks, seasonally adjusted <sup>5</sup> .....	129	134	131	121

<sup>4</sup> Daily average 1947-49=100.

<sup>5</sup> End of Month average 1947-49=100.

Trading days: September, 1953—25; August, 1953—26; September, 1952—25.

### RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	Sept., 1953 compared with Aug., 1953	Sept., 1952	Sept., 1953	Sept., 1952	Sept., 1953	Sept., 1952
8th Dist. Total <sup>1</sup> .....	- 9%	- 8%	- 1%	- 1%	18%	19%
St. Louis.....	- 5	-11	- 1	- 4	26	27
Louisville Area <sup>2</sup> .....	-16	+ 8	+ 7	- 4	14	13
Louisville.....	-16	+ 7	+ 7	- 5	13	12
Memphis.....	-31	-21	*	*	10	13
Little Rock.....	+14	-12	- 6	- 0	14	18
Springfield.....	- 6	-20	+ 1	+ 9	15	16
Fort Smith.....	- 7	-10	*	*	*	*

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Indiana.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

### PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Sept., '53	Aug., '53	Sept., '52
Cash Sales.....	14%	16%	15%
Credit Sales.....	86	84	85
Total Sales.....	100%	100%	100%

department stores and apparel stores. On the automobile market, used car sales were substantially lower than a year ago and selling prices continued to decline. Furniture and appliance store volume also was lower than in the comparable period of 1952.

On a seasonally adjusted basis, daily average department store sales during September were 102 per cent of the 1947-1949 base period. In comparison, they were 110 per cent in August and 108 per cent in September, 1952. In the third quarter, sales declined (on a seasonally adjusted basis) from the peak level reached in the previous quarter, and were below those in the third quarter of 1952. In the first two weeks of October, sales were down 7 per cent from those last year. For the first nine months of 1953, sales were 3 per cent larger than in 1952, down somewhat from the 5 per cent cumulative gain at mid-year.

At district specialty stores, sales experience during September was somewhat better at women's than at men's wear stores. Women's specialty store sales were substantially larger than in August and equaled those a year ago. Men's wear store volume, while larger than a month earlier, was below that in September, 1952.

Furniture store sales for the district as a whole during September were lower than in both August and in September, 1952. This marked the third consecutive month that sales have declined in comparison to those in 1952.

With consumer buying lagging, retail inventories climbed to relatively high levels. At district department stores the retail value of inventories held on September 30 was 7 per cent above that a month earlier and 9 per cent larger than on September 30, 1952. On a seasonally adjusted basis, end-of-month stocks were 129 per cent of the 1947-1949 average down slightly from the near peak level a month earlier. At other reporting retail lines, inventories were generally larger than a year ago.

## Banking and Finance

The period from mid-September to mid-October saw a general easing of the money market. Interest rates declined, and reserve positions of district banks eased. Nevertheless, loans did not expand seasonally.

Deposit turnover, while higher in September than August, remained below the average of the first seven months of the year.

**Interest Rates**—Between mid-September and mid-October interest rates generally worked down (prices up). The decrease in yields was fairly sharp for Treasury bills. The decline reflected: (1) easier money market conditions, (2) a slackening in the demand for credit, and (3) a continued high rate of savings. The following table compares yields for selected issues on September 14, 1953, with October 19, 1953:

### WHOLESALE TRADE

Line of Commodities Data furnished by Bureau of Census, U.S. Dept. of Commerce*	Net Sales Sept., 1953 compared with		Stocks Sept. 30, 1953 compared with Sept. 30, 1952
	Aug., '53	Sept., '52	
Automotive Supplies.....	+ 2%	-11%	+ 7%
Drugs and Chemicals.....	+18	+ 4	+21
Dry Goods.....	- 7	-15	+22
Groceries.....	+ 6	- 0	- 2
Hardware.....	+ 4	-10	+ 1
Tobacco and its Products.....	+11	- 0	+ 6
Miscellaneous.....	+ 7	+ 2	+ 7

\* Preliminary.

### EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Sept., '53	Change from:		Sept., '53	Change from:		Sept., '53	Change from:	
		Aug., '53	Sept., '52		Aug., '53	Sept., '52		Aug., '53	Sept., '52
<b>Assets</b>									
1. Loans and Investments.....	\$4,505	\$+ 23	\$+161	\$2,599	\$+ 10	\$+ 81	\$1,906	\$+ 13	\$+ 80
a. Loans.....	2,089	+ 29	+ 93	1,377	+ 19	+ 60	712	+ 10	+ 33
b. U. S. Government Obligations.....	1,996	—	+ 49	1,020	— 6	+ 14	976	+ 5	+ 35
c. Other Securities.....	420	— 1	+ 19	202	— 3	+ 7	218	— 2	+ 12
2. Reserves and Other Cash Balances.....	1,440	+ 84	— 24	890	+ 48	— 37	550	+ 36	+ 13
a. Reserves with the F. R. Bank.....	676	— 14	— 66	428	— 20	— 63	248	+ 6	— 3
b. Other Cash Balances <sup>3</sup> .....	764	+ 98	+ 42	462	+ 68	+ 26	302	+ 30	+ 16
3. Other Assets.....	55	+ 1	+ 3	35	+ 1	+ 3	20	— 0	— 0
4. Total Assets.....	\$6,000	\$+108	\$+140	\$3,524	\$+ 59	\$+ 47	\$2,476	\$+ 49	\$+ 93
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,446	\$+130	\$+112	\$2,729	\$+ 87	\$+ 66	\$1,717	\$+ 43	\$+ 46
a. Deposits of Banks.....	731	+ 95	+ 9	691	+ 90	+ 12	40	+ 5	— 3
b. Other Demand Deposits.....	3,715	+ 35	+103	2,038	— 3	+ 54	1,677	+ 38	+ 49
6. Time Deposits.....	1,086	+ 5	+ 54	513	+ 2	+ 20	573	+ 3	+ 34
7. Borrowings and Other Liabilities.....	58	— 29	— 54	49	— 31	— 53	9	+ 2	— 1
8. Total Capital Accounts.....	410	+ 2	+ 28	233	+ 1	+ 14	177	+ 1	+ 14
9. Total Liabilities and Capital Accounts.....	\$6,000	\$+108	\$+140	\$3,524	\$+ 59	\$+ 47	\$2,476	\$+ 49	\$+ 93

<sup>1</sup> Includes 12 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards Illinois, banks.

<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

**YIELDS ON SELECTED ISSUES**

	Sept. 14	Oct. 19
<b>Government Securities</b>		
Short-term (three months).....	1.96	1.38
Intermediate-term (five years).....	2.74	2.36
Long-term (thirty years).....	3.22	3.06
Commercial Paper.....	2.75	2.50
<b>Corporate Bonds</b>		
Highest grade.....	3.31	3.15
Medium grade.....	3.88	3.82
<b>Common Stocks (Average yield—200</b>		
Stocks, estimated).....	5.75	5.50

**District Banking**—From September 16 through October 14, earning assets of weekly reporting banks rose \$55 million. Most of the gain, \$43 million, was in loans, primarily to businesses. However, business loan growth fell short of “normal” for the period, reflecting smaller-than-usual borrowings by processors and distributors of agricultural products. Loans secured by real estate were up moderately, but all other loan categories showed slight declines over the four weeks. The increase in investment portfolios centered in Treasury notes.

Reflecting both a net inflow of funds and the bank credit expansion, individuals and businesses increased their deposits, demand and time. Banks used a part of the inflowing funds to build up cash assets.

**Agriculture**

**Crop Production**—During September, estimates of production of corn, soybeans, hay, and tobacco in the Eighth District were reduced further. Cotton and rice production, however, increased in the month. While the drouth has been felt severely in some areas, this year's total production compares closely to that of 1952. Wheat, oats, and rice production were estimated as well above, cotton and hay production as about the same as, and soybeans, burley tobacco, and corn as considerably below 1952 production. Hay supplies were sharply below last season on many farms.

**ESTIMATED PRODUCTION FOR MAJOR CROPS EIGHTH DISTRICT**

(In Thousands of Units)	Estimated production October 1, 1953	Per cent change from 1952	Per cent change from 1942-1951 average
Corn (bu.).....	318,164	- 8%	-10%
Wheat (bu.).....	70,015	+38	+84
Oats (bu.).....	52,487	+21	-13
Cotton (bales).....	3,928	+ 1	+10
Soybeans (bu.).....	64,472	-26	+17
Rice (bags).....	11,778	+12	+62
Hay (tons).....	7,525	- 3	-22
Tobacco, burley (lbs.).....	196,630	-10	+ 9
Dark, air-cured (lbs.).....	21,331	-17	-28
Dark, fire-cured (lbs.).....	19,110	- 7	-34

Source: Adapted from *Crop Production*, USDA, October 1, 1953.

**Prices**—Tobacco and hog prices increased, but all other major district agricultural product prices have declined ranging from 8 per cent for wheat and rice to 32 per cent for beef cattle during the year prior to September 15, 1953. Primarily as a result of the general agricultural price decline,

**DEPOSIT ACTIVITY**

	Debits <sup>1</sup>			Turnover	
	Sept., 1953 (In millions)	Percent Change from Aug., 1953	Sept., 1952 <sup>2</sup>	Sept., 1953 (Annual Rate)	Year Ended Sept. 30, 1953 <sup>2</sup>
<b>Six Largest Centers:</b>					
East St. Louis-National Stock Yards, Ill.....	132.6	+14%	- 2%	24.3	26.6
Evansville, Ind.....	157.6	- 2	+10	16.4	17.1
Little Rock, Ark.....	151.5	+ 7	- 8	15.1	15.5
Louisville, Ky.....	686.8	- 3	+ 4	23.5	24.3
Memphis, Tenn.....	658.0	+24	-10	25.7	25.1
St. Louis, Mo.....	2,008.2	+ 8	+ 6	21.1	20.7
<b>Total—Six Largest Centers.....</b>	<b>3,794.7</b>	<b>+ 8%</b>	<b>+ 2%</b>	<b>21.7</b>	<b>21.5</b>
<b>Other Reporting Centers:</b>					
Alton, Ill.....	35.6	+ 3%	+16%	12.5	12.2
Cape Girardeau, Mo.....	14.2	+ 5	+14	12.6	11.8
El Dorado, Ark.....	25.7	+ 4	- 2	10.9	10.9
Fort Smith, Ark.....	43.8	- 4	- 7	12.4	13.2
Greenville, Miss.....	23.6	+28	-19	14.8	14.4
Hannibal, Mo.....	9.6	+ 5	+ 5	8.7	8.7
Helena, Ark.....	9.6	+41	-13	15.8	12.6
Jackson, Tenn.....	23.5	+20	+ 4	12.6	11.2
Jefferson City, Mo.....	76.9	+46	+37	14.0	11.7
Owensboro, Ky.....	41.7	+13	- 0	13.7	14.7
Paducah, Ky.....	36.6	- 9	-16	14.3	14.2
Pine Bluff, Ark.....	40.6	+40	-16	16.0	13.8
Quincy, Ill.....	34.9	+ 4	+ 6	14.8	14.3
Sedalia, Mo.....	12.8	+ 6	+11	10.4	9.9
Springfield, Mo.....	68.7	+ 3	+ 2	12.4	13.7
Texarkana, Ark.....	21.4	- 0	+ 9	14.7	13.7
<b>Total—Other Centers.....</b>	<b>519.2</b>	<b>+12%</b>	<b>+ 2%</b>	<b>13.2</b>	<b>12.8</b>
<b>Total—22 Centers.....</b>	<b>4,313.9</b>	<b>+ 8%</b>	<b>+12%</b>	<b>20.1</b>	<b>20.0</b>

<sup>1</sup> Debits to demand deposit accounts of individuals, partnerships and corporations and states and political subdivisions.  
<sup>2</sup> Estimated.

district cash farm income during the first eight months of 1953 was 9 per cent below the corresponding period in 1952. The decline in agricultural prices, coupled with a relatively high level of prices paid, continued to place district farmers in a cost-price squeeze. For the nation, the parity ratio on September 15 was 92, compared with 101 a year earlier.

**PRICE CHANGES FOR SELECTED EIGHTH DISTRICT AGRICULTURAL PRODUCTS**

	Eighth District <sup>1</sup> price September 15, 1953	Per cent change from September 15, 1952
Corn (per bu.).....	\$ 1.60	-13%
Soybeans (per bu.).....	2.35	-17
Wheat (per bu.).....	1.81	-14
Oats (per bu.).....	.83	-19
Rice (per cwt.).....	4.70	-11
Hay, baled (per ton).....	25.06	-15
Cotton, Am. Upland (per lb.).....	.3435	-15
Tobacco, types 11-37 (per lb.).....	.5762	+13
Beef cattle (per cwt.).....	14.33	-37
Hogs (per cwt.).....	23.51	+24
All milk, whole (per cwt.).....	4.17	-17
All chickens, live (per lb.).....	.2356	-10
Eggs (per doz.).....	.4656	+ 4

<sup>1</sup> Average price for district states.

<sup>2</sup> U. S. average.

Source: *Agricultural Prices*, USDA, September 30, 1953.

**CASH FARM INCOME**

(In thousands of dollars)	August, 1953 compared with			8 month total Jan. thru Aug. 1953 compared with 1952		
	Aug., 1953	July, 1953	Aug., 1952	1953	1951	
Arkansas.....	\$ 22,636	-16%	- 5%	\$ 184,169	-24%	-13%
Illinois.....	146,735	-23	+ 1	1,198,584	- 2	- 3
Indiana.....	102,350	- 8	+ 8	666,968	- 2	- 5
Kentucky.....	31,694	- 9	-19	312,212	- 3	- 2
Mississippi.....	22,117	+17	-32	179,062	+ 6	+ 5
Missouri.....	72,225	-18	-17	564,714	- 9	-16
Tennessee.....	26,994	-14	-17	231,763	+ 9	-11
<b>7 State Totals.....</b>	<b>\$424,751</b>	<b>-17%</b>	<b>- 7%</b>	<b>\$3,337,472</b>	<b>- 5%</b>	<b>- 6%</b>
<b>8th Dist. Totals.....</b>	<b>\$173,220</b>	<b>-18%</b>	<b>-13%</b>	<b>\$1,403,332</b>	<b>- 9%</b>	<b>- 8%</b>

# Survey of Current Conditions

**B**USINESS ACTIVITY in the Eighth District during October and early November showed little change from the level reached in September, remaining in many lines somewhat below the peaks reached earlier this year. Employment remained substantially the same in major centers of the district, but industrial output and farm income continued downward, the latter largely as a result of falling prices. Credit extended to businesses expanded less-than-seasonally. A more-than-seasonal increase in department store sales from September to October brightened the picture. But even this was tempered by the fact that September sales had been relatively low and, further, by the failure of sales to expand to their full seasonal extent in the first three weeks in November.

Economic activity in the nation also held at about the previous month's level during October, but in the first half of November there were indications of a resumption of the third quarter decline. October industrial output remained at the September level—about 5 per cent below the peak reached in March—but in November the rate declined again. The Federal Reserve Board index of industrial production for October was 231 per cent of the 1935-1939 average, and was estimated at 228 per cent for November. Employment in nonfarm establishments continued at about the same level as in September as decreases in manufacturing employment were offset by increases in trade and some other industries. Throughout October and for the first week of November, unemployment insurance claims increased, whereas last year they remained practically unchanged. Department store sales increased more than seasonally from the low level of September. But in November, sales rose slightly more than the amount normally expected.

Average wholesale prices declined from mid-October to mid-November, primarily as a result of reduced prices for farm products and processed foods. Price changes of industrial commodities balanced.

Bank loans increased, largely as a result of bank purchases of the new Commodity Credit Corporation certificates of interest for price support loans on farm products. Business loans increased less than the usual amount, largely as a result of cotton

being put into CCC loans rather than being marketed through the regular channels. Real estate loans continued to expand moderately and consumer credit extended by banks increased slightly after remaining unchanged in September.

One of the strong spots in the economic picture was the construction industry. Expenditures for new construction declined less-than-seasonally from September to October and the value of contracts awarded during October, which will result in construction activity in the future, actually increased although a decline is usually expected.

## Employment

In district and nation, employment remained practically unchanged from September to October. A slight decline in manufacturing employment was offset by an increase in wholesale and retail trade jobs to handle the seasonal upswing in shopping, and by the return of school teachers to the classroom. Construction employment remained steady. Unemployment was at a post-World War II low in October of 1.2 million, equal to 1.8 per cent of all civilian workers.

Nationally, manufacturing employment went down by 200,000 between September and October, about one per cent. Most industry groups had declines, with the largest drops in metals and metal products, textiles, and leather. In addition, there was a seasonal decline in food processing. Although the decline in manufacturing jobholders was slight,

### CONSUMER PRICE INDEX

Bureau of Labor Statistics (1947-49=100)	Oct., '53	Sept., '53	Oct., '52	Oct., 1953 compared with	
				Sept., '53	Oct., '52
United States .....	115.4	115.2	114.2	-0-%	+ 1%

### RETAIL FOOD

Bureau of Labor Statistics (1947-49=100)	Oct., '53	Sept., '53	Oct., '52	Oct., 1953 compared with	
				Sept., '53	Oct., '52
U. S. (51 cities) .....	113.6	113.8	115.0	-0-%	- 1%
St. Louis .....	115.5	115.7	116.8	-0-	- 1

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	Oct., '53	Sept., '53	Oct., '52	Oct., 1953 compared with	
				Sept., '53	Oct., '52
All Commodities.....	110.2	111.0	111.1	- 1%	- 1%
Farm Products.....	95.2	98.1	104.9	- 3	- 9
Foods.....	104.7	106.6	108.5	- 2	- 4
Other.....	114.5	114.7	113.0	-0-	+ 1

a number of industry groups reported less-than-usual increases in hours worked per week or greater-than-usual reductions. These industries included furniture, primary and fabricated metals, electrical machinery, paper, petroleum products, leather, miscellaneous manufacturing, and stone, clay and glass products.

In Arkansas and Missouri, temporary shutdowns of shoe plants for inventory adjustment idled several thousand shoe workers for about a week in October. Nonagricultural employment in the Little Rock area remained steady from mid-September to mid-October with a small increase in manufacturing employment. Louisville employment continued the gradual decline of the last three months, with a decrease of 1,500 in total nonagricultural employment to 232,610. The largest declines there were in ordnance and farm equipment manufacturing and in construction. In Evansville, there was a 1.4 per cent increase in jobs from September to October, resulting from seasonal pickups in manufacturing and nonmanufacturing, termination of temporary layoffs, and ending of a labor dispute.

Unemployment compensation claims in the St. Louis area were rising slowly through the first week in November, indicating an increase in unemployment. A slowing down of apparel and shoe production, as well as recent layoffs in durable goods manufacturing, were apparently the reasons for the rise in claims.

## Industry

Industrial activity in the district in October and early November declined further. However, total output was still large, as shown by the high level of such basic indicators of production as manufacturing employment and steel ingot and paper output.

**Manufacturing**—Use of electric power on the daily average basis was slightly lower in October than during September in most industries in the major cities of the district. However, considerable strength of activity was indicated by the increased use of power in comparison with last year. Among those industries showing the greatest increase in consumption of kilowatts over last year were the paper and allied products (35 per cent), nonelectrical machinery (20 per cent), fabricated metals (18 per cent), and transportation (15 per cent). These gains contrasted sharply to declines in use of power of 30, 10, and 8 per cent respectively for lumber and wood products, primary metals, and leather and shoe manufacturing.

The over-all industrial situation in the district has many plus and minus factors. The positive side of the picture was emphasized by a continued high level of steel ingot production in the St. Louis area (averaging 95 per cent of capacity for the six weeks ending mid-November), doubling of refined lead output at Herculaneum, Missouri, and reports that the long range outlook for its associate metal, zinc, has brightened as imports dropped and a demand-supply balance appeared a possibility within a few months. Livestock slaughter continued in large volume. And there were 30 distilleries in operation in Kentucky at the end of the month, compared with only 15 at the end of October a year ago.

On the other side of the picture, trade reports and other data confirmed the slackening of activity in the lumber, primary metals and shoe industries indicated by their power consumption figures. Orders and shipments continued to fall behind production of lumber, several layoffs at foundries took place during the month, and shoe production was estimated by the Tanners' Council to be about 10 per cent below a year ago. In addition, coal production picked up less than seasonally as warm weather continued. Oil production in district producing states averaged about the same as in September.

### CONSUMPTION OF ELECTRICITY— DAILY AVERAGE\*

(K.W.H. in thous.)	Oct., 1953	Sept., 1953	Oct., 1952	Oct., 1953 compared with	
	K.W.H.	K.W.H.	K.W.H.	Sept., '53	Oct., '52
Evansville.....	887	912	811	- 3%	+ 9%
Little Rock.....	234	181	215	+29	+ 9
Louisville.....	4,221	4,485	3,579	- 6	+18
Memphis.....	1,625	1,603	1,374	+ 1	+18
Pine Bluff.....	421	516	235	-19	+79
St. Louis.....	5,125	5,340	4,801	- 4	+ 7
Totals.....	12,513	13,037	11,015	- 4%	+14%

\* Selected Manufacturing Firms.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Oct., '53	Sept., '53	Oct., '52	First Nine Days		10 mos. '53	10 mos. '52
			Nov., '53	Nov., '52		
112,271	110,795	123,180	31,845	34,402	1,026,251	996,239

Source: Terminal Railroad Association of St. Louis.

### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Oct., 1953	Sept., 1953	Oct., 1952	Oct., '53 compared with	
				Sept., '53	Oct., '52
Arkansas.....	76.3	77.8	74.0	-2%	+ 3%
Illinois.....	166.7	165.3	167.0	+1	-0-
Indiana.....	34.1	34.6	34.1	-2	-0-
Kentucky.....	32.3	31.5	31.2	+3	+ 4
Total.....	309.4	309.2	306.3	-0-%	+ 1%

### COAL PRODUCTION INDEX 1935-39=100

Oct., '53	Unadjusted Sept., '53	Oct., '52	Oct., '53	Adjusted Sept., '53	Oct., '52
142.8 <sup>F</sup>	145.3	118.6	133.5 <sup>F</sup>	138.4	110.8

<sup>F</sup> Preliminary.

## Construction

Construction activity in both the Eighth District and the nation during October continued close to the September rate. In the nation, the amount of construction put in place (both in value and physical volume) appeared to be headed for a record in 1953. Expenditures for new construction and the number of privately owned nonfarm housing units started in October declined less than seasonally and the value of contract awards increased, although a decline is usual.

In the district, construction employment remained at about the same level as in September, but failed to equal that a year earlier. Construction contracts awarded continued below the value of a year earlier even after allowance for the \$459 million contract for the Paducah AEC plant included last year. So far this year, contracts awarded in the district have lagged behind the value of awards in 1952, in contrast to a gain in the nation.

Mild weather in October and early November moderated the usual seasonal decline in district construction activity. The level of activity is lower than last year in most district centers primarily because of completion of major projects and a slowing down of home building. Many defense-supporting expansions in private and public facilities, which boosted district construction to an all-time record last year, have been completed or are nearing completion. Construction of commercial buildings is proceeding at a higher rate than last year as district cities adjust to recent increases in manufacturing plants and population.

Nationally, expenditures of \$3.2 billion for new construction during October set another record for the month, 4 per cent greater than in October 1952. However, the increase over a year earlier was not as large as in previous months of this year. For the first ten months, the margin over the same period of 1952 was 7 per cent. Physical volume (expenditures adjusted for changes in construction costs) was up only 3 per cent from last year.

### INDEX OF CONSTRUCTION CONTRACTS AWARDED EIGHTH FEDERAL RESERVE DISTRICT\*

(1947-1949=100)

	Sept., '53	Aug., '53	Sept., '52
<b>Unadjusted</b>			
Total .....	199.2 <sup>P</sup>	188.0	443.9**
Residential .....	197.7 <sup>P</sup>	176.9	165.4
All Other .....	199.8 <sup>P</sup>	193.2	573.2**
<b>Seasonally adjusted</b>			
Total .....	177.3 <sup>P</sup>	154.0	395.9**
Residential .....	175.0 <sup>P</sup>	147.4	146.4
All Other .....	178.4 <sup>P</sup>	157.1	511.8**

\*Based on three-month moving average of value of awards, as reported by F. W. Dodge Corporation.

\*\*Includes \$459,000,000 Atomic Energy Commission Project.

<sup>P</sup>Preliminary.

The number of privately owned nonfarm housing units started during October was only 1,000 fewer than in September, a less-than-normal decline. On a seasonally adjusted basis, private starts have continued at an annual rate of about 1.0 million since June, about 12 per cent less than in the first half of the year. Less than 50 publicly owned housing units were started in October, further increasing the decline this year from last. For the first ten months, the drop in public housing starts from comparable months last year more than offset the gain in private housing.

## Trade

Retail sales throughout the district during October were generally larger than in September but dropped below last year's fairly high level in most lines. Through the first three weeks of November, indications were that sales volume was not expanding from October as seasonally expected. The drop below year-earlier levels was due in part to the unusually warm weather during much of the period, which limited the effectiveness of seasonal promotions in both hard goods and soft goods lines.

Sales of new automobiles in October continued larger than a year earlier for most dealers. However, used car sales lagged and prices weakened further.

District department store sales during October (seasonally adjusted index of daily sales) averaged 108 per cent of the 1947-1949 base period. In comparison, they were 102 per cent in September and 115 per cent in October 1952. Cumulative 1953 sales for the first ten months were 2 per cent larger than a year earlier and preliminary reports at mid-November indicated this rate of gain would continue through the month.

At both men's and women's specialty stores during October, sales gained from September but totaled less than a year ago. Men's wear stores experienced a larger increase from September and a larger decline from October 1952 than did women's specialty stores.

### WHOLESALE TRADE

Line of Commodities	Net Sales		Stocks
	Oct., 1953 compared with Sept., '53    Oct., '52		Oct. 31, 1953 compared with Oct. 31, 1952
Data furnished by Bureau of Census, U.S. Dept. of Commerce*			
Drugs and Chemicals.....	- 1%	- 2%	— %
Dry Goods.....	-14	-25	-0.
Groceries .....	+ 6	- 1	- 4
Hardware .....	+ 8	-12	- 9
Tobacco and its Products.....	- 4	- 5	+ 5
Miscellaneous .....	- 3	- 9	+15

\* Preliminary.

**DEPARTMENT STORES**

	Net Sales			Stocks on Hand	Stock Turnover	
	Oct., 1953 compared with Sept., 1953		10 mos. to same period '52	Oct. 31, '53 comp. with Oct. 31, '52	Jan. 1 to Oct. 31, 1953	
	1953	1952			1952	
8th F. R. Dist. Total.....	+19%	-5%	+2%	+3%	2.87	3.06
Fort Smith Area, Ark. <sup>1,2</sup> .....	+11	-8	-3	+8	2.72	2.90
Little Rock Area, Ark. <sup>2</sup> .....	+13	-5	-1	+3	2.73	3.05
Quincy, Ill. <sup>2</sup> .....	+24	+2	+1	+1	2.77	3.06
Evansville Area, Ind. <sup>2</sup> .....	+20	-5	+9	.....	.....	.....
Louisville Area, Ky., Ind. <sup>2</sup> .....	+15	-7	-0-	+2	3.05	3.17
St. Louis Area, Mo., Ill. <sup>2</sup> .....	+22	-3	+3	+3	2.89	3.04
Springfield Area, Mo. <sup>2</sup> .....	+13	-7	-1	-3	2.56	2.77
Memphis Area, Tenn. <sup>2</sup> .....	+16	-6	+1	+6	3.24	3.50
All Other Cities <sup>3</sup> .....	+17	-16	-1	-4	2.32	2.74

<sup>1</sup> In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

<sup>2</sup> The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas.

<sup>3</sup> Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

Outstanding orders of reporting stores at the end of October, 1953, were 28 per cent smaller than on the corresponding date a year ago.

**PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE**

Outstanding October 1, 1953, collected during October

	Instalment Accounts		Excl. Instal. Accounts		Instalment Accounts		Excl. Instal. Accounts	
	%		%		%		%	
Fort Smith.....	15	46%	21	19%	19	64%	59	64%
Little Rock.....	21	49	48	21	9	59	47	59
Louisville.....	18	48	41	9	19	47	52	47
Memphis.....	18	41	18	19	19	52	52	52

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

8th Federal Reserve District

	Oct., 1953	Sept., 1953	Aug., 1953	Oct., 1952
Sales (daily average), unadjusted <sup>4</sup> .....	119	109	100	126
Sales (daily average), seasonally adjusted <sup>4</sup> .....	108	102	110	115
Stocks, unadjusted <sup>5</sup> .....	138	138	130	136
Stocks, seasonally adjusted <sup>5</sup> .....	124	129	134	121

<sup>4</sup> Daily average 1947-49=100.

<sup>5</sup> End of month average 1947-49=100.

Trading days: Oct., 1953--27; Sept., 1953--25; Oct., 1952--27.

**RETAIL FURNITURE STORES**

	Net Sales		Inventories		Ratio of Collections	
	Oct., 1953 compared with Sept., 1953		Oct., 1953 compared with Sept., 1952		Oct., 1953	Oct., 1952
	1953	1952	1953	1952		
8th Dist. Total <sup>1</sup> .....	+16%	-11%	+4%	+2%	20%	21%
St. Louis.....	+11	-15	+3	-3	29	31
Louisville Area <sup>2</sup> .....	+19	-8	+3	+4	14	15
Louisville.....	+20	-9	+4	+3	14	14
Memphis.....	+22	-21	*	*	12	13
Little Rock.....	+10	-15	+8	+3	15	21
Springfield.....	+22	-0-	+7	+13	15	16

\* Not shown separately due to insufficient coverage, but included in Eighth District totals.

<sup>1</sup> In addition to following cities, includes stores in Blytheville, Fort Smith and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; and Evansville, Ind.

<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.

**PERCENTAGE DISTRIBUTION OF FURNITURE SALES**

	Oct., '53	Sept., '53	Oct., '52
Cash Sales.....	14%	14%	15%
Credit Sales.....	86	86	85
Total Sales.....	100%	100%	100%

Furniture store sales during October, throughout the district, totaled substantially larger than a month earlier but were somewhat lower than in the like month last year. In some sections of the district increased consumer interest in television has been aroused as new television broadcasting facilities have been placed in operation.

Inventories held by reporting retail lines in the district on October 31 showed mixed trends. At automobile dealers, stocks of 1953 models at the end of October increased slightly as production continued to outrun sales. Furniture store, women's specialty, and department store inventories were slightly higher than either a month or a year ago. The increase over month-ago levels appeared to have been less than usual for October. On a seasonally adjusted basis, the index of department store inventories was 124 per cent of the 1947-1949 base period, compared to 129 per cent a month earlier and 121 per cent on October 31, 1952. At men's wear stores, inventories were about the same as a month earlier but were somewhat larger than a year ago.

**Banking and Finance**

During the five weeks ended November 18, district bank credit expanded although business loans rose less than seasonally. Interest rates tightened in November, recovering part of an earlier decline.

**District Banking**—Credit expanded \$82 million at district weekly reporting banks during the five weeks ended November 18. As usual for this time, a large part of the gain was in loans to businesses, primarily processors and distributors of agricultural products. However, the expansion of borrowing by this group was less than normal, which can be attributed in large part to the fact that cotton was moving into loans guaranteed by the CCC instead of directly to the commodity dealers. Loans on securities rose moderately. On the other hand, loans on real estate and "other", largely consumer, loans showed small declines. In addition to the loan expansion, banks increased their security holdings, primarily by purchases of the new 2¾ per cent seven year-10 month United States Government bonds.

Total deposits rose only \$13 million in the period. Demand deposits of both Federal and local governments increased, but there was a continued growth in savings accounts. Partially offsetting these gains was a reduction in demand deposits by individuals and businesses.

During the five week period, these weekly reporting banks had to meet a net seasonal withdrawal of

currency and coin. Also they lost other funds, in part through adverse clearing balances with the smaller district banks. As a result, deposits rose less than earning assets. To meet the drains, these banks drew on their correspondent balances and increased their borrowings.

**Interest Rates**—During most of the last half of October, yields on Government securities and corporate bonds declined—continuing the earlier downward trend. The fall in yields was sharpest for short-term securities; the average rate on accepted bids for Treasury bills dated October 29 was 1.22 per cent, or roughly half the rate on bills dated June 4 (peak to date for 1953). However, by mid-November yields on Government securities had worked upward to about the rate of a month earlier. Yields on 9 to 12 month issues contrasted sharply with this general behavior.

**Debits to Demand Deposits**—The dollar volume of payments in October was higher than during September. Debits to demand deposit accounts (except interbank and United States Government) at banks in 22 reporting centers in the district totaled \$4.6 billion for October, 7 per cent more than a month earlier. This increase was shared by all reporting centers except Jefferson City, Missouri. Centers in the Cotton Belt showed large percentage increases reflecting the marketing of crops there.

**DEPOSIT ACTIVITY**

	Debits <sup>1</sup>			Turnover	
	Oct., 1953 (In millions)	Percent Change from Sept., 1953	Oct., 1952 <sup>2</sup>	Oct., 1953 (Annual Rate)	Year Ended Oct. 31, 1953 <sup>2</sup>
<b>Six Largest Centers:</b>					
East St. Louis-National Stock Yards, Ill.....	135.5	+ 2%	- 7%	25.0	25.8
Evansville, Ind.....	164.3	+ 4	+ 7	17.1	17.2
Little Rock, Ark.....	168.0	+11	- 7	16.9	15.5
Louisville, Ky.....	718.9	+ 5	+ 2	23.5	24.2
Memphis, Tenn.....	797.9	+21	- 8	30.7	25.3
St. Louis, Mo.....	2,065.6	+ 3	- 2	21.4	20.8
Total—Six Largest Centers.....	4,050.2	+ 7%	- 3%	22.8	21.7
<b>Other Reporting Centers:</b>					
Alton, Ill.....	37.3	+ 5%	+11%	13.3	12.4
Cape Girardeau, Mo.....	14.9	+ 5	+10	13.4	12.0
El Dorado, Ark.....	27.4	+ 7	- 1	11.6	10.9
Fort Smith, Ark.....	49.2	+12	-11	14.0	13.3
Greenville, Miss.....	35.5	+50	+16	21.5	14.7
Hannibal, Mo.....	10.6	+10	+ 1	9.5	8.8
Helena, Ark.....	14.1	+47	- 6	20.5	12.8
Jackson, Tenn.....	30.3	+29	+ 7	16.0	11.5
Jefferson City, Mo.....	64.4	-16	+15	11.9	11.7
Owensboro, Ky.....	43.9	+ 5	-14	14.6	14.6
Paducah, Ky.....	37.0	+ 1	-22	14.5	14.1
Pine Bluff, Ark.....	59.8	+47	- 9	22.4	14.2
Quincy, Ill.....	37.5	+ 7	- 4	15.6	14.4
Sedalia, Mo.....	13.0	+ 2	+ 4	10.7	10.0
Springfield, Mo.....	71.0	+ 3	- 7	13.0	13.6
Texarkana, Ark.....	22.9	+ 7	+21	15.6	13.9
Total—Other Centers.....	568.8	+10%	- 2%	14.5	12.9
Total—22 Centers.....	4,619.0	+ 7%	- 3%	21.3	20.1

<sup>1</sup> Debits to demand deposit accounts of individuals, partnerships and corporations and states and political subdivisions.  
<sup>2</sup> Estimated.

**EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS**

(In Millions of Dollars)	All Member			Large City Banks <sup>1</sup>			Smaller Banks <sup>2</sup>		
	Assets	Change from:		Oct., '53	Change from:		Oct., '53	Change from:	
		Sept., '53	Oct., '52 to Oct., '53		Sept., '53	Oct., '52 to Oct., '53		Sept., '53	Oct., '52 to Oct., '53
1. Loans and Investments.....	\$4,603	\$+ 98	\$+ 97	\$2,684	\$+ 85	\$+ 34	\$1,919	\$+ 13	\$+ 63
a. Loans.....	2,180	+ 91	+112	1,456	+ 79	+ 70	724	+ 12	+ 42
b. U. S. Government Obligations.....	2,002	+ 6	- 37	1,026	+ 6	- 46	976	-0-	+ 9
c. Other Securities.....	421	+ 1	+ 22	202	-0-	+ 10	219	+ 1	+ 12
2. Reserves and Other Cash Balances.....	1,477	+ 31	- 58	907	+ 17	- 31	570	+ 14	- 27
a. Reserves with the F. R. Bank.....	714	+ 38	- 32	462	+ 34	- 25	252	+ 4	- 7
b. Other Cash Balances <sup>3</sup> .....	763	- 7	- 26	445	- 17	- 6	318	+ 10	- 20
3. Other Assets.....	56	+ 2	+ 2	35	-0-	+ 2	21	+ 2	-0-
4. Total Assets.....	\$6,136	\$+131	\$+ 41	\$3,626	\$+102	\$+ 5	\$2,510	\$+ 29	\$+ 36
<b>Liabilities and Capital</b>									
5. Gross Demand Deposits.....	\$4,517	\$+ 68	\$- 27	\$2,773	\$+ 44	\$- 19	\$1,744	\$+ 24	\$- 8
a. Deposits of Banks.....	799	+ 68	- 19	753	+ 62	- 13	46	+ 6	- 6
b. Other Demand Deposits.....	3,718	-0-	- 8	2,020	- 18	- 6	1,698	+ 18	- 3
6. Time Deposits.....	1,097	+ 11	+ 54	518	+ 5	+ 20	579	+ 6	+ 34
7. Borrowings and Other Liabilities.....	110	+ 51	- 12	101	+ 52	- 11	9	- 1	- 1
8. Total Capital Accounts.....	412	+ 1	+ 26	234	+ 1	+ 15	178	-0-	+ 11
9. Total Liabilities and Capital Accounts.....	\$6,136	\$+131	\$+ 41	\$3,626	\$+102	\$+ 5	\$2,510	\$+ 29	\$+ 36

<sup>1</sup> Includes 12 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.  
<sup>2</sup> Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.  
<sup>3</sup> Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

# Agriculture

**Crop Production**—Estimates as of November 1 of district cotton, rice and corn production were higher than a month earlier, as the effects of the drouth appeared slightly less damaging than previously anticipated. According to the new figures, cotton production will be 19 per cent above the 1942-51 average, rice production 79 per cent higher and corn

## ESTIMATED PRODUCTION FOR MAJOR CROPS EIGHTH DISTRICT—NOVEMBER 1, 1953

(In thousands of Units)	Estimated production November 1, 1953	Per cent change from 1952	Per cent change from 1942-1951 average
Corn (bu.).....	324,750	- 6%	- 8%
Wheat (bu.).....	70,015	+38	+84
Oats (bu.).....	52,487	+21	-13
Cotton (bales).....	4,247	+ 9	+19
Soybeans (bu.).....	63,407	-28	+15
Rice (bags).....	13,055	+25	+79
Hay (tons).....	7,525	- 3	-22
Tobacco, burley (lbs.).....	196,517	-10	+ 9
Dark, air-cured (lbs.).....	21,346	-17	-28
Dark, fire-cured (lbs.).....	18,286	-11	-36

Source: Adapted from *Crop Production*, USDA, November 1, 1953.

production 8 per cent lower (compared with an estimate of 10 per cent lower the prior month). The upward revision of district corn production was in contrast to a lower estimate for the United States as a whole. It represented an increase of one to one-and-one-half bushels per acre in Kentucky, Tennessee and Missouri. The district soybean crop was expected to be 28 per cent below 1952. This would be 15 per cent above the ten-year average, however.

Fall rains, less than normal for the period through December 1, have not materially relieved the current situation of short feed supplies but did improve prospects for crop and pasture conditions in 1954. However, subsoil moisture is still inadequate in many areas.

**Prices**—The agricultural cost-price squeeze continued. The United States parity ratio was reduced to 90 on November 15, 1953. This is approximately the same as the 1941 relationship between prices paid and prices received by farmers, but 9 per cent below the ratio in November, 1952.

## PRICE CHANGES FOR SELECTED EIGHTH DISTRICT AGRICULTURAL PRODUCTS

	Eighth District price		Oct. 15, '53 compared with	
	Oct. 15, '53 <sup>1</sup>	Sept. 15, '53	Oct. 15, '52	Oct. 15, '51
Corn (per bu.).....	\$1.40	-13%	-17%	-12%
Soybeans (per bu.).....	2.39	+ 2	-12	-14
Wheat (per bu.).....	1.83	+ 1	-18	-11
Oats (per bu.).....	.85	+ 2	-11	-11
Rice (per cwt.).....	5.10	+13	-11	-11
Hay, baled (per ton).....	26.04	- 0-	+ 4	-11
Cotton, Am. Upland (per lb.).....	.34	- 9	+ 4	-38
Tobacco, types 11-37 (per lb.).....	.53 <sup>2</sup>	- 9	+15	-16
Beef cattle (per cwt.).....	13.10	- 9	- 4	- 4
Hogs.....	21.51	+ 8	+ 7	- 4
All milk, whole (per cwt.).....	4.51	+ 4	+ 7	- 4
All chickens, live (per lb.).....	.23	+ 4	+ 7	- 4
Eggs (per doz.).....	.49	+ 4	+ 7	- 4

<sup>1</sup> Average price for district states.

<sup>2</sup> U. S. average.

Source: *Agricultural Prices*, USDA, October 30, 1953.

District price movements for specific crops were irregular. In the month ended October 15, hay prices increased 13 per cent and whole milk prices gained 8 per cent, reflecting in part the effect of recent drouth conditions. At the same time, the price of corn declined 13 per cent and beef cattle and hog prices were both 9 per cent lower.

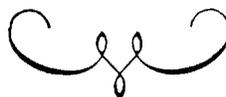
## CASH FARM INCOME

(In thousands of dollars)	Sept., 1953 compared with		9 month total Jan. thru Sept., 1953 compared with			
	Sept., 1953	Aug., 1953	1953 <sup>R</sup>	1952		
Arkansas.....	\$ 69,306	+206%	-24%	\$ 282,133	-13%	+18%
Illinois.....	154,806	+ 6	- 2	1,367,710	- 4	+11
Indiana.....	108,334	+ 6	+ 4	790,840	- 1	+15
Kentucky.....	30,389	- 4	-18	342,891	- 1	+ 8
Mississippi.....	81,308	+268	-23	320,416	+ 3	+52
Missouri.....	100,849	+ 40	- 8	677,074	- 5	- 0-
Tennessee.....	53,194	+ 97	-14	290,513	- 8	+ 7
7 State Totals.....	\$598,186	+ 41%	-10%	\$4,071,577	- 4%	+12%
8th Dist. Totals.....	\$296,890	+ 71%	-14%	\$1,700,111	-10%	- 6%

<sup>R</sup> Revised cumulative total.

## RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Oct., 1953 compared with			Oct., 1953 compared with		
	Oct., 1953	Sept., 1953	Oct., 1952	Oct., 1953	Sept., 1953	Oct., 1952
Cattle and calves....	181,176	- 0 -%	- 5%	72,851	+10%	-24%
Hogs.....	245,793	+22	- 2	49,465	+33	+34
Sheep.....	59,589	+18	- 3	11,259	+62	-44
Totals.....	486,558	+12%	- 3%	133,575	+21%	-13%



# Survey OF CURRENT CONDITIONS

**B**USINESS activity in the opening weeks of 1954 was in sharp contrast to its performance at the beginning of 1953. Then, production was soaring toward a new peak as efforts to catch up from the effects of the 1952 steel strike reinforced the stimulus of growing defense and civilian demands. This year, many indicators pointed downward. And, while others were displaying some strength, the record clearly showed the economy to be operating at a slower rate than existed at the peak of the boom around mid-year 1953.

Industrial production in both the Eighth District and the nation during the beginning weeks of 1954 appears to have continued the moderate downturn that characterized most of the last half of 1953. And reflecting this downturn as well as seasonal layoffs, unemployment increased again in January of this year. However, notwithstanding the readjustment in production and employment, wholesale and retail price averages remained remarkably steady, as they have over the entire period of production decline, and construction activity and consumer spending continued in substantial volume.

## ***Inventory reduction . . .***

Inventory trimming has been a major factor in the moderate decline in output. The Department of Commerce reported that, seasonally adjusted, inventories stopped growing after September, 1953. By the end of November they had been cut one per cent. Almost all the decline was accounted for by lower retail stocks of durable goods and lower manufacturing stocks of nondurables.

Despite the progress made in the last quarter, further efforts toward liquidation were apparent in January. A cut in allowable crude oil production in Texas was announced for February with the comment that gasoline inventories were very high. Large stocks at steel fabricating plants were given as a major reason for the failure of steel output to rise in January from its relatively low December level. In the district's major steel producing area around St. Louis, the steel ingot rate fell to 71 per cent of capacity in January.

Retail stocks also remained above year-earlier

levels despite recent improvement. Department store stocks nationally averaged 128 per cent of the 1947-1949 average for October and November of 1953—5 per cent higher than a year earlier. An indication of high inventories at furniture stores was the conservative purchasing by retailers at the recent annual winter furniture market show at Chicago. In the district, department store inventories were at 118 per cent of the 1947-1949 average at the close of the year, off 16 points from the 1953 peak in September but still close to the relatively high level of a year earlier. Furniture and specialty store inventories, likewise, were little changed from a year ago. Reflecting high stocks and other factors, district woodworking and textile production declined. In December according to the sample of industrial use of electric power in five major district centers, textile manufacturing dropped to 4 per cent below its level a year earlier.

New and used automobiles in dealers' hands have been another troublesome item. While generally across the nation, dealers were believed to have fairly well disposed of 1953 car stocks, on the average each entered the new year with better than two cars more than he had on January 1 last year. The effect of the auto inventory situation on production is obscured by the rapid seasonal outturn of new models which nationally will approximate 460,000 in January in comparison with 402,000 in December. Districtwise, the auto production pattern is mixed. One large plant cut off 1,500 workers, eliminating a night shift, but two other assembly plants were operating at rates only slightly below the peak.

Outstandingly high inventories in the coal and whiskey industries continued to restrict output. Latest figures showed coal production in the district running about 5 per cent below a year ago, while the drop was 18 per cent nationally. Only about half of the total number of distilleries was operating in Kentucky on December 31.

## ***. . . and defense cutbacks . . .***

As has been well publicized, another major factor in the business activity decline has been the reduction in defense spending. Industrial elec-

tric power consumption in the district reflects these cutbacks. Manufacturers of nonelectrical machinery (which includes refrigeration and farm machinery as well as aircraft parts and ordnance) used 13 per cent less power this past December than a year earlier. Primary metals, electrical machinery, and chemical manufacturers also used less power.

**. . . have been reflected in employment . . .**

One principal result of the downturn in production in recent months has been a decrease in employment and a rise in unemployment (discussed in the preceding article in this *Monthly Review*). Another result has been lessened demand for rail transportation. Nationally, weekly car loadings so far in January have been running about 10 per cent below year-earlier levels. And a number of railroads have announced employment reductions, including at least two large roads with headquarters in the Eighth District.

**. . . and banking figures.**

Changes in business loan volume from mid-December to mid-January at member banks in the district and in leading cities of the nation gave further indication of the slowing rate of business activity. Business loans at the district's weekly reporting banks dropped over \$30 million—more than is usually expected in the four weeks. Nationally the trend was similar. In addition to seasonal reductions in borrowing by trade concerns and processors and distributors of agricultural products, a few firms found borrowing less attractive following the expiration of the excess profits tax and some repayments reflected the large volume of capital market offerings in December.

Pressure on the money market was not nearly as pronounced in December and the first few days of January as it had been at the turns of the previous two years. Seasonal drains on bank reserves were prevented from causing undue strain in the market by System purchases of securities. From December 8 to January 7, the repurchase rate to nonbank dealers in Government securities was reduced from 2 per cent to  $1\frac{3}{4}$  per cent in order to facilitate year-end money market adjustments.

**But consumer spending and other factors were encouraging.**

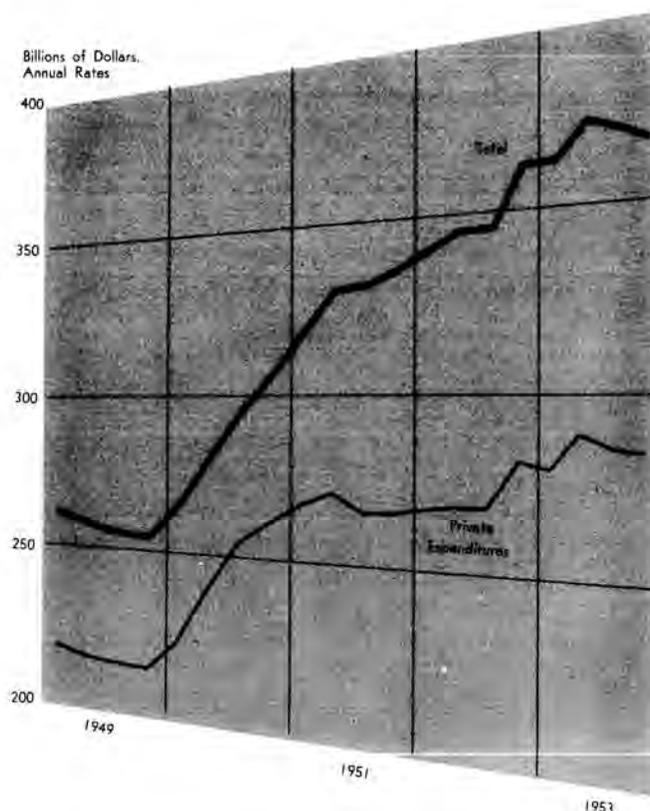
With so much attention being given to the downturn, it should not be forgotten that business generally is still at remarkably high levels and that there are several encouraging factors. Some observers believe much of the inventory adjustment will be accomplished by the end of the first quarter this year. Other elements of strength include: the

steadiness of price averages; the currently general consumer and business confidence as to the months ahead as expressed in the relatively high levels of department store sales in the first three weeks of January; a substantial volume of construction activity which, favored until recently by mild weather, has remained at near-peak levels, and—particularly important in this district—some relief from the drouth for agriculture.

Winter rains and snows finally brought much needed moisture to many farms in the district. Nearly the entire "drouth belt" recently received precipitation in varying amounts. Further, agricultural prices have continued to rise and the parity ratio edged up from 91 in December to 92 in January.

Far outweighing any other factors during the month past in its ultimate effect upon this district's economy is the announced program of the Administration for farmers, labor, national defense, and foreign aid. No one can confidently predict the outcome, but it appears clear from the new \$65.5 billion budget that Government spending will continue in fiscal 1955 to provide a major bulwark to business activity.

**Gross national product turned down in 1953.**



# Survey OF CURRENT CONDITIONS

## **Resource utilization declined further in February . . .**

**D**URING FEBRUARY, utilization of the resources of the Eighth District declined further. The labor force was used less intensively as unemployment continued to grow and manufacturing plants were operated at lower levels than in January. Reduced business activity required fewer funds from banks. As a result of the newly imposed acreage restrictions on cotton, wheat, and tobacco, the land resources of the district will be shifted to uses probably requiring less labor and working capital and perhaps yielding lower net returns. Reflecting shrinkage in personal incomes and lessened use of credit, consumer spending dropped more than seasonally in January and remained below year-ago levels in the first half of February. However, construction activity declined only about the usual amount from December. In the agricultural sector, moisture conditions improved and prices of farm products remained steady.

## **. . . as unemployment rose . . .**

Rising unemployment partially measured the reduced use of the labor resources of the district. Claims for unemployment insurance in the seven district states continued to increase during January and the first week of February. Normally claims decline after reaching a peak in mid-January. In the first two weeks of February, claims for unemployment filed were 130 per cent above a year earlier. The number of initial claims for unemployment compensation—notices filed by persons newly out of work—declined in the five weeks following the peak week of January 10 at about one-half the rate in the same period of 1953.

The ratio of insured unemployment to covered employment in four district states was higher than the national average for the week ended January 30.

## **. . . and industrial output declined.**

Plant capacity in district and nation was also used less intensively as industrial output declined

further during January and early February. The Federal Reserve seasonally adjusted index of industrial production declined nearly 2 per cent from December to January and is estimated to have receded further in February. Steel output changed little, but automobile production in the first three weeks of February was somewhat below the January rate. Industrial output in February was about 10 per cent below the peak reached in May and again in July last year. This was almost equal to the total decline in the 1948-1949 recession.

Steel ingot production in the St. Louis area dropped to 36 per cent of capacity in the first three weeks of February after falling to 67 per cent in the five weeks ending in January. Other plants were closed reflecting large inventories or lack of orders. Two zinc smelters were scheduled to close at the end of February. A railroad car manufacturing plant in Mt. Vernon, Illinois, and a radio tube plant in Owensboro, Kentucky, closed temporarily. About 1,300 were laid off at the St. Louis Ordnance Plant and employment in production of ordnance at the Indiana Arsenal in the Louisville area was scheduled to be reduced to 4,200 from a peak of 8,000.

During January, over-all use of industrial electric power in selected industries of six district areas was about the same as a year earlier. Normally, some gain would be expected. A drop might have occurred except for strength in the paper and allied products and fabricated metals industries. Non-electrical machinery, electrical machinery, rubber, and shoe manufacturers all used considerably fewer kilowatts than in January, 1953.

Despite increased demand owing to cold weather, coal production in the district dropped 4 per cent from December to January. Crude oil output remained about the same.

Lumber production remained seasonally low, with Southern pine output 10 per cent below that of January, 1953.

**Bank lending, too, was reduced, . . .**

Declining business activity combined with seasonal factors brought reduced demands for funds at the district's weekly reporting member banks in the five weeks ended February 17. Most types of businesses, chiefly processors and distributors of agricultural products, sales finance companies and trade concerns, reduced their outstanding indebtedness. "Other," largely consumer, loans were down substantially, declining \$16 million compared with an average of \$2 million during the comparable five weeks of the other postwar years. Real estate loans declined moderately. On balance, these banks sold securities, both Government and other.

Debits to demand deposit accounts (except inter-bank and United States Government) were 10 per cent lower during January than in December at the 22 reporting centers in the district, the same percentage decline as reported at the 338 non-financial centers of the nation. In the district the decline was much greater than seasonal and was shared by all but one of the reporting centers.

Early in February the Reserve Banks lowered their discount rates from 2 per cent to  $1\frac{3}{4}$  per cent to ease the cost to member banks of obtaining reserves.

**. . . and farm land may be used less intensively.**

As a result of the recently imposed acreage restrictions on cotton, wheat, and tobacco, the land resources of the district will be shifted to other uses. While the alternative uses of the land excluded from producing these crops cannot be ascertained at this date, possible uses, such as soybeans, oats, hay or pasturage, would require less labor and working capital and would probably yield lower net returns.

Approximately 2,300,000 acres will be diverted from cotton, winter wheat, and tobacco in district states during the coming growing season. Tobacco acreage will be reduced by about 9 per cent—approximately 37,000 acres. Cotton acreage will be about 16 per cent below last season, a cut of 988,000 acres. Acreage adjustments vary from a 28 per cent decrease in Tennessee to a nominal acreage increase in Illinois and Kentucky, states with relatively low cotton acreage. Winter wheat acreage has been cut 20 per cent from 1953 seedings, or approximately 1,289,000 acres, in district states.

**Consumer spending dropped more than seasonally.**

Retail sales in the nation declined slightly more than seasonally from December to January, and were 3 per cent below the very high levels of a year earlier. Automobile sales were 12 per cent

less than a year earlier.

In the district, adjusted department store sales declined from December to January and were 7 per cent off from the record second-quarter 1953 level. There were indications that price promotions on existing inventory had run their course by mid-January. Traditional "white goods" sales results were a little below expectations in some stores.

Through the three weeks ended February 20, preliminary data indicated that district department store sales were about 2 per cent below those a year ago. Store traffic was light although home-furnishings and housewares promotions in the period were termed satisfactory.

Furniture store sales in the district during January were substantially lower than in December and were 11 per cent lower than in January, 1953.

Inventories, reductions of which have been blamed for much of the recent drop in manufacturing output, were lower than a year earlier at most retail lines in the district at the close of January.

**However, construction activity declined only about the usual amount from December.**

District construction activity in January as indicated by employment was less than a year earlier but continued at about the December level after allowance for seasonal factors. Most of the reduction has been at the AEC project near Paducah, Kentucky, but construction employment was also substantially less in Arkansas and Louisville where major defense plant projects were completed during 1953.

**Moisture conditions improved and prices of farm products remained steady.**

Near normal precipitation fell in the major portion of the district during the nine-week period ending February 15; however, a large part of Missouri still suffers from lack of moisture. The immediate problem in much of the drouth area is water for livestock consumption, home use, and city requirements. Despite the drouth, fall-sown wheat has wintered fairly well. During the dormant season moisture requirements are relatively small, thus the moisture shortage in some areas during this winter has merely slowed growth or replacement of top growth where the crop has been grazed.

Following an agricultural price upturn in December and January, mid-February average prices received by United States farmers leveled off showing little change from the month previous. Major district livestock and livestock product prices eased downward two to ten per cent while crop prices were generally steady to 5 per cent higher as free supplies of wheat, cotton, and soybeans tightened.

# Survey OF CURRENT CONDITIONS

*Business activity during April held close to the March level.*

**B**USINESS ACTIVITY DURING APRIL in the Eighth Federal Reserve District and the nation held close to the reduced level reached in March. Industrial output of major products for which current information is available remained at about the same level as in March. Unemployment insurance claimed at mid-April declined about the usual amount from March. Retail trade at department stores continued at a slower pace than a year earlier after adjustment for the later date of Easter this year than last. Business loans eased somewhat after the usual mid-March increase to accommodate tax payments. However, construction activity continued at a high level, basic commodity prices strengthened, and the April rains helped relieve the recent deficiency in moisture in many parts of the district.

*Industrial output remained steady . . .*

Steel output in the nation held fairly steady during April at about the reduced level reached in March. Ingot was produced at a rate of about 68 per cent of capacity, compared with a rate of 69 per cent in March. Automobile assembly during April increased slightly from the March rate. Other indicators, such as electric power production and bituminous coal mined, showed about seasonal changes during the month. However, crude oil production increased somewhat and chemical production was reported to have improved slightly.

Industrial production in the nation during March was at a seasonally adjusted rate of 123 per cent of the 1947-1949 average, about 10 per cent below the peak reached in May and July last year. During the first quarter, output declined about one half as fast as during the fourth quarter of 1953. So far this year, the decline has been confined entirely to durable goods manufactures as the output of nondurable goods and minerals held steady.

In the Eighth District early April indicators showed that industrial production apparently remained about the same as in March. However, activity was mixed. District auto assembly continued at the rate to which it was reduced late in March, but defense production apparently declined further. Freight interchanges at

St. Louis for the first nine days of the month, were slightly below those for the similar period in March and 12 per cent below those of last year. Southern pine weekly lumber production moved contraseasonally during early April declining slightly compared with early March, and averaging 12 per cent below a year ago. The operating rate for Southern hardwoods showed only a one per cent gain, although it was 7 per cent better than in 1953.

On the other side of the ledger, the district steel ingot rate rose to 61 per cent of capacity for the first four weeks of the month from 46 per cent in March.

Final figures on industrial electric power consumption for March show that some improvement from February lows occurred in a number of industries, although the over-all use declined 5 per cent. The paper and allied products and food industries showed considerable strength, according to this indicator. Lumber and wood products, fabricated metals and textiles appeared on the weak side. Compared with the like 1953 month, use of electric power declined in 9 of the 14 industries sampled.

Through March and early April, district crude oil production remained about the same. A small increase occurred in coal output as mine prices dropped to encourage summer stockpiling. The outlook was brightened somewhat by substantial TVA orders and the fact that stocks in retail yards were relatively low.

*. . . and unemployment insurance claims declined seasonally.*

The leveling of business activity during the first half of April was also reflected in the seasonal decline in insured unemployment in both the nation and district after several months of more than seasonal increases. While there were indications in April of a seasonal decline in the rate of unemployment, the number of jobless had reached substantial proportions in a number of areas in the Eighth Federal Reserve District in March. The Henderson, Kentucky, Mount Vernon and Litchfield, Illinois, areas were recently classified as having substantial labor surpluses as a result of rising and prospective unemployment. Four other areas—Vincennes, Indiana; Herrin-Murphysboro-West Frankfort, Illinois; Texarkana, Texas-Arkansas; and Madisonville, Kentucky—continued to be classified as areas of substantial labor surplus.

Major areas in the district—St. Louis, Louisville, Memphis, Evansville, and Little Rock—were classified as having moderate labor surpluses in March. All of the district states except Illinois, Missouri, and Indiana continued to have higher ratios of insured unemployment to covered employment than did the nation.

In the St. Louis area unemployment on April 1 reached 50,000, or about 5.6 per cent of the work force. Additional layoffs occurred during April in automobile assembly, ordnance and primary metals. In Louisville, the number of jobless rose to about 18,500 in March. In Evansville about 700 workers were recalled at one plant during April.

*Department store sales remained below year-earlier levels . . .*

Department store sales in both the nation and the district during the first three weeks of April failed to equal year-earlier levels after adjustment for the later date of Easter this year.

Consumer purchases at district department stores during March advanced less than seasonally from February and were below those a year ago. After adjustment for the changing date of Easter and other factors, the seasonally adjusted index of daily average sales in March was 109 per cent of the 1947-1949 base. In comparison, it was 112 per cent in February and 118 per cent in March, 1953. District furniture store sales during March were somewhat larger than in February but totaled substantially less than in March, 1953.

Inventories held by reporting district retailers showed some gain over those a month earlier but were at about the same level as a year earlier. Outstanding orders at district department stores at the end of March were substantially below those of a month ago and a year ago.

*. . . and business loans declined somewhat more than usual.*

Total loans of district weekly reporting member banks contracted in the four weeks ended April 14, as the result of net repayments by businesses and banks. The business loan decline was somewhat more than seasonal, reflecting substantial net repayments by processors and distributors of agricultural products and public utilities. On the other hand, "other," largely consumer, loans rose somewhat, reversing the trend that prevailed from the end of December through mid-March. Demand deposits were off at all reporting centers in the district, but savings deposits were up at all centers except Evansville.

On April 14, the Federal Reserve Bank of Chicago lowered the discount rate from  $1\frac{1}{4}$  per cent to  $1\frac{1}{2}$  per

cent and similar action was taken by most other Federal Reserve Banks later in the month. This reduction, the second this year, brought the discount rate nearer to its historical relationship with other money market rates. The lower rate makes it slightly easier for banks to adjust their reserve positions.

*However, construction activity remained high.*

The large volume of construction begun in the first quarter, as indicated by construction contract awards, kept builders busy in April. Construction contract awards in the first three months were 13 per cent higher than in the first quarter of last year, nationally, and were about 19 per cent higher in the district.

The large volume of contract awards in the first quarter was accompanied by a high rate of expenditure for construction actually put in place during those months. After adjustment for seasonal factors new construction activity in the nation during the quarter was proceeding at an annual rate of \$36.1 billion, which was well above the \$34 billion rate forecast for this year. In the district, total construction activity also continued at a high rate although below year-earlier levels, reflecting the recent completion or near completion of several large projects.

*Total demand has decreased reflecting inventory reductions and lower Government outlays.*

Gross national product is estimated by the Council of Economic Advisors to have declined about one per cent further in the first quarter of 1954, making a total decrease of 3 per cent from the peak reached in the second quarter of 1953. Most of the \$12 billion decrease in gross national product in that period reflected the sharp change from inventory accumulation at a seasonally adjusted annual rate of \$6.3 billion in the second quarter of 1953 to inventory reduction at an annual rate of about \$4.5 billion in the first quarter of this year, a net drop of \$10.8 billion. Demand from governmental agencies has also declined, primarily as a result of the decreases in Federal outlays for national security purposes. Increases in state and local government purchases of goods and services and of nondefense purchases by the Federal Government have offset, in part, the decline in national security outlays. Total Government purchases of goods and services declined \$3.2 billion from the fourth quarter of 1953 to the first quarter of 1954. Personal consumption expenditures have been maintained since the second quarter of 1953 as increasing outlays for personal services offset declines for both durable and nondurable goods. In the first quarter of this year, consumer spending on durable goods declined, while spending on nondurable goods was maintained and spending for services increased.

for labor, in others an outmigration of population takes place.

6. There is no evidence that any single type of adjustment results in more rapid rate of per capita income growth than others involving a response to economic incentive.

Clearly, there is no single best way for a local area to participate in the nation's economic development. The particular adjustment best suited to the local economy will depend upon the nature of its local resources and the interests and energies of its citizens.

GUY FREUTEL

# Survey OF CURRENT CONDITIONS

## *Business activity during May held steady.*

IMPROVEMENTS IN SOME SECTORS of the Eighth District economy during May were not sufficient to raise the rate of over-all activity. Reflecting layoffs from defense and household durable goods manufacturing plants and seasonal layoffs from apparel plants and coal mines, insured unemployment in district states was higher in early May than a month earlier. Brighter aspects in the business picture were the continued improvement in steel output, the recent rise in construction contract awards, and the improved moisture conditions in most areas of the district. In addition, department store sales in the first half of May held close to the advanced rate of April.

In the nation, output increased during May in several important industries for which weekly data are available. Unemployment insurance claims remained high, however, rather than declining as they did last year from early April to early May. The record level of construction outlays probably continued into May, reflecting the high value of awards in recent months. And department store sales held close to the April rate after allowance for seasonal factors, but fell behind the high volume in May, 1953.

## *Output of some goods increased . . .*

Through early May, indications were that the Eighth District industrial economy continued to operate at about the same reduced level as it had earlier this spring. However, the rate of steel ingot production at St. Louis continued its rapid recovery, having risen from 46 per cent of capacity in March to 61 per cent in April to 73 per cent in early May. Crude oil production in district states was 8 per cent higher than a year ago during the first two weeks of May.

Such signs of strength also were seen in the national situation. The index of industrial production of the Federal Reserve Board remained steady in April, fol-

lowing eight months of declining output (after seasonal adjustment). In early May, indications were that production continued steady. Steel ingot was produced at around 71 per cent of capacity, having risen from about 68 per cent in April, and automobile output was increased further.

Most industries in both district and nation continued at reduced levels of production. Coal production in the district was running from 15 to 20 per cent lower than a year ago. Nationally, the industry was hit by falling coal exports. Lumber output in the district and nation continued at a somewhat lower level despite the very active construction industry. And April power figures showed that district textile, primary metals, transportation equipment, shoe and leather, wood products, chemicals, rubber, and machinery industries were using from 7 to 20 per cent less power than a year ago, while only four—food, newspaper printing, paper and allied products, and fabricated metals—used more kilowatts.

## *. . . and department store sales remained at a high level . . .*

In the first three weeks of May, department store sales in the district continued close to the advanced rate of April. However, sales lagged behind those a year ago, when they reached a peak for 1953, after allowance for seasonal factors.

District department store sales during April gained more than seasonally from March. If adjustment is made for the later date of Easter by combining March and April, sales still fell short of the same months last year. And cumulative 1954 district sales for the first four months were slightly under those in 1953. The only major district area to show an increase for the year to date—the Little Rock area—was experiencing a below average performance a year ago.

Furniture store sales in the district during April

were 9 per cent larger than in March but were 5 per cent lower than in April, 1953.

Inventories held by reporting district department stores on April 30 were slightly below those at the end of March and on the comparable date a year ago. Furniture store inventories on April 30 totaled slightly above those a month earlier but were lower than a year ago. Outstanding orders at district department stores on April 30 were substantially lower than a month earlier and a year ago, indicating a continued attempt to reduce inventories.

*. . . but insured unemployment rose.*

Reflecting both seasonal layoffs and reductions at defense and civilian goods plants, insured unemployment in district states was slightly higher in early May than a month earlier.

The volume of unemployment changed very little in most district areas from April to mid-May. In the St. Louis area there was a substantial increase in unemployment compensation claims resulting from further layoffs in durable goods plants, and a seasonal slackening in apparel production. Greater steel output required some rehiring and a return to a full work week at one plant. In the Louisville area an increase in construction employment was offset by layoffs at ordnance and appliance plants, leaving the volume of insured unemployment practically unchanged. Memphis area unemployment remained unchanged. Unemployment claims declined in Evansville reflecting in part recalls in May to an automobile assembly plant. In the state of Arkansas unemployment claims declined slightly over the month.

As in recent months, the ratio of insured unemployment to employment covered by State programs was higher in district states, except Indiana and Missouri, than in the nation. In part this may reflect the return of workers after being laid off from recent jobs in the large industrial areas outside the district.

*Residential building has risen.*

The seasonally adjusted rate of residential construction contracts awarded in the Eighth District has increased substantially from a low point in July, 1953. In part this rapid rise may be attributed to the increased availability and easier terms of mortgage money in recent months. This larger supply of funds for residential financing reflects the high rate of savings and the relatively more attractive yields of urban residential mortgages now that bond yields have declined. One result of the easier supply of mortgage funds has been an increase in speculative building. In the district and the nation, the proportion of one-family dwelling units for sale or rent to the total in-

cluded in contract awards in the first four months this year was greater than in the same months last year when less money for residential mortgages was available and terms were not as easy.

*Farm prospects improved . . .*

Reports from the farms were also heartening. Precipitation during the months of April and May largely overcame temporary crop moisture shortages in most of the district. In addition, the planting schedule of district farmers was well ahead of normal. From the production standpoint, recent precipitation and early plantings improved prospects for district crops.

Favorable growing conditions raised the May 1 estimate of 1954 winter wheat production for district states to 114 million bushels. This represented a 13 per cent increase from the April 1 estimate, but is 28 per cent below 1953, a year of high acreages and high yields.

Favorable moisture and temperature conditions have also aided district states pastures, at least temporarily. Conditions as of May 1 averaged approximately normal, with all district states within 6 per cent of the ten-year average, 1943-52. However, total pasture production for the season will largely depend on future rainfall.

Cool weather severely damaged cotton plants in Arkansas, Mississippi, and Tennessee, making replanting of as much as 75 per cent of the crop a necessity in some areas. And because of wet soils, replanting was retarded to a less propitious time.

Reflecting declines in prices of farm products in recent years, for the one-year period ending March, 1954, farm real estate values in district states declined 5 to 8 per cent. However, most of the decline occurred from March to November, 1953. In the following four months, farm real estate values held relatively steady, remaining unchanged in the state of Tennessee and declining 1 or 2 per cent in other district states.

*. . . and business loans declined less than usual.*

Business loans by district weekly reporting member banks declined less than seasonally in the five weeks ended May 19. This relative strength in business loans in the district was in contrast to a continued contraction nationally, which was larger than that in the same weeks of most other areas. The smaller-than-usual net repayments by businesses in the district reflected both a slight increase in net borrowings by trade concerns and contractors and a less than normal amount of net repayments by commodity dealers. (This latter development was largely due to the relatively small amount of loans made to these dealers last fall.) On the other hand, "other," largely consumer, loans declined.

# Survey OF CURRENT CONDITIONS

**A**T MID-YEAR, the economy of the Eighth Federal Reserve District was operating at a slightly slower pace than at the end of the first quarter and somewhat below the level of a year earlier. The reduced rate of general business activity was reflected in the higher level of unemployment in the district's labor markets. Despite the high level of unemployment, department store sales in the district in the first three weeks of June rose more than seasonally from May, but failed to match year-earlier levels. Industrial production changed little from the reduced level of recent months, and construction activity continued its rapid pace, reflecting the high level of contract awards in the first five months of the year. Crop conditions remained favorable, but farm product prices weakened and agricultural income was cut further. Business loans declined less than usual in most recent years, partially reflecting some borrowing for payment of income taxes due June 15.

## *Employment.*

With the reductions in manufacturing activity of recent months, the demand for labor slackened and unemployment rose. As a result, the labor market classification of St. Louis and Evansville areas was changed in May from moderate to substantial labor surplus (between 6 and 12 per cent of the area's labor force unemployed—apart from seasonal and temporary factors). In addition, unemployment in Owensboro, Kentucky, and Springfield, Missouri, rose above the 6 per cent mark and continued above in Texarkana. Memphis, Louisville, and Little Rock areas continued to be classed in May as having a moderate surplus of labor. Six smaller areas (Herrin-Murphysboro-West Frankfort, Litchfield, and Mount Vernon, Illinois; Vincennes, Indiana; Henderson and Madisonville, Kentucky) were classed as having very substantial labor surpluses—in excess of 12 per cent unemployment.

In St. Louis recent layoffs in ordnance, primary metals and automobile assembly plants pushed unemployment to substantial levels. In Evansville, layoffs in motor vehicle and aircraft parts plants since the first of the year plus earlier retrenchments in the refrigerator industry reduced factory payrolls significantly. In addition to seasonal layoffs in refrigerator plants, further cutbacks in automobile and aircraft production were in prospect. In Owensboro a

cutback in the dominant electrical machinery industry and the return of local workers idled by layoffs in nearby Evansville pushed the labor supply substantially above requirements. In Springfield unemployment rose more than 50 per cent in the past year, reflecting declines in furniture, transportation equipment and stone-clay-glass industries. In Litchfield sizable declines since last year in primary and fabricated metals, trade and construction were added to longer run decreases in coal mining employment. In Mount Vernon the closing of a railroad car manufacturing plant and declines in apparel production dropped manufacturing employment by one-third in the past year. The permanent closing of Camp Breckinridge and the layoffs of workers who had been employed in nearby Evansville boosted the labor surplus to substantial proportions in Henderson.

During June the ranks of labor in the district were swollen by graduates and school-aged youngsters seeking employment. Reports indicated that summer jobs were harder to find and the unemployment rolls were augmented again. Unemployment insurance claims, which largely fail to reflect the unemployment of recent graduates or temporary job seekers, rose further from mid-May to mid-June in St. Louis, Little Rock, and Memphis, but declined in Louisville and Evansville. The increase at Little Rock primarily reflected substantial layoffs from a defense plant.

## *Industry.*

District industrial production statistics for May and early June suggest that output is continuing at about the same level of the past two months, taking seasonal factors into account, with a slight upward trend apparent in some lines.

The steel ingot rate of production at St. Louis during early June remained at 71 per cent of capacity, unchanged from the average for the month of May. This was, however, a substantial gain from the March-April average of 54 per cent. Trends in lumber production were mixed, with Southern pine output having increased contra-seasonally to prewar experience, while Southern hardwood output failed to show its usual gain, according to first half-month figures. Mineral production in early June showed a slight improvement, as coal production held its level rather than declining as usual and crude oil output edged upward slightly to a daily average of 329,000 barrels,

about 10 per cent more than in June, 1953. On the other side of the picture, livestock slaughter in the St. Louis area declined 14 per cent during the first three weeks of June and was 8 per cent behind that of the comparable period in 1953. And freight interchanges at St. Louis dropped 8 per cent, comparing the first nine days of June with those of May.

Daily average use of electric power by selected manufacturing firms in five district cities increased 8 per cent from April to May as most industries experienced seasonal gains. Of the fourteen principal industry groups for which information is reported, only five used more kilowatts in comparison with May, 1953—food, paper and allied products, newspaper printing, stone-clay-glass and fabricated metals.

#### *Construction.*

Total construction contract awards in the Eighth Federal Reserve District in the first five months of this year were 7 per cent higher than in the same period of last year. Residential awards were about the same as last year, but awards for commercial, manufacturing and educational building were approximately 85 per cent higher.

#### *Trade.*

Sales at weekly reporting district department stores in the first three weeks of June rose more than seasonally from May and almost matched the year earlier levels when sales were at a peak for 1953 (seasonally adjusted basis). So far this year, seasonally adjusted sales have fluctuated around a level of 111 per cent of the 1947-1949 average, and have been about 4 per cent less than in the same period last year.

Eighth District retail volume during May was at a slightly lower level than a year earlier. In the durable goods lines, district furniture store volume during May was 7 per cent below that of a year ago while the decline nationally was 5 per cent. Automotive sales also continued somewhat below those last year. District department store sales during May, on an adjusted basis, declined to 106 per cent of the 1947-1949 base period from 114 per cent in April and 118 per cent in May, 1953.

Inventories held by reporting furniture stores and department stores at the end of May 1954 were slightly lower than for the comparable date a year ago. Despite the lower level of inventories, district department store managers remained cautious. Outstanding orders of department stores on May 31, 1954, were about one-fifth larger than a month earlier but were 22 per cent below those a year ago.

#### *Banking.*

During the five weeks ended June 16, bank credit expanded moderately at district weekly reporting member banks. The strength in business loans, which

declined less than usual, was the result of several factors. Contractors, sales finance companies, and manufacturers of metals and metal products increased their bank obligations on balance, probably reflecting some borrowing for income tax payments. Commodity dealers made less than normal net repayments for this period. "Other loans," including in part consumer loans, rose more than the average of comparable weeks of the postwar years.

Weekly reporting member banks in the district increased their investment holdings by \$30 million, with approximately one-third of the net gain in municipal and corporate securities.

The average rate charged on short-term business loans made during the first half of June at the four reporting St. Louis banks was 3.45 per cent. This rate was slightly less than that recorded in the March survey and was the lowest average quarterly survey rate charged at these banks since March, 1953.

In June, reductions in reserve requirement percentages on demand and time deposits were announced by the Board of Governors of the Federal Reserve System effective at dates ranging from June 16 to August 1. When completed, the reductions will free just under \$50 million reserves to Eighth District member banks, further easing their reserve positions.

#### *Agriculture.*

Prices of major district agricultural products were generally steady to lower for the four-week period ending June 17, 1954. Prices of livestock, wheat and oats declined while other major farm commodities remained relatively steady.

Reflecting lower average prices received plus a sharp reduction in the volume of crops marketed (especially cotton), district cash farm income for the first four months of 1954 was 4 per cent below the similar period in 1953. Crop receipts declined 17 per cent but were partially offset by a 7 per cent increase in livestock and livestock product receipts.

Crop conditions currently present a more favorable picture than farm prices. Crop prospects for the district as of June 1, 1954, were reported as good to excellent in major portions of Kentucky, Indiana, Illinois, and Missouri, with spots of only fair conditions in Arkansas, Mississippi, and Tennessee. The June 1 indicated winter wheat production for district states was 116 million bushels; 27 per cent below 1953 but 25 per cent above the recent ten-year average. Yields per acre are expected to be approximately one-third above the 1943-1952 average and only slightly below the bumper crop yields of last year.

Pasture feed conditions on June 1 were spotty but generally good to excellent as near normal precipitation fell during the late spring and early summer growing season.

# Survey OF CURRENT CONDITIONS

**W**EATHER WAS THE DOMINANT INFLUENCE during July on Eighth District business and agriculture. Most of the district melted under a heat wave which oppressed workers in cities and withered farmers' prospects. The weather influenced various sectors of the business economy in opposite ways. Industrial output in the district was off slightly as workers' productivity declined, but construction activity continued at a high rate, department store sales were higher than a year ago and bank credit expanded. Insured unemployment rose slightly because of plant-wide vacation shutdowns. Allowing for the season, over-all business activity was fairly steady in July as it was in June.

## *Agriculture*

The farm sector of the district economy was the one most noticeably affected by the heat of July. The combination of heat and lack of rain was reported to have damaged crops in many parts of the district. Until this last hot spell, however, district crop prospects looked good.

Crop prospects in district states as reported by the United States Department of Agriculture as of July 1 were generally good to excellent with the exception of parts of Arkansas, Mississippi, and Missouri. The over-all situation compared favorably with conditions a year ago. July 1 estimates of crop yields per acre were above those of last year and in some crops considerably more than the 1943-52 average. Pasture feed conditions, however, were spotty and varied from excellent to extremely drouthy.

The relatively high average yields per acre were expected to offset declines in the acreage of certain major crops. For example, wheat acreage was down 6 per cent, but production was estimated at 26 per cent greater than the ten-year average; and burley tobacco acreage was down 13 per cent with anticipated production down only 3 per cent. Both acreage and indicated yield per acre of barley and rye were higher than the average, resulting in approximately a 100 per cent production increase. In the aggregate, July 1 indicated yields suggested that 1954 district crop production might be above the 1943-52 average although below 1953 levels. However, these district

crop prospects have been materially changed by the weather of the past month.

The Eighth District agricultural picture for the month of July was highlighted by dry, hot weather and generally declining crop prospects. Practically all of the district suffered from the prolonged record-breaking heat wave, which was broken only occasionally by widely scattered thundershowers. Large portions of the district received no rainfall during the period, and only a few small areas received sufficient moisture to prevent declining crop conditions. In general, the agricultural outlook apparently worsened more in the district than in the nation during July.

In the southern part of the district the summer grain and feed crops have suffered most. At month's end corn prospects were very poor over most of this southern area. On some farms corn planted for grain was being salvaged for silage. Most of the pastures and the early planted soybeans had been badly damaged. Later planted soybeans could still produce a good crop if early rainfall were received. The feed situation in the area was not critical because there had been a good harvest of early-maturing forage crops for hay and a good-to-excellent yield of oats from the winter oat crop.

Fortunately for most of the South, cotton crop prospects remain average or above. The plant is somewhat smaller than usual for the time of year because of the necessity for replanting most of the crop. However, except on the thin upland soils, it has held up well under adverse weather conditions. Cotton production costs have been relatively low. The heat and dry weather have combined to control the boll weevil and reduce chopping costs.

Burley tobacco crop prospects improved in the latter half of the month, although conditions were quite varied from field to field, reflecting spotty rainfall.

In Arkansas, vegetable crops, dairy production, egg production, and cattle growing have been damaged, especially in the northwest portion of the state. Poor pasture conditions were causing the marketing of some thin cattle. Rice and cotton in the state were holding up, although they would benefit from some rain. In the district portion of Illinois there has been damage to corn and soybeans from the heat, and pas-

tures are in very poor condition. Corn, soybeans, and hay were suffering in Missouri, and pasture conditions were reported to be about 40 per cent of normal. In district Indiana heat and drouth have reduced corn and soybean prospects.

The few farms in the southern portion of the district using irrigation equipment have excellent crops as a result. This is the third year in succession that such equipment has proven profitable in this area.

#### *Industrial Production*

Precise measures of the effects of the heat upon industrial production in the district are not available, but there was unquestionably a reduction in efficiency as the temperature rose to the extreme levels of last month. In Evansville on the worst day of the heat wave, several manufacturing plants sent their workers home for the day. In addition to the heat, vacations normally cut into industrial production in July. This year the reduction in district output appears to have been more than seasonal.

Steel ingot production in the St. Louis area dropped to 59 per cent of capacity for the first four weeks of the month, compared with 71 per cent in June and 93 per cent for July a year ago. Auto assembly was reduced by a strike. Farm equipment manufacture dropped more than the usual amount for summer, as sales failed to reach anticipated levels.

In lumber production, statistics showed output of both Southern pine and hardwood to be down about 7 per cent in the first half of July compared with June, despite a West Coast strike which, according to trade reports, tended to increase softwood business in the South. Apparently orders were being filled from inventory.

In textiles the situation showed some strength if allowance is made for the customary vacations scheduled for one or two weeks over the Fourth of July. Mills producing light-weight goods were running well, but the heavy goods and coarse yarn business was slow. Some pickup in textile orders for fall business was noted.

Mineral production featured a sharp seasonal drop in coal output reflecting the miner's holiday, while crude oil flow in district states remained at about the same level. Lead mining, an important district activity, was supported by Government stockpiling purchases. Fluorspar output has fallen off, reportedly because domestic producers are unable to compete with foreign imports of the mineral.

#### *Trade and Service*

Trade is traditionally sensitive to the weather. Some of the effects of last month's heat upon trade were surprising.

Sales at Eighth District department stores in the

first three weeks of July were somewhat higher than in the comparable period of 1953.

Some slowing in sales of new automobiles was reported around mid-July, with excessively hot weather taking the blame for slow salesroom traffic. Used car sales compared favorably with those a year earlier, but prices were considerably lower.

The weather this year has been doubly uncomfortable for dealers in air-conditioning equipment because through June, when they normally expect to make a high proportion of their yearly sales, the weather was unseasonably cool and their inventories built up. Just when they began to clear their inventories and were heavily advertising bargains, the weather turned hot. But having begun their clearance sales, they had to watch a rush of business at below-normal prices.

Electric power sales rose to record levels as families sought relief around their air conditioners and fans. The air-conditioning load was further increased by the many people who were driven by the heat to order home cooling in July.

Business was "too good" for water companies in many district cities, large and small. In some the abnormally dry weather of the past three years has limited supplies. In others the demand of householders for water to save lawns and shrubbery taxed the capacity of distribution systems, especially in some suburbs. Water-cooled air conditioners gulped huge quantities of water too. As an example of the increase in water consumption, the average daily use of water in St. Louis County in the highest week of July was 20 per cent greater than consumption on the peak day last year. The peak day's consumption of 85 million gallons in July was 33 per cent above last year's peak day.

#### *Banking*

Bank credit continued to rise moderately at district weekly reporting member banks during the five weeks ended July 21. Both loans and investments were up. The primary factor in the loan expansion was a substantial growth in "other," largely consumer, loans. On the other hand business loans declined contra-seasonally as commodity dealers and public utilities repaid on balance in contrast to net additions in the comparable weeks of the previous two years.

Investment holdings increased, reflecting in part the recent reduction in reserve requirements on time deposits, as these banks made net purchases of all reported types of securities except Treasury certificates. Net purchases of municipal and corporate securities continued large, a 2 per cent increase in the five weeks following a 5 per cent growth in the previous five weeks. In the current period the bulk of the net additions occurred at banks in St. Louis.

# Survey OF CURRENT CONDITIONS

**B**USINESS ACTIVITY in the Eighth District during August remained close to its July level after allowance for seasonal factors. Variations from the July rate of operations reflected strikes, plant-wide vacations or temporary closings for model changeovers rather than a reduction in basic economic strength. The picture was mixed. Banking data indicated some strength in the district's economy as business loans rose. August rains improved district pastures and expected crop yields recovered somewhat, but farm income continued below a year ago reflecting the effects of acreage controls, July's hot, dry weather, and lower prices for farm products. Curtailment of steel output indicated further weakness in the regional steel market. Unemployment insurance claims in two large district cities rose from mid-July to mid-August but declined in two other cities. Department store sales, which have fluctuated a great deal this year, rose less than seasonally in the first three weeks of August.

## *Employment*

During July and early August the national labor market held fairly steady, after allowance for seasonal factors. From June to July the nonfarm job total fell by about 290,000 to 47.9 million, the decline being only slightly more than seasonal. Unemployment held steady for the third consecutive month in contrast to an increase normally expected in those months. The stability in the national labor market continued into early August, as demonstrated by the decline in insured unemployment and initial claims for state unemployment insurance.

Despite the recent tendency to stabilize, the demand for labor was less than a year earlier. Total employment in nonfarm establishments was about 4 per cent less and unemployment at 3.3 million in July was more than double the level of a year earlier. The number of jobless has fallen off since the peak reached in March, and in July was equivalent to 5 per cent of the civilian labor force.

The demand for labor in two major district labor markets showed some tendency to ease further but held steady in two others.

In Evansville the number of unemployment compensation claims in early August was higher than a month earlier, and subsequent developments indicated continued increases during August. An automobile assembly plant shut down for an extended model changeover period expected to last two months, affecting some 2,400 workers. Refrigerator plants shut down for their annual vacation and inventory-taking periods, and workers not eligible for vacation pay nor employed for taking inventory swelled the unemployment rolls.

Unemployment compensation claims filed in Memphis also rose from mid-July to mid-August to a larger extent than during the comparable period of 1953. In addition to the rising unemployment total in Memphis, about 3,600 workers at a rubber plant were on strike during August.

In Louisville and St. Louis unemployment compensation claims declined slightly from mid-July to mid-August. Several work stoppages occurred during August in the St. Louis area.

## *Industrial Production*

Industrial production in the nation, after allowance for seasonal changes, remained virtually unchanged in the three months ending in July. In August steel, automobile and crude oil output were cut further. Other indicators, however, were more stable: paper and paperboard, and soft coal production showed about the usual seasonal variations. Lumber production remained at a low level during August due to a work stoppage.

While over-all industrial production seasonally adjusted remained steady from May to July, it was nearly 10 per cent below the peak level reached last year. Most of the decline has centered in durable goods output, largely reflecting cutbacks in military

items and reduced demand for both producers' and consumers' durable goods. New orders for durable goods remained less than sales during the first half of 1954. As a result, backlogs of durable goods producers continued to decline and at the end of June were one-third less than a year earlier.

Eighth District industrial output in August was affected by strikes and temporary plant shutdowns. In addition, steel output in the St. Louis area fell from 61 per cent of capacity in July to 51 per cent in the first three weeks of August.

Southern lumber production remained on a nearly even keel for the past two months despite the prolonged strike of West Coast lumber workers. Crude oil production so far this year has averaged 8 per cent higher than in 1953. However, coal production fell further into its summer slump.

Final figures for July show improvement in some industries that was not reflected by early reports. The shoe industry produced about 6 per cent more shoes than in July a year ago, according to Tanners' Council estimates. Also, industrial power consumption figures for July showed a few signs of strength, with an over-all gain in use of power of one per cent from the June figures, after dropping 3 per cent below May. On the other hand, the Kentucky distilling industry, which had been running along with about the same number of distilleries in operation this year as last, cut back about one-half, with only 14 plants operating on July 31, the lowest level since 1952.

### **Construction**

Construction contract awards in the Eighth District have been maintained at high levels. During the first seven months of 1954 they totaled \$653 million, 7 per cent more than in comparable months of 1953. According to F. W. Dodge reports for selected district areas, the largest increase was in commercial buildings, with awards during the first half up 127 per cent from a year earlier. Contract awards for manufacturing buildings in this district increased 46 per cent from the same period a year earlier, in contrast to a 22 per cent decline in this category for the rest of the nation. Residential construction contracts in the Eighth District totaled \$235 million in the first seven months, up 14 per cent from a year earlier. While the value of the contracts was substantially larger, the 13,600 dwelling units included in residential contracts for the selected district areas in the first half of 1954 were virtually unchanged from the number in the same period last year. The increased value of residential awards in the first six months reflected primarily the higher average value of the dwelling units—\$13,100 this year as compared with \$11,900 a year earlier.

### **Agriculture**

Farmers in the Eighth District entered the heavy fall marketing season with prospects of smaller cash receipts than last year, reflecting primarily the effects of acreage controls, drouth, heat and lower prices of farm products.

Farm income in the district for the first half year was 1 per cent below last year and is expected to remain below during the coming months, reflecting in part the lower returns from alternative uses of over 2½ million acres in district states removed from production of crops under acreage controls. Wheat acreage in the seven district states was 23 per cent below last year; yields and prices received, however, were above last year's average. Land diverted from wheat production was used primarily for small grains, with generally lower returns per acre than if planted to wheat.

Net returns (based on 1953 prices) after cash expenses from cotton production in the Delta area are estimated by a recent University of Arkansas study to be about three times as high as from soybeans, corn or oats, the most prevalent alternative land uses in 1954. Thus the 19 per cent reduction in cotton acreage in district states may result in a 10-15 per cent drop in net cash income from acreage which was in cotton in 1953.

Diverted tobacco acres generally have not had alternatives which would make up to any great extent incomewise for the 6 per cent acreage reduction in district states. This will be reflected in about 5 per cent less income from acreage planted to tobacco in 1953.

Drouth and heat left severe paths of destruction in large areas of the Eighth District states. Seventy-six counties in Missouri and 37 counties in Arkansas have been declared eligible for drouth aid by the United States Department of Agriculture. In addition, farmers in 41 counties in Illinois were declared eligible for emergency credit on liberalized terms.

District pasture conditions as of August 1 were considered as "very poor" to "extreme drouth" and averaged 30 per cent worse than the drouth conditions of a year ago. However, heavy August rains improved fall pasture in many areas, Arkansas and Mississippi being major exceptions. The corn crop has been hardest hit by the drouth. Districtwise, as of August 1, yields per acre were expected to be 12 per cent below the 1943-1952 average, with approximately two-thirds of the loss in Missouri. August rains will cause no more than moderate recovery of corn yields.

District states soybean yields were estimated at 20 per cent below the recent ten-year average. As with corn, expected yields were reduced most severely in Missouri. But, unlike corn, August rains will significantly benefit soybean production.

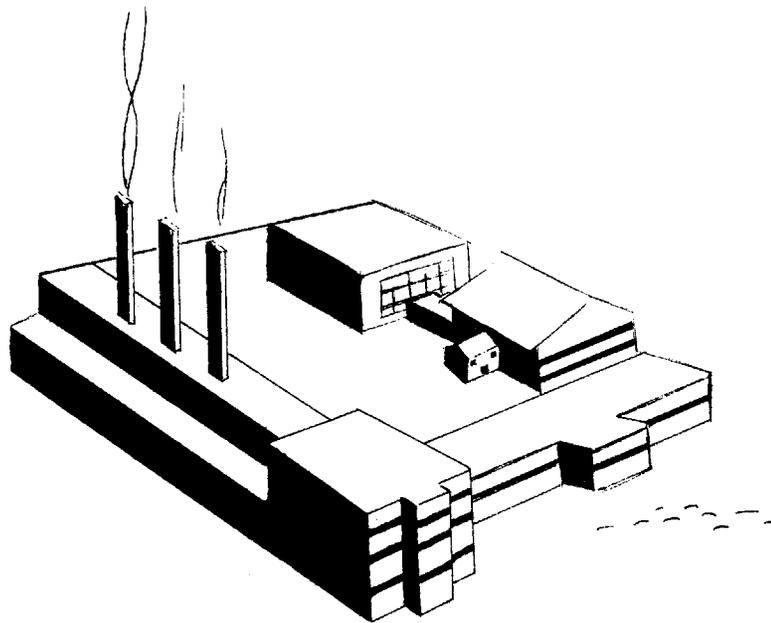
Wheat, oats and barley, which were harvested before the adverse weather conditions in July, yielded per acre well above the ten-year average. Rice, cotton and tobacco yields are also expected to compare favorably with the ten-year average.

District farmers are moving into their heavy marketing season with prices averaging approximately 6 per cent below last year. Prices of major district livestock and livestock products declined approximately 13 per cent during the last year, and the price of rice is approximately 35 per cent lower. However, cotton and tobacco are near the support level at prices only slightly different from 1953, and the cash price of soybeans is presently well above a year ago, with a record crop expected.

### *Banking*

District banking data indicated some strength in activity from mid-July to mid-August. Although total loans at district weekly reporting banks declined \$54 million, the bulk of the decrease was the result of the redemption by the Commodity Credit Corporation of outstanding certificates of interest (estimated for the district in excess of \$50 million). Business loans and loans on real estate rose in the period. Most types of borrowers shared in the growth in business loans; sales finance companies and contractors recorded the largest net expansion in borrowings, primarily at banks in Memphis.

Despite the contraction in total loans, earnings assets of these banks rose as they purchased a substantial amount of securities. The increase in the security portfolio was largely made possible by both the recent one per cent reduction in required reserves on net demand deposits and the payments received from the Commodity Credit Corporation.



# Survey OF CURRENT CONDITIONS

AT THE END OF THE THIRD QUARTER of the year, business activity in the Eighth Federal Reserve District was little changed from the level of recent months after allowance for seasonal factors. Most of the automobile plants were shut down in September for model changeovers and strikes reduced output at several large firms, but otherwise industrial activity increased about the seasonal amount from August. The recent stability of business activity was reflected in the seasonal decline in insured unemployment in the district labor markets. However, department store sales in the first three weeks of September gained less than seasonally from August.

Although district business activity held fairly steady in September, it was lower than a year earlier and the decline over the past year was apparently somewhat greater than in the nation. Nonfarm employment in the five largest metropolitan areas in July was 6 per cent less than a year earlier, compared with a 4 per cent drop in the nation. Insured unemployment in early September in relation to covered employment was above the national average in all district states except Missouri.

The reduction in district business activity from a year ago has resulted primarily from reductions in national defense outlays and a nation-wide shift on the part of business from inventory accumulation to inventory liquidation.

## *Industry*

District industrial production in early September showed only moderate strength. Ingot output at St. Louis area steel mills increased to 63 per cent of capacity, reversing the downward trend of the last three months, but remaining far below the more than 90 per cent rate recorded in the past three years for September. Livestock slaughter increased with the hog kill in the St. Louis area running 10 per cent above a year ago because of the large pig crop early this year. There continued to be strikes and temporary shutdowns in metal fabricating industries. Southern pine and hardwood production declined slightly.

Electrical industrial power consumption at selected firms in the district during the month of August showed a 5 per cent drop from July and was 12 per cent below August, 1953. Among 14 district industrial groups, only paper and allied products, shoe and

leather products, and textiles used more power than a year ago. The machinery, woodworking, and transportation equipment industries used substantially less.

## *Construction*

Construction activity has been one of the strengthening factors in the business situation in both the nation and the district, but the district economy has received less impetus from this sector than the nation. For the first eight months of 1954, total construction contracts awarded in the nation were 14 per cent larger than a year earlier, compared with a gain of only 5 per cent in the district.

The district gains in construction activity have been largely concentrated in three metropolitan areas, Little Rock, Louisville, and St. Louis. In these three areas total construction contract awards in the first eight months of this year were 45 per cent higher than in the same period a year ago, while in the remainder of the district total awards were down 16 per cent. Apparently much of the district is not participating in this year's national construction boom.

## *Trade*

District department store sales in the first three weeks of September increased at a less than seasonal rate from August and were slightly below the reduced level of September, 1953. Unseasonably hot weather limited the effectiveness of seasonal promotions in portions of the district.

In August sales increased at about the seasonal rate from July and were at about the same level as in August, 1953. On an adjusted basis, the index of daily average sales in August was 110 per cent as compared to 112 per cent in July and 110 per cent a year ago. Cumulative 1954 district department store sales through September 18 were slightly under those in the comparable period of 1953.

Since mid-August St. Louis area department store sales have compared more favorably with those in 1953 than have the sales of other department stores in the district. This better performance reflects the increased sales resulting from a new policy of three large St. Louis department stores in meeting prices of "discount houses." Promotions of some goods, such as toys and furs, not generally sold by discount houses also helped push up the sales volume.

August sales at reporting furniture stores throughout the district increased 6 per cent from July but were 4 per cent lower than in August, 1953. As in the case of the St. Louis area department stores, a few furniture stores in the area announced a policy of meeting other stores' prices. Many furniture stores in the St. Louis area, however, have met competitive pricing for some time.

Inventories held on August 31 by both department and furniture stores throughout the district were slightly higher than a month earlier and somewhat lower than on August 31, 1953. The volume of outstanding orders at department stores at the end of August was a little higher than it was both a month earlier and on the comparable date a year ago.

### *Agriculture*

The farm sector of the district economy continued in September to reflect the adverse effects of the summer's heat and drouth, acreage restrictions, and lower prices for farm products. The aggregate price for district farm products declined approximately 3 per cent during the four-week period ended September 27, largely reflecting sharp reductions in hog, egg, and soybean prices. The over-all price decline was moderated by 4 and 9 per cent increases in beef cattle and milk prices respectively.

Crop and pasture conditions improved in certain areas of the district and worsened in others, but the changes were generally moderate during September. Pasture conditions throughout the major portion of the district continued in the "extreme drouth" or "severe drouth" categories in which they were classified by the September 1 report of the United States Department of Agriculture. Heavy rains in scattered areas in the north part of the district during the last half of September improved late fall pastures moderately. However, in major portions of Arkansas, Mississippi, Tennessee, and parts of southern Missouri, pastures deteriorated further to approximately one-third of normal.

Harvest of the district states' corn crop of approximately 10 per cent below 1953 is well under way. Expected average yields per acre for most of the district improved moderately during September, continuing the 8 per cent betterment reported for August. However, Arkansas and Missouri were exceptions and per acre yields deteriorated further in these states to less than 60 per cent of the 1943-52 average. From one-fourth to one-third of the district soybean crop was combined in September. Yields prospects improved moderately during the month in some areas, but worsened slightly in Missouri. Thus, for the district as a whole, yields per acre are currently expected to be approximately the same as the September 1 estimate of 17 per cent below the 1943-52 average. How-

ever, increased acreage may result in approximately 23 per cent more production than the 1943-52 average and 15 per cent above 1953.

Favorable harvesting weather and some increased use of mechanical pickers permitted harvesting of approximately one-half the district cotton crop by the close of September. Yield expectation remained practically unchanged during the month and as a result near-normal yields per acre are expected in spite of hot, dry August weather. However, because of acreage reductions total cotton production here will be approximately one-third less than 1953. The district tobacco crop of high quality is 80-90 per cent housed and has had favorable curing weather. Reflecting improved conditions during the latter stages of the growing season, district states' production is expected to be 567 million pounds, approximately the same as 1953. Acreage is 7 per cent below last year, but per acre yields are expected to be 7 per cent higher. Rice crop conditions have remained good and approximately one-half of the crop was harvested during September. Higher yields and increased acreages are expected to produce approximately 27 per cent more rice than the large crop of last year.

In the aggregate, a decline is expected in farm product marketings during the forthcoming normally heavy marketing season, primarily reflecting reduced cotton production, an important district cash crop.

### *Banking*

Developments in banking indicated some strengthening in the district business situation from mid-August to mid-September. Loans rose \$35 million at weekly reporting banks in the district compared with a \$12 million increase in the like period a year ago. Nevertheless, on September 15, total loans outstanding (\$1,325 million) were slightly below their level of a year ago. A major portion of the loan growth during the four weeks ended September 15 was in larger-than-usual advances to businesses. By contrast, business loans at weekly reporting banks in the entire nation rose less than in the comparable periods of recent years. Districtwise, most types of commerce and industry contributed to the increased indebtedness; metal manufacturers were an exception, making net payoffs in each of the four weeks.

The average rate on short-term business loans at reporting banks in St. Louis was 3.40 per cent during the first half of September compared with 3.45 per cent during the first half of June. However, on small loans (from \$1,000 to \$10,000) the average rate was nearly 4%, or one-fourth of one per cent higher than during the June 1-15 period. The prime rate remained at 3 per cent, but in September substantially more of the loans, both in number and volume, were made at this rate than three months earlier.

# Survey

## OF CURRENT CONDITIONS

**T**HERE WERE SIGNS in October that the "side-wise" movement of business activity in recent months may be turning into a gradual rise. Unemployment in the nation fell more than seasonally in early October to below 3,000,000. Production increased in a number of manufacturing industries. Judging from September contract awards and housing starts, construction also continued at high levels. On the other hand, bank loan demand was weak and farm commodity prices declined.

Likewise, more signs of improvement than weakness could be seen in the Eighth Federal Reserve District. Employment in the district's major cities showed some increase in the month, reflecting both seasonal gains in trade and manufacturing, and the impetus given by developments in Louisville and Little Rock. Construction activity, which has been one of the strengthening factors in the business situation this year, continued its rapid pace during October. Department store activity, according to preliminary estimates, increased more than the seasonal amount during October and was at an adjusted rate close to the average for the first nine months of the year. However, bank loans in the district rose less than seasonally. And prices of farm products continued downward moderately during October, further depressing income prospects in the farm sector of the district economy.

### *Employment*

Unemployment in the nation declined by 360,000 from September to early October to 2.7 million. Total farm and nonfarm employment was estimated by the Bureau of the Census at 62.1 million, virtually unchanged from the September level.

Improvement in district labor markets in October reflected both seasonal influences and the expansion of district facilities. In most areas insured unemployment continued a gradual decline in October. Most auto plants completed re-tooling for model changes and called back workers temporarily laid off. Automobile manufacturing employment in Evansville is expected soon to exceed its previous peak level. Seasonal slack in shoe and apparel production and

strikes at two major electrical equipment manufacturers partly offset some pickups in St. Louis area manufacturing employment. By the end of the month, however, one of the electrical plants had resumed production.

Additions to the district's plant capacity and defense facilities aided the labor market in several areas. In Louisville, General Electric Company began hiring 2,000 more workers to staff its newly completed refrigerator plant at Appliance Park. Construction employment in the Little Rock area is growing as work on the Little Rock Air Base progresses from the clearance and grading stage to paving and the construction of base buildings. Further increases are expected in the next several months. Hiring of workers for a new automobile frame plant provided some relief in the St. Louis area where employment has been substantially below year-earlier levels.

### *Industry*

The output of factories and mines in the Eighth District and lumber production in the South continued to edge upward in October, according to early reports. Steel ingot production in the St. Louis area advanced 12 percentage points from September to 75 per cent of capacity. Coal output, judging from the trend of the past two months and October trade reports, has picked up. Crude oil output remained high.

In the southern forest region, production of pine increased 3 per cent in early October while hardwood mills operated at 95 per cent of capacity, compared with 90 per cent in September. In Kentucky, 25 whiskey distilleries were in operation at the end of September compared with 14 operating a month earlier.

Industrial electric power consumption figures for September indicate that the gap between this year's and last year's industrial activity in the district is narrowing. Electric power used by selected industrial firms in major district cities was only 4 per cent below a year ago, whereas in August it was 12 per cent below that of 1953. From August to September this year, consumption increased 9 per cent, compared with no change in the same months last year.

### *Construction*

The construction industry continued to be a strengthening factor in the economy. Total contract awards and residential awards in the district in September were higher than in any other month of this year and awards in the nation were above the high average of recent months. The cumulative total of district awards for the first nine months was 12 per cent higher than the value in the same period of last year. In the nation total contracts awarded in the first three quarters were also about 12 per cent higher than in 1953. Earlier this year the district gain in contracts over a year ago had been substantially smaller than the national increase.

### *Trade*

Department store sales increased more than the seasonal amount during the first three full weeks of October and were at an adjusted rate close to the average for the first nine months of the year. Inventories at department stores were lower than a year earlier. However, commitments to buy were larger than a year earlier.

Furniture store volume at reporting district stores in September was somewhat less than in August, but was 6 per cent larger than in September, 1953.

The retail value of inventories held by reporting district department stores and furniture stores on September 30 increased over that at the end of August. In comparison to a year earlier, department store inventories were 7 per cent lower while at furniture stores they were at about the same level. The volume of outstanding orders at district department stores on September 30 was 6 per cent below that a month ago, but was substantially larger than a year ago.

### *Banking*

From mid-September to mid-October business loans at district weekly reporting banks expanded less than seasonally. Net additions in loans to commodity dealers were less than usual, reflecting the reduced volume of cotton moving to market. Outstanding indebtedness by metal manufacturers continued to decline. And contractors made net repayments in contrast to net borrowings earlier in the year. On the other hand, manufacturers of textile, apparel and leather goods added to their indebtedness although a reduction usually occurs at this season. Loans on securities and real estate and "other", largely consumer, loans were up moderately.

Over the period, reserve positions of these banks were relatively easy, as a net inflow of funds from other areas more than offset seasonal currency drains.

These banks purchased a substantial amount (\$80 million) of securities, primarily Treasury bills and the new Treasury notes, and built up their cash assets. As a result of both bank credit expansion and net inflow of funds, the money supply in the district rose during the four weeks.

Reflecting the acceleration in the rate of saving this year, there has been a more rapid growth in time deposits at commercial banks, in both the district and the rest of the country. For the first three quarters of 1954, time deposits at district member banks rose 7 per cent, compared with 4 per cent in the corresponding period a year ago and a 3 per cent average for the like periods of the other postwar years. Most banks shared in the gain. As a group, time deposits in reserve city banks increased at a faster rate than in country banks, whereas in the previous four years the greater expansion was at country banks. Within the country bank group, banks in towns of less than 15,000 population had a smaller rate of increase in savings accounts. Time deposits in the district portions of Indiana and Illinois showed the smallest growth of any district areas.

### *Agriculture*

The farm sector of the district economy was depressed further during October by lower prices for farm products. Reduced prices of hogs and broilers contributed most of the decline; crop prices increased slightly.

Rainfall during October was near or above normal in many parts of the district and more than last year in most areas. The moisture materially improved extremely poor pasture conditions and encouraged heavy seedings of winter and early spring pastures which may partially alleviate feed shortages existing on some farms. Both rainfall and temperature have been excellent for harvesting, rapid curing and stripping of the district tobacco crop which this year promises to be high in quality and per acre yield.

However, fall rains delayed the soybean harvest and caused moderate declines in yield and quality. Reflecting a level of marketings below expectations, soybean prices increased moderately during the four-week period ending at mid-October. In addition, the rains had an adverse effect on the quality of cotton harvested and delayed the corn harvest, but did little or no damage to the latter crop.

A record rice crop of 17 million bags was harvested in district states. However, inadequate storage facilities had a depressing effect on prices and increased the handling cost of the crop.

Cash farm receipts for August were unchanged from a year ago but, for the first eight months of 1954, were 6 per cent below the same period last year.

# Survey

## OF CURRENT CONDITIONS

**T**HE RISE IN BUSINESS ACTIVITY which began in October continued into November. Generally throughout the Eighth Federal Reserve District, the pace of manufacturing activity increased further, reflecting greater automobile and steel output, and seasonal changes in many other industries. Construction, too, was more active as the boom in residential building expanded. Retail trade at department stores rose seasonally, and workers were hired for the Christmas sales season. Businesses borrowed more than usual from banks in the district during the four weeks ended November 17. Even the farm sector, which has had a hard time this year with drouth, falling prices and acreage restrictions, experienced an improvement in November as prices of some major farm products rose and growing conditions continued to be favorable.

### *Employment*

Employment changes in district labor markets in November were mainly seasonal. There was a general increase in trade employment as pre-holiday shopping got underway. In Louisville, tobacco processors and distilleries increased employment to meet seasonal requirements. There were apparently no major changes in manufacturing employment anywhere in the district, although increases in some lines offset declines in others to produce some improvement.

Several firms in St. Louis and Evansville received additional defense contracts for aircraft and parts which will maintain and perhaps increase aircraft manufacturing employment in those cities. And in Louisville, General Electric Company announced still another increase in its force at Appliance Park which should increase employment there by 3,800 in the next three months.

### *Industry*

Final October figures confirm an uptrend in district industrial production during that month and early November reports show that the rise has continued.

The steel ingot rate at St. Louis advanced to 86 per cent of capacity in November, the highest since

November a year ago when it was only a few points higher at 92 per cent. This represents a 15 per cent improvement from October.

Coal production continued to show seasonal gains. Furthermore, trade reports indicate that the industry is gradually emerging from the unsettled conditions that have marked the coal business in recent years.

Southern pine production remained at a relatively high level, reflecting construction activity. However, the operating rate for Southern hardwood mills dropped 8 per cent in early November, with spotty market conditions.

Freight interchanges at St. Louis have risen in both October and early November, but are still about 10 per cent below those of 1953.

Industrial consumption of electric power by selected district industries for October reflected renewed activity in auto assembly and gains in chemical, rubber, and stone-clay-glass manufacture. However, electrical machinery plants showed a sizeable decline in use of power due to strikes. On balance, use of kilowatts for all industries reporting rose 5 per cent from September to October to exceed last year's consumption by 6 per cent.

### *Construction*

Construction activity continued at a high level in the district as a result of the large volume of contracts awarded in recent months. After allowance for seasonal variations, the latest index of contracts awarded in the district was at a peak for the year for both residential and total construction. For the first ten months, total contracts awarded were 8 per cent larger than in the same months last year. Most of the impetus this year has resulted from increased building of residential and commercial structures. Not only has the number of residential units started this year been larger than last year, but the average value of dwelling units being erected is also greater. This year's rise in residential construction activity reflects an increase in the number of units built for sale or rent. In contracts awarded in the St. Louis territory of the F. W. Dodge Corporation, the num-

ber of one-family dwelling units built for owner occupancy in the first ten months this year was approximately equal to that in the same period last year. The number of such houses built for sale or rent, however, was nearly one-fourth larger.

The rise in residential building this year has been facilitated by the increased availability and easier terms of mortgage money. These, in turn, have reflected the high rate of savings and the relatively more attractive yields of urban residential mortgages now that bond yields have declined. Also, the enactment of the "Housing Act of 1954" in August, liberalizing the terms on FHA insured mortgages, has given a strong impetus to housing construction. Reflecting these factors, loans on real estate by district weekly reporting banks rose 4 per cent from July through November 17, compared with a less than one per cent increase in the twelve months ended June 30, 1954. Nationally, changes have shown a similar pattern.

### *Trade*

Department store sales in the district in the first three weeks of November increased seasonally from October and were about the same as in the corresponding period of 1953. In the St. Louis metropolitan area, seasonal promotions during November produced slightly better results than a year ago. Sales during October, after allowance for seasonal factors and difference in number of trading days, were larger than in the previous month and in October 1953. For the first ten months of 1954 sales totaled slightly under those in the like period of 1953.

In those St. Louis area department stores reporting by departments, October sales equaled those a year ago. The only major divisions reporting increases from last year were the small wares, home furnishings and miscellaneous—those divisions which include merchandise on which department stores are currently meeting discount house prices. In the large volume divisions, women's and misses' accessories and apparel, October volume was down slightly from a year ago.

At reporting district furniture stores, October sales were larger than in either this September or October 1953.

Inventories held by reporting department and furniture stores on October 31 were somewhat larger than a month ago but were slightly lower than last year. The volume of department store outstanding orders on October 31 was slightly higher than on September 30 and was considerably larger than a year ago.

### *Agriculture*

As fall harvest of district crops neared completion, the farm sector of the district economy appeared improved from a month earlier. Production estimates of major crops were higher, prices increased, fall-sown crops showed excellent growth, and pasture conditions improved materially.

Latest data suggest that total district livestock and crop production for 1954 may be only 2 per cent below 1953 compared with an estimate made a month ago that the drop would amount to about 4 per cent. Upward adjustments in cotton and soybean yield predictions, only partly offset by a less favorable report on corn production, contributed most to this higher estimate. On November 1, the United States Department of Agriculture estimated district states cotton production at 3,790,000 bales, only 3 per cent below the 1943-1952 average.

Continued favorable conditions have been reflected in excellent growth in pastures and fall-seeded grains, partly alleviating the feed shortage in some areas.

Average prices for Eighth District farm products turned upward in November. Contributing most to this advance were cattle and small grains prices, which were approximately 5 per cent above a month previous at mid-November. These price advances were partly offset by a 9 per cent decline in the price of cotton.

Eighth District cash farm receipts during September were 5 per cent above a year ago. However, for the first nine months of 1954, receipts were 4 per cent below a like period last year.

### *Banking*

Total loans at district weekly reporting member banks rose \$81 million during the four weeks ended November 17. The largest expansion (\$75 million) was in business and agricultural loans. Businesses added on balance \$45 million compared with an average increase of \$32 million during the like weeks of 1951-1953. The largest increases were made by processors and distributors of agricultural products, operators of petroleum, coal, chemical and rubber firms, and contractors. On the other hand, manufacturers of metals and metal products continued to make net repayments. Agricultural loans rose about \$30 million, reflecting in most part net purchases of the Commodity Credit Certificates of Interest on November 12. Loans on securities, real estate and "other," largely consumer, loans rose moderately in the period.