Monthly Review

FEDERAL RESERVE BANK OF ST. LOUIS

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EIGHTH DISTRICT RETAIL TRADE SINCE KOREA

Consumer behavior in the Eighth District since Korea has been strongly influenced by changes in the war situation and by the growing defense program. The buying waves generated price increases, and were financed by expanding incomes and increased use of consumer savings and credit. The buying waves in the St. Louis metropolitan area did not, however, equal those for the nation.

District department store sales since Korea have reflected erratic consumer behavior. Furniture store sales, too, mirrored the buying waves.

Inventories were almost large enough to satisfy consumers' wants at mid-1950 and they were more than sufficient during January, 1951. But inventory accumulation during the first half of 1951 caused some concern and led to reduction in commitments in some lines.

Retailers are generally optimistic as to the sales outlook for the remainder of this year and their expectations may be well founded.

Consumer behavior in the Eighth District since Korea has been strongly influenced by changes in the war situation and by the growing defense program.

Since mid-1950, Eighth District storekeepers have been forcefully reminded more than once that consumer demand can change rapidly. On two occasions since Korea consumers have rushed into the district's shops and bought feverishly. The buying waves were of brief duration, however, and following them were periods of slackened sales.

Total retail sales during the first half of 1950 were larger than during the first half of 1949. A recovery from the mild recession of 1949 was under way. But retailers had little expectation early in June, 1950 that sales during the remainder of that year would be anything other than "satisfactory".

Korea changed that. The outbreak of armed aggression brought to mind a period when chrome-trimmed new automobiles were not to be had, when new electric refrigerators were not available and the old one had to be repaired if possible, and when, if the electric sweeper broke down, perhaps a broom had to be put to use.

Consumers recalled that an all-out defense program meant heavier taxes, higher prices, and probably less goods. It meant some version of the last wartime controls with credit curbs, price and wage controls, production controls, and perhaps rationing. So they bought—a new car, even if they had planned to hang on to their "old" one for another year—a new electric refrigerator even though their "old" one had many more years of service—enough soap powder to last for the next two or three years—and a dozen sheets despite the fact that the linen closet already had been restocked after World War II.

The list of goods so eagerly sought and bought was not confined to these items alone, but scare buying never became general. Women's specialty stores sold out of nylon hosiery, but they didn't sell many more dresses than usual. The corner grocer sold out of sugar, soap and soap powder and even sold a few extra cases of canned beans—but there was no run on canned goods in general and such buying often was at the expense of future sales volume.

Consumer attitudes responded to each new development on the Korean battlefront and on the home front. The first wave of scare buying receded as opinion grew that the Korean war was a "police action" and all-out mobilization was not to come. Confidence expanded as victory over the North Koreans appeared imminent. Then, the entry of the Chinese into the war again brought the same kind of uncertainty which had touched off the first buying wave. Anticipation of expanded military programs added to the uncertainty. Christmas buying was heavy, and in January consumers set out once more to buy while the buying was good. Again, however, the demand was more selective than general, although a wider range of products was bought in January than had been bought in the summer of 1950.

Dealers in durables, since mid-1950, have experienced periods of unprecedented demand and of general disinterest. Demand for durables was heaviest when it appeared shortages would occur. But when replacements crowded retailers' shelves, consumers apparently became convinced they were buying unnecessarily.

The durables took more than their usual share of the consumer's dollar. Sales of nondurable goods increased, but not as rapidly as sales of most durables. Of the nondurables group, food sales contributed much to higher volume levels. Consumers must eat—and they did so in about the same quantity although they down-graded quality to some extent. Neither price advances nor increased durables purchases led to any decline in the quantity of food purchased. Dollar sales of food stores about kept pace with rising food prices. In many other nondurable lines sales were at a somewhat higher level. Apparel sales volume increased and in the general merchandise lines sales were somewhat better.

Over-all, district retailers sold more goods in July, 1950 and January, 1951 than in any other July or January, if they were fortunate enough to have in stock those goods consumers suddenly acquired an overwhelming desire to possess.

The buying waves generated price increases . . .

One effect of international and home front developments was to generate a widespread fear of price increases which in turn led to actually higher prices as consumers, retailers, and wholesalers bid for goods. A strong upsurge occurred in the primary markets, followed by price increases generally along the line. Wholesale prices jumped sharply. Consumer prices rose more moderately but steadily.

The imposition of price controls early in 1951 tended to allay fears that prices would continue to rise as rapidly in the future as they had since mid-1950, and this action was a factor in slower sales from that time on.

. . . and were financed by expanding incomes,

Neither buying wave could have occurred but for one thing: the consumer was well heeled. He not

only had money in his pocket, he had money in the bank. Employment was high and at a rising rate of wages and salaries. In June, 1950, personal income in the United States was rolling in at an annual rate of $219 billion. It gained as the business boom accelerated, and at mid-1951 had surpassed an annual rate of $250 billion, a growth of more than 25 per cent in one year.

. . . and increased use of consumer savings and credit.

When consumers ran short of cash they dipped into savings. After mid-1950, time deposits declined and E bonds were cashed faster than they were sold. It has also been estimated that some hoarded currency returned to circulation. And where these funds were lacking, consumers used credit.

On June 30, 1950, consumer credit outstanding in the nation totaled $17.7 billion. By the end of the year it had increased to a peak of $20.1 billion. Through the first four months of 1951 the total declined slightly from month to month. In May, however, it turned up and at mid-1951 was $19.2 billion.

Growth in total consumer credit was occasioned principally by expansion of instalment credit, which rose from $12.1 billion at the end of June, 1950 to $13.3 billion September 30. Consumer instalment credit regulations were brought back at mid-September to help check the steadily mounting total. Despite tightened terms, instalment outstandings increased, although at a slower rate of gain, to a peak of $13.5 billion on December 31, 1950. During the first four months of 1951 the total was brought down but in May started up again. On June 30 instalment credit outstanding totaled $12.9 billion.

Non-instalment credit (including charge account credit) increased steadily to a peak of $6.7 billion at the end of January, 1951. It declined after that date, but at a slower rate than did instalment credit. On June 30 non-instalment credit outstanding totaled $6.3 billion.

The buying waves in the St. Louis metropolitan area did not, however, equal those for the nation.

A precise comparison of total district trade trends with national trends is difficult. Comprehensive data by all lines of trade are not available district-wise. Some comparison, however, can be made between national trends and those in the St. Louis metropolitan area for which retail sales data by lines of trade are available. Trends in the St. Louis area are not necessarily typical of those in the district as a whole. Because of size alone, St. Louis area behavior heavily influences district movements.

Through mid-1951 total sales in the St. Louis metropolitan area showed gains over year-ago figures. July and August, 1951, were off from the comparable months in 1950, primarily reflecting the buying which followed Korea. The increases through June did not keep pace with the national gains. Durable goods sold heavily but they moved even more rapidly in other parts of the country. Automotive sales in the area moved upward during the last half of 1950 at about the same rate of gain as nationally, but did not keep pace in the first half of 1951. In the furniture-household-television group, sales accelerated after Korea, but the national experience was better.

Nondurable sales gains in the St. Louis area also lagged behind the record for the nation. Until June, 1950, food store sales gains for the area were running ahead of national sales performance. Since then the rate of gain nationally has been larger than in the St. Louis area. Much the same experience was shown for the apparel and general merchandise groups.

For the district proper, data are available on certain lines of trade even though figures on total trade are lacking. Two important lines are department stores and furniture stores. Sales records there indicate the type and extent of the buying waves in the district.

District department store sales since Korea have reflected erratic consumer behavior.

Eighth District department stores were "doing all right" at mid-1950.[1] Sales during the first four months had lagged but in May and June of last year consumers started to increase their purchases. At the mid point in 1950, district sales totaled only slightly less than those in 1949. In fact, in several small cities, and in Springfield, Louisville, and Evansville, cumulative sales in the first half of 1950 were slightly above those in 1949.

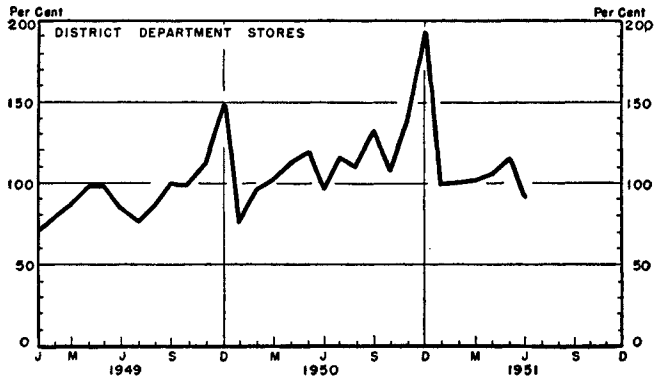
Following Korea, the hosiery counters, the sheet counters and the appliance sections were overrun with buyers. As noted, sales gains never were general. They were spectacular in a few lines, a little heavier than expected in a few lines, but in many others sales declined from year-ago levels.

At the end of the third quarter, however, cumulative 1950 sales totals had increased to 5 per cent above those in the like period of 1949. Larger-than-district average gains were registered in Evansville (up 10 per cent), Louisville (up 9 per cent), Spring-

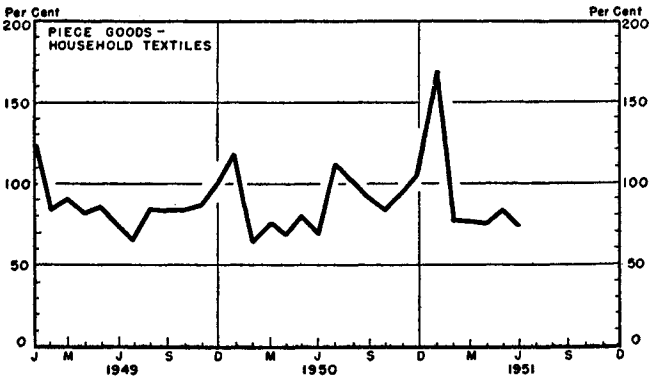
[1] Department stores are an important segment of the general merchandise group—and of total retail trade. They deal in diversified lines and over a period of years have shown fairly close correlation with sales of all retail stores. Consequently, department store sales in the Eighth District may serve to give an indication of the district trade pattern.

SALES OF 8th DISTRICT DEPARTMENT STORES AND SELECTED DEPARTMENTS

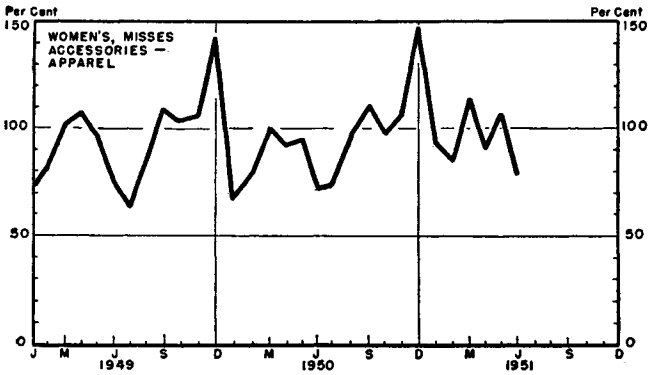
UNADJUSTED INDEXES, 1948 MONTHLY AVERAGE = 100



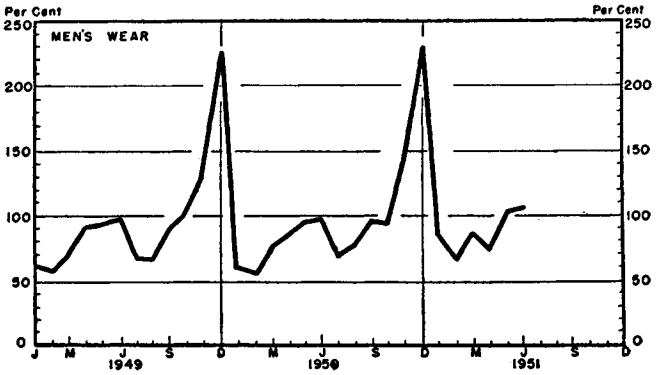
Eighth District department store sales were at a somewhat higher level from mid-1950 through the first quarter of 1951, influenced primarily by the two waves of buying.



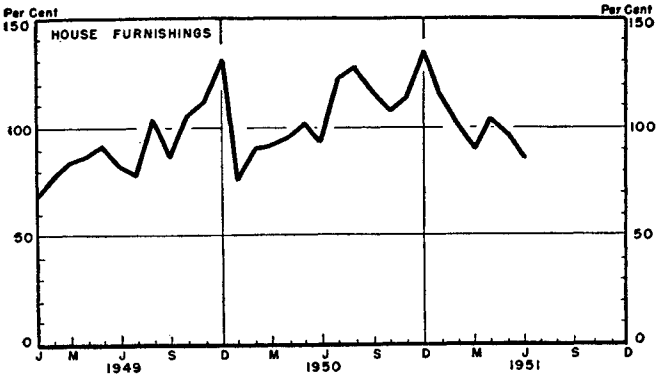
In the piece goods division sales have been abnormally high since Korea as consumers bought heavily at the domestic goods counter.



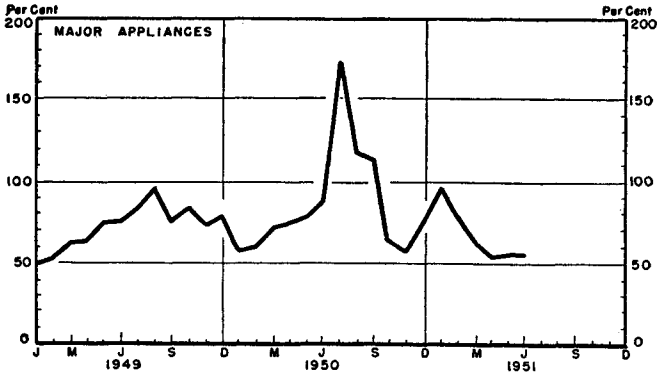
Sales volume of women's, misses' accessories and apparel during the last half of 1950 was much the same as in the like period of 1949, but was at a higher level in the first half of 1951.



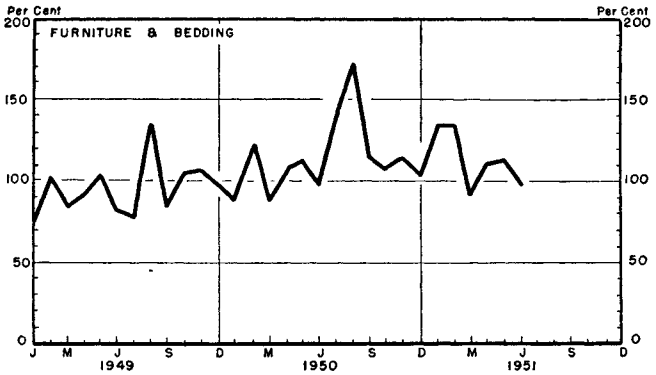
Men's wear sales volume has been only slightly higher since mid-1950.



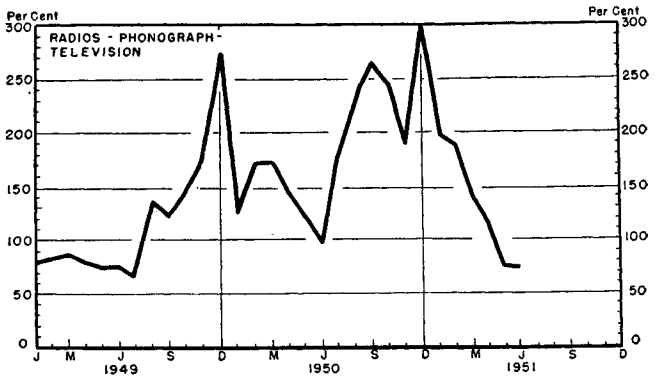
From mid-1950 through the first quarter of 1951 housefurnishings sales were at a substantially higher level. In the second quarter of 1951 they averaged about the same as a year earlier.



Major appliance sales zoomed sharply but briefly immediately after Korea and again in January, 1951. Since then they have declined.



Furniture and bedding sales peaked during August, 1950, and dropped back to a level only moderately higher than a year earlier. They again increased sharply in January-February, 1951, but have since subsided to a level not much different than a year ago.



Through the last half of 1950 radio-phonograph-television sales were higher than ever before. They have declined since February, 1951, and at midyear were at about the 1949 level.

field (up 7 per cent), Little Rock and the small cities (up 6 per cent). In Memphis the gain for the nine-month period equaled that for the district. In Fort Smith and in St. Louis the cumulative sales gain was slightly under that for the district.

Consumer buying slumped in October, bounced back in November, and, despite a slow start, was heavier than expected in December. District sales for the year wound up 4 per cent larger than in 1949. St. Louis with a cumulative 1950 sales gain of 3 per cent over 1949 was the only major district city to record a less than district-average gain. The largest cumulative gain (10 per cent) occurred in Evansville.

After the Christmas selling season, disquieting war news from Korea proved too much for consumers. Faced with renewed threats of all-out war, consumers bought—and in January, when retailers normally settle back to catch their breath after Christmas. Traditional January "white sales" of both durables and nondurables proved too tempting. Consumers again stormed the appliance fronts, bought refrigerators, washers, added to already heavily stocked linen closets and still had enough money left to buy a few pairs of shoes and some extra woolen clothing.

Heavy buying continued during the first part of February, but once again the plentiful supply of merchandise at the retail level apparently convinced the consumer "shortages" were more fancied than real. Buying subsided and during March, April, May, and June consumers bought less than usual for those months. Easter selling was disappointing. Easter was early this year and the weather was bad. Nevertheless, at the end of the first half of 1951, consumer purchases at district department stores totaled somewhat larger than in the corresponding period in 1950. The largest gains for the first half of 1951 were registered in Fort Smith, Evansville, Quincy, and in several small cities. Except in Little Rock (up 2 per cent) gains elsewhere were about the same as for the district as a whole.

Furniture store sales, too, mirrored the buying waves.

Sales data reported by district furniture stores since mid-1950 also mirrored the two buying waves. At mid-1950 furniture store sales gains in the year-to-year comparison were substantial. Considerable new housing was being put on the market and sales of homefurnishings were high. Demand had fallen into seasonal patterns for some merchandise, but other lines were booming. In July, August, and September, sales gains over those in 1949 were spectacular. The reimposition of credit controls at mid-September and the subsequent tightening at mid-October apparently cut into sales totals for the latter month. In November sales totaled less than in the like month a year earlier—the first time in over two years that sales had failed to gain in the year-to-year comparison. Sales also declined in December.

Furniture store sales in January, 1951 were substantially over those a year earlier. But in February they dropped back to about the same level as in 1950. Since then sales volume has been consistently lower than in 1950.

Inventories were almost large enough to satisfy consumers' wants at mid-1950, . . .

At mid-1950 retailers throughout the district generally were pretty well satisfied with inventories. They were high but they had been higher. Con-

sumer buying had been rather slack but indications were that sales were picking up.

At district department stores the value of inventories at mid-1950 was slightly more than at mid-1949, reflecting both a cautious store buying policy and the improving consumer buying. Except in housefurnishings, only a few scattered lines showed heavy stocks.

Then came the first buying wave and the resulting scramble to replace and build inventories. Available supplies at the retail and distributor level began to run short. A flood of orders began to pile up. Several lines, particularly in hard goods, placed retailers on an allotment basis similar to that prevailing in the early postwar period. Other lines extended delivery dates.

At the end of the third quarter manufacturers of most lines were back on an overtime basis. By that time, however, "scare" buying had faded out and inventory at the retail level had started to accumulate.

Total department store inventory on September 30, 1950 averaged about one-sixth larger (in value) than a year earlier. Part of this gain, of course, reflected price rises. Stock increases were general throughout the store, with the largest build-up occurring in the housefurnishing division where it had been heaviest at the end of June. Heavy buying of household textiles (particularly muslins and sheeting) and extended delivery dates on new orders held back the gain in the piece goods-household textile division.

. . . and they were more than sufficient during January, 1951.

Consumer buying picked up in November, 1950, and was the heaviest on record for many lines at department stores during December, 1950. But consumer buying failed to match that of the department store buyers. At the end of the year department store inventories were valued more than one-fifth higher than on December 31, 1949. The bulk of the gain in inventory was again concentrated in the housefurnishings division. Major appliance stocks were more than four-fifths larger than a year earlier and television stocks had doubled. Even in the women's apparel lines, where season and fashion are important factors, inventory was one-tenth above that of a year earlier.

Department store executives looked at year-end stock levels and began to worry. January, normally, is a slow month. But January, 1951 was different. Set-backs in Korea had brought on an expanded defense program and the consumer was off once more. The resurgence of consumer buying not only removed store executives' concern over year-end inventory levels, but encouraged them to increase commitments.

And so, at the end of the first quarter of 1951, department stores had boosted inventories (dollar value) to more than one-fourth above those a year earlier.

Once again, the bulk of the gain occurred in the housefurnishing division, where inventories were two-fifths larger than a year ago. Major appliance stocks were more than doubled and television stocks were almost tripled.

As consumer buying slackened in the second quarter, department stores reduced commitments for future delivery, cutting them back to seasonal levels in some lines and below that point in others. At the same time department store executives were convinced that shortages were in the offing and thus were not too unhappy when inventories held high as earlier commitments became translated into goods on hand. At the end of the first half of 1951 inventories were about one-third larger than at mid-1950.

Housefurnishings still registered the largest percentage gains from a year earlier. But anticipated woolen shortages caused department stores to increase further stocks of woolen clothing and materials. Women's and misses' apparel stocks averaged more than one-fifth larger than a year ago, and stocks of women's coats were almost doubled. In the men's wear division stocks were about a third larger and men's suits and coats gained one-half. Some of the increase in the apparel lines was the result of adverse spring and summer weather for selling seasonal items.

At mid-1950 furniture store inventories were generally above the year-ago level. Despite heavy consumer purchases in July and August, inventories increased and by the end of September were valued at almost a third larger than a year earlier.

Buying slowed during October as consumer instalment credit regulations put a damper on credit sales. The stores themselves continued to buy, however, and inventory continued to show substantial gains from the level of a year earlier. At the end of 1950 furniture inventories (value) throughout the district totaled two-fifths above those at the end of 1949.

The pace of sales slackened in February and dropped below year-ago figures in March. At the end of the first quarter of 1951 inventories were

about one-third larger than a year earlier. At mid-1951 inventories were just one-fifth larger than at mid-1950.

. . . and led to reduction in commitments in some lines.

Accumulation of inventories over the first half of 1951 in most lines of retail trade in the district (and in the nation) resulted in a reappraisal of future buying plans. Retailers canceled orders during the second quarter, particularly where orders had been duplicated or where they had over-ordered in hope of maintaining inventories at desired levels. And more than a few virtually stopped buying, except for replacement purposes.

The experience was hardly the same in all lines of trade. New automobile dealers felt anticipated shortages posed more of a threat to them than in other lines. New cars were delivered to them on a manufacturers-quota basis and prospects were that they would be getting fewer cars as defense needs cut into production of civilian goods. So it was with mixed feelings new car dealers "allowed" their inventory to increase.

Appliance and furniture dealers were in somewhat the same position. Defense needs, they thought, would curtail production of many lines they carried. The shortage of steel might mean fewer electric appliances. So they allowed their inventory of electric refrigerators, washers, ironers, and other durables to build up. Television had moved, although perhaps not as fast as the dealers had hoped, and they were afraid defense needs would sharply curtail TV production. So they watched inventory grow. But bulging warehouses in the face of a sales slowdown soon made them realize they could not keep on buying indefinitely. Orders were canceled and they got out of the market. Currently many dealers feel their inventories have been worked down to about the desired level and they plan to get back in the market.

In the soft lines, where changing fashion and emphasis on seasonal merchandise are important considerations, advance buying never approached that in other lines. Women's specialty store inventories were held closer than men's wear store inventories, even though for both lines of trade some increase was noted in the supply of woolen goods. In only a few instances, where price rises and shortages were anticipated, did inventories increase appreciably.

Retailers are generally optimistic as to the sales outlook for the remainder of this year . . .

There was no wave of buying in July and August, 1951 comparable to that of a year ago. Consumer purchases, however, were heavy enough to maintain sales at a relatively high level. While July sales for reporting retail lines throughout the district generally totaled less than in July, 1950, the declines from the abnormally high year-ago levels were smaller than anticipated. In part, the fact that dollar volume held up reflected price increases of goods sold. But relative to June, sales volume also apparently picked up slightly. In department stores, for example, sales for July, 1951 (seasonally adjusted) rose moderately from their level a month earlier and preliminary data suggest that the gain was maintained in August.

For the remainder of the year retail executives generally anticipate a pick-up in consumer buying interest, but the timing is expected to vary between lines. And whether buying interest will be translated into sales dollars will depend in part upon availability of goods, which also will vary between lines. On the supply side, these points may be noted. Gradually expanding productive capacity plus the lag of military goods deliveries behind anticipated volumes suggests that consumer goods production may not be cut back as much as at first expected. In other words, sales volumes may not be seriously hampered by shortages, except possibly in a few consumer goods lines such as automobiles, refrigerators, radios, and some other related durables.

Among the various trade lines, the most pessimistic appraisals of sales outlook for the balance of 1951 came from the automobile dealers. They see an appreciable reduction in the supply of new cars. Consequently, even with strong demand, they feel that new auto sales will be off. And used car dealers feel that high prices will affect demand for their goods. They also cite the limiting effects of consumer credit regulation even after its recent relaxation. In fact, so far neither new nor used auto dealers see any appreciable sales gain as a result of easier credit terms.

Appliance and furniture dealers, weighing the change in credit regulations and the still sizable (though reduced) volume of new housing, expect sales during the rest of 1951 to show some improvement.

Department stores generally anticipate sales over the rest of the year will run slightly better than a year ago. Apparel stores, which would tend to benefit from any shift in consumer emphasis from hard to soft goods, expect just that to happen as the defense program moves ahead. As a result, their estimates of sales over the rest of the year are optimistic in tone.

Retailers generally anticipate a slight advance in consumer price levels. Prices of durables are expected to gain at a faster clip than those of nondurables. But the effect of slightly higher prices is not expected to reduce materially the volume of consumer demand.

. . . and their expectations may be well founded.

The widespread optimism of district retailers over the sales outlook for the remainder of the year may be well founded. A major factor influencing the level of consumer buying is the amount of money on hand. Presently there are numerous indications that buyers' pockets are full. Further, increasing defense expenditures will help keep wage and salary payments high and good prospects for district agricultural production promise more money than a year ago in farmers' pockets.

Another factor to be considered in the sales outlook for the remainder of 1951 is the recent history of erratic consumer behavior. The year since Korea has given ample demonstration of this. Renewal of scare buying seems right now to be a remote possibility. But sharply increased international tension, publicity regarding shortages, and widespread rise of substitute materials might bring consumers rushing again to the sales counters.

There are certain factors that can be cited as limiting demand. Income taxes probably will take more of personal income, although this factor is not likely to be strongly effective during the rest of 1951. Any reduction in Government spending on non-essential programs together with a moderation of business investment in plant and equipment could ease upward pressure on prices and economic activity generally. Further, the willingness of individuals and businesses to save will be given encouragement by the forthcoming Treasury savings bond buying campaign.

On balance, however, prospects for district retail sales over the remainder of the year appear to justify more optimism than pessimism.

Alfred C. Kearschner

The Defense Bond Drive

The Defense Bond Drive gets under way on Labor Day, September 3. It will continue through October 27 (because of some time lag in reporting, all sales reported by November 13 will be counted in the Drive total).

A volunteer group of thousands of persons will carry on an intensive participation campaign during the Drive. There is to be no national dollar quota but strong effort will be made to increase participation in regular bond purchase programs, such as the Payroll Savings Plan and the Bond-A-Month Plan, as well as to increase sales over the Drive period. Farmers, professional men and self-employed, as well as those who can participate in Payroll Savings Plans, will be encouraged to maintain continuous planned savings.

In announcing details of the Drive, Secretary Snyder stated, "The Drive will directly aid financial preparedness for defense, and it offers an answer to the question so many people have been asking, 'What can I do to help in this emergency?' . . . The answer is that every individual can start his own thrift program, and the period of the Defense Bond Drive is an excellent time to begin such programs."

The Drive is designed to encourage individual thrift and savings, to discourage inflationary spending, and to maintain and increase wide distribution of the public debt.

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 limitation 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, 1951 compared with 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, 1951 compared with July 15,'50
United States.....	185.5	185.2	172.0	+ 0.2%	+ 7.8%

*New series.

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, 1951 compared with 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.

WHOLESALING

Line of Commodities — Data furnished by Bureau of Census, U.S. Dept. of Commerce*	Net Sales July, 1951 compared with June,'51	Net Sales July, 1951 compared with July,'50	Stocks July 31, 1951 compared with July 31, 1950
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 K.W.H.	June, 1951 K.W.H.	July, 1950 K.W.H.	July, 1951 compared with June,'51	July,'50
Evansville	16,135	16,440	14,865	— 1.9%	+ 8.5%
Little Rock	12,014	12,035	10,457R	— 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	92,727R	+ 2.4	+12.2
Totals	255,420	251,681	225,948R	+ 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 July,'51	June,'51	July,'50	Adjusted July,'51	June,'51	July,'50
109*	148	106	124*	157	121

*—Preliminary.

SHOE PRODUCTION INDEX
1935-39=100

Unadjusted May,'51	Apr.,'51	May,'50	Adjusted 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

BUILDING PERMITS
Month of July

(Cost in thousands)	New Construction				Repairs, etc.			
	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: July, 1951 compared with June,'51	Net Sales: July, 1951 compared with July,'50	Net Sales: 7 mos.'51 to same period '50	Stocks on Hand: July 31,'51 comp. with July 31,'50	Stock Turnover: Jan. 1, to July 31, 1951	Stock Turnover: Jan. 1, to July 31, 1950
8th F. R. District	—10%	—18%	+ 2%	+31%	1.80	2.26
Ft. Smith, Ark.[1]	— 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	+ 6	+46	1.67	2.10
Louisville, Ky.	—14	—20	+ 2	+22	2.11	2.48
St. Louis Area[2]	—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*	—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.

[1]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.

[2]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 Accounts	Excl. Instal. Accounts
Fort Smith	...%	45%	Quincy	21%	57%
Little Rock	19	48	St. Louis	17	51
Louisville	20	46	Other Cities	14	51
Memphis	19	38	8th F.R. Dist.	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[3]	269	282	323	326
Sales (daily average), seasonally adjusted[3]	344	313	330	418
Stocks, unadjusted[4]	372	389	403	295
Stocks, seasonally adjusted[4]	357	389	403	283

[3]Daily average 1935-39=100.

[4]End of Month Average 1935-39=100.

SPECIALTY STORES

	Net Sales: July, 1951 compared with June,'51	Net Sales: July, 1951 compared with July,'50	Net Sales: 7 mos. '51 to same period '50	Stocks on Hand: July 31,'51 comp. with July 31,'50	Stock Turnover: Jan. 1, to July 31, 1951	Stock Turnover: 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: July, 1951 compared with June,'51	Net Sales: July, 1951 compared with July,'50	Inventories: July 31, 1951 compared with June 30,'51	Inventories: July 31, 1951 compared with July 31,'50	Ratio of Collections: July,'51	Ratio of Collections: July,'50
8th Dist. Total[1]	— 7%	—26%	— 3%	+18%	22%	22%
St. Louis Area[2]	— 5	—30	— 4	+ 9	29	28
St. Louis	— 5	—30	— 4	+ 9	29	27
Louisville Area[3]	—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.

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

[2]Includes St. Louis, Missouri; and Alton, Illinois.

[3]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	June, 1951 compared with May, 1951	June, 1951 compared with June, 1950	6 month total Jan. to June, 1951	6 month total Jan. to June, 1951 compared with 1950	6 month total Jan. to June, 1951 compared with 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: July,'51	Receipts: July,'51 compared with June,'51	Receipts: July,'51 compared with July,'50	Shipments: July, 1951	Shipments: July,'51 compared with June,'51	Shipments: 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	
(1,000 bu.)	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
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[1]	408,014	— 4	49,691	—33	170,578[2]	— 6
United States	3,206,992	+ 2	1,393,323	— 5	270,064	— 6

(1,000 units)	Cotton (bales)		Rice (bags)	
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[2]	+ 33
United States	17,266	+72	43,109	+ 14

Source: Crop Production, USDA.
[1]Board of Governors, Federal Reserve System.
[2]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.

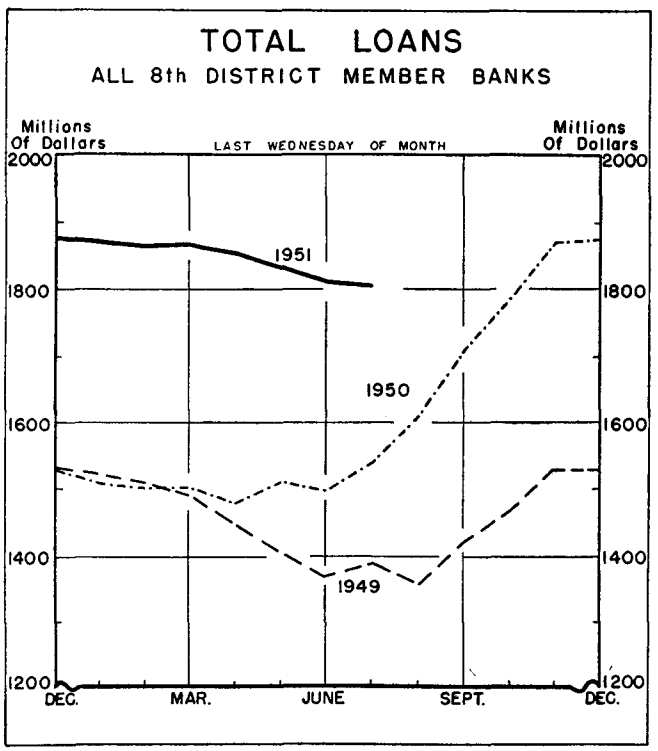
BANKING AND FINANCE

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.	136,765	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[1]			Smaller Banks[2]		
		Change from:			Change from:			Change from:	
Assets	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
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[3]	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
Liabilities and Capital									
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

[1] Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-National Stock Yards, Illinois, banks.
[2] Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.
[3] 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-

lowing some reduction in May and June. Stocks of household durable goods continued at high levels.

Commodity prices—The general level of wholesale commodity prices has continued to decline since mid-July, but at a slower rate than in the preceding month. Prices of most basic commodities have shown little further decreases. Reductions in wholesale prices of consumer goods have become more numerous. Some automobile manufacturers, however, have requested higher Federal ceiling prices. Price increases for machine tools will be permitted under recent Federal action.

The consumers price index advanced slightly in July. Since then retail prices of apparel, house-furnishings, and some other goods have declined somewhat further, while food prices have been maintained at the high level reached in February and rents have increased somewhat further.