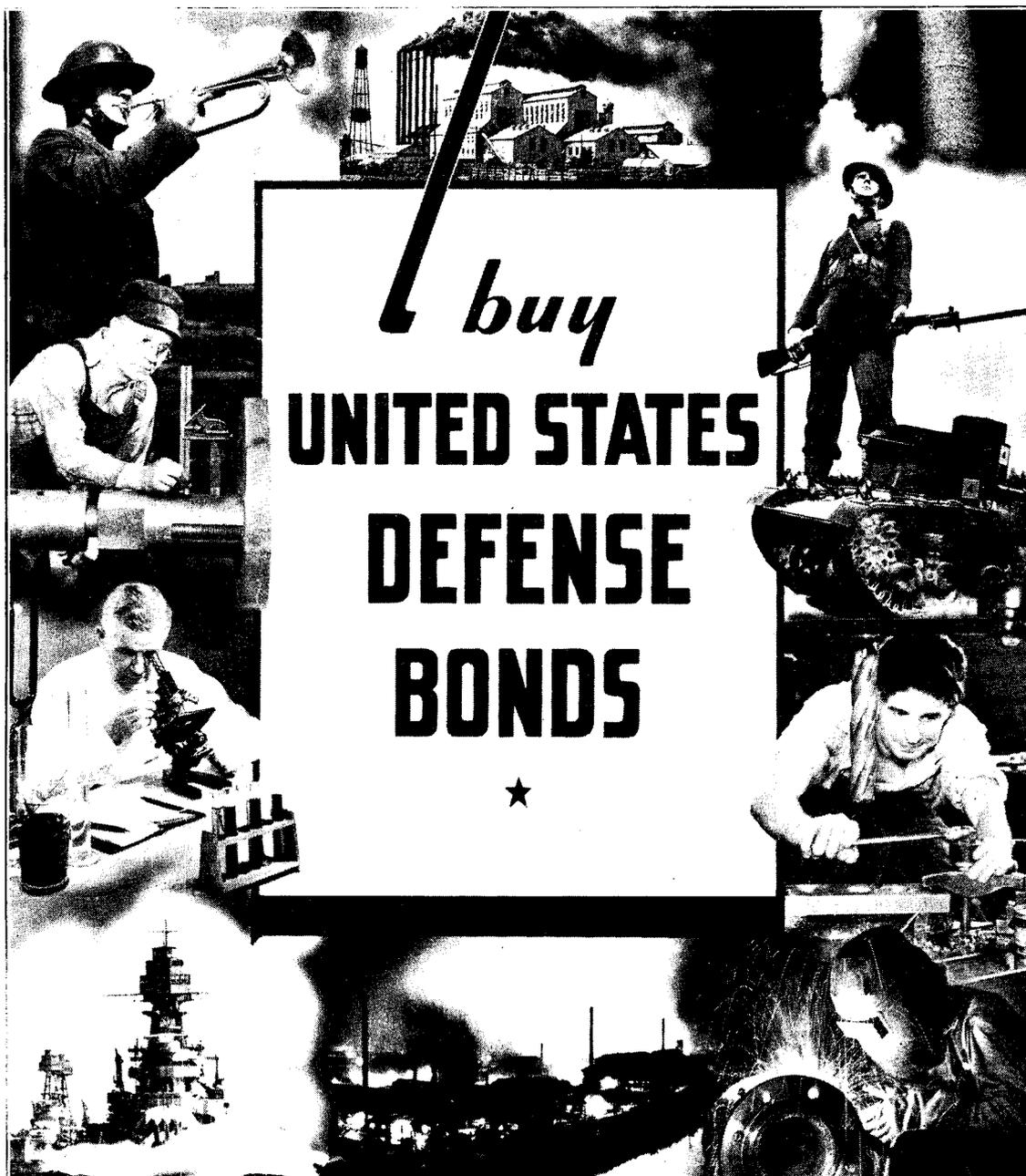




# BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance  
Released for Publication in Morning Papers of June 30, 1941

FEDERAL RESERVE BANK OF ST. LOUIS



COURTESY AMERICAN BANKERS ASSN.

## SUMMARY OF EIGHTH DISTRICT

<b>Agriculture:</b>	June 1, 1941, comp. with 1940	Av. 1930-39
Estimated production of winter wheat.....	- 16%	- 10%
<b>Livestock:</b>	May, 1941, comp. with April, 1941	May, 1940
Receipts at National Stock Yards.....	+ 11%	- 11%
Shipments from aforesaid Yards.....	+ 39	- 43
<b>Production and Distribution:</b>		
Sales by mfrs. and wholesalers.....	- 3	+ 47
Department store sales.....	- 2	+ 23
Car loadings.....	+ 8	+ 32
<b>Building and Construction:</b>		
Bldg. permits, incl. repairs {	Number.....	- 5
	Cost.....	- 35
Value construction contracts awarded....	+ 10	+ 87
<b>Miscellaneous:</b>		
Commercial failures {	Number.....	- 8
	Liabilities.....	+ 26
Consumption of electricity.....	+ 8	+ 26
Debits to individual accounts.....	+ 15	+ 24
Life insurance sales.....	+ 1	- 0-
<b>Member Banks (24):</b>	June 11, '41, comp. with May 14, '41	June 12, '40
Gross deposits.....	+ 1%	+ 15%
Loans.....	+ 1	+ 22
Investments.....	- 10	+ 10

**S**TIMULATED by steadily broadening requirements of the national defense program and extraordinarily heavy demands for merchandise of all descriptions for civilian consumption, general business activity in the Eighth District during May and the early weeks of June rose to new high levels, after allowance for customary seasonal changes. While greatest gains were noted in industries and areas where defense work is highly concentrated, the upturn was widely extended, both as to geographical locations and the various lines of industry and trade. In a number of manufacturing classifications, particularly those engaged in producing commercial goods, operators are beginning to feel acutely the pinch of scarcity of supplies of raw and semi-finished materials, also of skilled and even common labor. This situation has been emphasized in the immediate past by enforcement of priorities and allocation of commodities essential for armaments and defense purposes. Production as a whole during the period was augmented by additional plant facilities completed and placed in operation.

Largely as a result of increased purchasing power incident to expansion in employment and payrolls and higher farm incomes, distribution of commodities through both retail and wholesale channels continued to rise. Sales of department stores in the leading cities during May were 2 per cent less than in April and 23 per cent greater than in May, 1940. Cumulative sales for the first five months exceeded those of the same period a year ago by 18 per cent. The decline from April to May is seasonal in char-

acter and considerably smaller than the average of recent years. Combined sales of all wholesale and jobbing interests whose statistics are available to this bank were 3 per cent less than in April and 47 per cent larger than in May, 1940. Reports from scattered sections of the district indicate that wholesale merchants are experiencing difficulty in securing certain types of goods, particularly those made entirely or largely of metals. Certain retailers are endeavoring to place orders for 1942 delivery of the more durable classes of consumer goods, such as household appliances, furniture, etc. In the St. Louis area May sales of new passenger automobiles were 5 per cent less than the record total of April, but 1 per cent greater than a year ago.

At steel mills in this general area, ingot production as of mid-June was reported at 98 per cent of capacity, the same rate which has obtained since March, and comparing with an average rate of 68 in June, 1940. In face of the high rate of production and heavy volume of shipments, backlogs at mills, foundries and machine shops increased further, and in many instances prospective production during the balance of this year has been sold. Sales and production of fire clay and quarry products, glass, and other building materials were maintained at high levels.

Production of bituminous coal expanded rapidly following the shutdowns incident to labor difficulties during April. At mines in this general area output in May was more than four times as much as in April and 12 per cent greater than in May, 1940. For the first five months, however, cumulative production fell 5 per cent below that of the same period a year ago. Reflecting pressure of demand for defense and other purposes, zinc production in the Tri-State area moved upward during May, and both production and shipments were appreciably larger than a year ago. Under the same stimulus activities at fluor-spar mines in Illinois and Kentucky have heavily increased production. These two states supply about 70 per cent of the nation's requirements for this material. Consumption of electric current by industrial users in the principal cities in May was 8 per cent greater than in April and 26 per cent above a year ago.

Commercial failures in the Eighth Federal Reserve District in May, according to Dun and Bradstreet, numbered 33, involving liabilities of \$234,000, as against 36 insolvencies in April with liabilities of \$185,000 and 43 defaults for a total of \$415,000 in May, 1940.

## DETAILED SURVEY OF DISTRICT

### MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	May, 1941 compared with Apr., '41    May, '40		May 31, 1941 comp. with May 31, 1940
Automotive Supplies.....	+14%	+ 37%	...%
Boots and Shoes.....	-24	+ 85	-13
Drugs and Chemicals.....	+ 5	+ 17	...
Dry Goods.....	- 3	+ 40	+15
Electrical Supplies.....	+31	+ 49	...
Furniture.....	+19	+ 45	+ 1
Groceries.....	+ 5	+ 10	+16
Hardware.....	+ 4	+ 50	+41
Machinery, Equipment and Supplies	+45	+188	+39
Plumbing Supplies.....	+19	+ 29	...
Tobacco and its Products.....	-11	+ 17	+31
Miscellaneous.....	- 4	+ 18	+ 7
Total all lines.....	- 3	+ 47	+14

**Automobiles**—Combined passenger car, truck and taxicab production in the United States in May totaled 518,736, as against 462,257 in April and 391,215 in May, 1940.

**Iron and Steel Products**—Production and shipments in the iron and steel industry in this area continued to rise throughout May and the first half of June. For a number of interests May established new records, particularly in the matter of production. Because of capacity or near full operations in some lines, incoming orders were somewhat smaller than during the similar period immediately preceding, but as a whole new business booked was in substantial volume and resulted in a further expansion in backlogs and in the case of a broad variety of products, further extension of possible delivery dates. Despite reports of shortages of finished steel, pig iron and other materials elsewhere in the country, no shutdowns or serious interference with operations in this district have resulted from this cause.

Demands are more diversified than at any time in the past, both with reference to customers and the several commodities. Efforts of consumers to cover on future requirements have been on an extensive scale, but producers of both finished and raw materials are more closely following the practice of rationing and as a result distribution to customers has not exceeded stocks sufficient for efficient operations. The inventory control ruling laid down by Washington, providing for reports by June 10, has caused some confusion because of varied interpretations, but the situation is being rapidly adjusted. Iron and steel warehouse and jobbing interests, whose business in recent months has been of record size, have been obliged to refuse orders for certain commodities in the recent past because of depletion of stocks.

Ingot production at steel mills in this area as of mid-June was at 98 per cent of rated capacity, unchanged from a month earlier and comparing with

68 per cent a year ago. Rolling schedules continue at the high rate which has obtained since early last spring. Deliveries on sheets, plates, strip and other flat rolled items are extended from eight weeks to three months, and capacity has been disposed of for the balance of the year. A conspicuous phase in the steel situation has been the largely increased demands of railroad equipment builders. In May domestic freight car orders placed totaled 18,630 units, bringing to 62,026 units the number placed during the first five months this year, which compares with 8,698 units during the same interval in 1940 and 8,208 units in 1939. Large orders are being executed at plants in this district.

Production of pig iron for the entire country in May, according to the magazine "Steel," totaled 4,596,113 tons, the third highest monthly total of record, and comparing with 4,340,555 tons in April and 3,497,157 tons in May 1940. Steel ingot production in the United States in May amounted to 7,101,759 tons, as against 6,757,728 tons in April and 4,967,782 tons in May, 1940.

### MINING

**Coal**—Continued heavy industrial demands for fuel and quite general response to the campaign to impress upon domestic users the importance of purchasing and taking delivery of their winter supplies during the summer were reflected in an active market for bituminous coal during May and June. According to retailers, orders are being placed by their customers much earlier than is usually the case, and extensive provisions for their future needs are being made by public institutions, hotels, apartment houses and other users.

Following settlement of labor differences between operators and miners which tied up operations during April, production of soft coal in this general area rose rapidly during May, output for that month being more than four times greater than in April and 12 per cent above the same month a year ago. For the entire country output of bituminous coal in May, according to the Bituminous Coal Division, U. S. Department of the Interior, totaled 43,400,000 tons, as against 5,975,000 tons in April and 34,896,000 tons in May, 1940. During the first five months of the year 145,965,000 tons were produced, comparing with 187,183,000 tons during the similar interval a year ago.

At Illinois mines 3,602,536 tons were lifted in May, against 740,450 tons in April and 2,724,533 tons in May, 1940. There were 94 mines in operation in May, with 24,925 men on payrolls, comparing with 58 active mines and 9,638 operatives in April.

## RETAIL TRADE

**Department Stores**—The trend of retail trade in the Eighth District, as reflected in statistics of department stores in the principal cities which report to this bank, is shown in the following comparative statement:

	Net Sales			Stocks on Hand	Stock Turnover
	May, 1941 compared with Apr., '41	May, '40	5 mos. '41 to same period '40	May 31, '41 comp. with May 31, '40	Jan. 1, to May 31, 1941 1940
Ft. Smith, Ark.	+ 9%	+21%	+12%	- 3%	1.37 1.14
Little Rock, Ark.	+ 8	+23	+23	+ 4	1.70 1.38
Pine Bluff, Ark.	+21	+30	+35	- 1	1.32 1.03
E. St. Louis, Ill.	+14	+30	+22	..	..
Quincy, Ill.	+10	+21	+13	+ 1	1.73 1.61
Evansville, Ind.	+ 8	+23	+13	..	..
Louisville, Ky.	- 4	+31	+35	+ 5	2.08 1.72
St. Louis, Mo.	- 9	+26	+13	+12	1.86 1.80
Springfield, Mo.	+16	+49	+43	+58	1.38 1.40
Jackson, Tenn.	+ 9	+56	+41	..	..
Memphis, Tenn.	+15	+15	+16	+11	1.44 1.38
*All other cities..	+ 4	+35	+18	- 0	1.28 1.25
8th F. R. District	- 2	+23	+18	+10	1.78 1.66

\*El Dorado, Fayetteville, Ark; Alton, Harrisburg, Mt. Vernon, Ill; Vincennes, Ind.; Danville, Hopkinsville, Ky.; Chillicothe, Mo.

Trading Days: May, 1941—26; Apr., 1941—26; May, 1940—26.

Outstanding orders of reporting stores at the end of May, 1941, were 179 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding May 1, 1941, collected during May, by cities:

	Installment Accounts	Excl. Instal. Accounts		Installment Accounts	Excl. Instal. Accounts
Fort Smith...%	41%	37	Quincy.....	18%	53%
Little Rock... 13	37	St. Louis... 19	St. Louis... 19	58	58
Louisville... 17	48	Other cities.. 15	Other cities.. 15	48	48
Memphis.... 24	44	8th F. R. Dist. 19	8th F. R. Dist. 19	51	51

Indexes of department store sales and stocks, 8th F. R. District (1923-1925 average = 100):

	May, 1941	Apr., 1941	Mar., 1941	May, 1940
Sales (daily average), Unadjusted.....	105	111	97	88
Sales (daily average), Seasonally adjusted..	105	105	107	88
Stocks, Unadjusted.....	69	79	77	70
Stocks, Seasonally adjusted.....	78	76	75	79

Trading Days: May, 1941—26; Apr., 1941—26; May, 1940—26.

**Specialty Stores**—May results in men's furnishings and boot and shoe lines are shown in the following table:

	Net Sales			Stocks on Hand	Stock Turnover
	May, 1941 compared with Apr., '41	May, '40	5 mos. '41 to same period '40	May 31, '41 comp. with May 31, '40	Jan. 1, to May 31, 1941 1940
Men's Furnishings..	+ 9%	+49%	+28%	-19%	1.33 1.01
Boots and Shoes...	- 1	+31	+21	- 0 -	3.60 2.86

Percentage of accounts and notes receivable outstanding May 1, 1941, collected during May:

Men's Furnishings..... 38% Boots and Shoes..... 42%

## TRANSPORTATION

Freight traffic of railroads operating in this district rose sharply in May and early June, with total volume measurably greater than in the corresponding periods during the preceding several years. Increases were general but most marked in miscellaneous freight, which reflects the movement of general merchandise. In May there was a notable contraseasonal gain in loadings of grain, attributable to the moving by the Commodity Credit Corporation

of 15,000 to 20,000 cars of wheat from the Southwest in order to make room for storage of the 1941 crop. This transfer resulted in one of the largest wheat movements for May in the history of this region.

The Terminal Railroad Association of St. Louis, which handles interchanges for 25 connecting lines, interchanged 105,108 loads in May, as against 97,271 loads in April and 79,639 loads in May, 1940. During the first nine days of June the interchange amounted to 30,081 loads, comparing with 29,394 loads during the same interval in May and 23,286 loads during the first nine days of June, 1940. For the entire country, loadings of revenue freight during the first 23 weeks this year, or to June 7, totaled 17,189,231 cars, against 14,720,474 cars for the corresponding period in 1940 and 13,329,907 cars in 1939.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in May was 214,100 tons, which compares with 159,474 tons in April and 245,728 tons in May, 1940. Cumulative tonnage for the first five months this year was 706,089 tons, against 729,856 tons during the same period in 1940.

## WHISKEY

Following the usual seasonal pattern, production of whiskey declined from April to May, however, output for the month was considerably larger than a year ago. Of the 61 distilleries in Kentucky, 38 were in operation during May, compared with 52 in April and 26 in May, 1940. According to trade reports, demand continues active for both bulk and case goods. The cooperage situation (barrels and barrel staves) developed moderate improvement, but is still reported tight. There continues some apprehension in the industry of possibility of regulatory curtailment in the manufacture of distilled spirits. This attitude, however, reflects conservative anticipation on the part of certain distillers rather than specific action by legislative groups.

## AGRICULTURE

Combined receipts from the sale of principal farm products and Government benefit payments to farmers in states including the Eighth District during the period January-April, 1939, 1940 and 1941, and during April, 1940 and 1941, are given in the following table:

(In thousands of dollars)	April		Cumulative for 4 months		
	1941	1940	1941	1940	1939
Indiana .....	\$27,028	\$23,801	\$100,977	\$ 91,759	\$ 80,583
Illinois .....	49,402	39,133	187,543	186,214	168,151
Missouri .....	22,477	19,639	91,050	79,625	70,446
Kentucky .....	8,131	6,438	60,254	60,224	53,632
Tennessee .....	8,326	9,681	46,716	42,062	40,432
Mississippi.....	7,963	5,889	38,017	40,157	42,528
Arkansas .....	10,921	6,009	43,214	35,195	27,472
Totals.....	134,248	110,590	567,771	535,236	483,244

**Farming Conditions**—Weather conditions in the Eighth District during May and the first weeks of June were unusually varied in their effects on crops and agricultural operations generally. The drouth, which adversely affected many sections of the country, was considerably less severe in this area, many sections having received adequate moisture, with limited localities reporting excessive rainfall. According to reports of the U. S. Department of Agriculture, agricultural departments of the several states and other informed sources, prospects for the leading productions held their own during May, and have improved under quite widespread rains since the third week of that month. Taken as a whole, outlook is for ample food, feed and forage crops, ultimate results, however, being dependent on conditions between now and completion of harvests.

As has been the case since early spring, available supplies of farm labor were below those of similar periods during the past decade, with wages paid well above a year ago. Prices of farm products advanced further, being affected by augmented purchasing power and Government action on loan rates on important crops. As of June 7, the farm products group of the Bureau of Labor Statistics index stood at 79.6 per cent of the 1926 average, the highest point reached this year, and comparing with 75.1 per cent on May 10 and 66.7 per cent on June 8, 1940.

**Corn**—Owing to the fact that there was less than the average amount of rainfall in a number of the important growing areas, planting of corn was slightly earlier than usual. Except where dry soil hindered germination, stands are good. Some transplanting was reported necessary because of cut-worm damage. For the most part fields are well cultivated. Indications are that the percentage of the total area planted to hybrids was increased again this year. In states of this district, corn loans under the 1940 loan program on May 31 totaled 16,981 on 17,308,738 bushels valued at \$10,556,233.

**Cotton**—While unfavorable weather conditions in the early spring were responsible for a poor and late start for farm work in the cotton areas of the district, there has been little delay since the initial stages. Taken as a whole the crop has made fair to good progress and as of mid-June in most sections was as far advanced as at the same time last year. Earlier planted cotton is generally up to good stands and well worked out. Germination has been aided by precipitation since the third week in May, and scattered reports indicate that the crop is free of insect and fungus pests. Quite generally through the area, farmers have good feed crops on hand and growing. Much significance is attached to the wide-

spread interest in securing improved varieties of seed for planting. Due to increased purchasing of equipment and fertilizers, together with higher wage scales, cost of making the crop this year is expected to be relatively high. According to the National Fertilizer Association, sales of fertilizer tags in states of the Eighth District for the five-month period, January-May, were 12 per cent and 24 per cent greater, respectively, than for the similar periods a year and two years earlier.

While there was somewhat less activity in the spot markets in late May and early June, prices continued to advance and in the third week of June reached the highest point since the summer of 1937. Domestic mills continued to operate during the first two weeks of June at a daily rate about equal to the average in May and almost 50 per cent higher than in June, 1940. Mill sales of unfinished cloth, which had receded somewhat in May, turned upward in early June. Yarn sales have apparently been small since establishment of a maximum price by the Government. In the St. Louis market the middling grade ranged from 12.60c to 14.10c per pound between May 15 and June 16, closing at 14.05c on the latter date, which compares with 12.50c on May 15, and 11.20c on June 15, 1940.

Combined receipts at Arkansas and Missouri compresses from August 1, 1940, to June 13, 1941, totaled 2,009,098 bales, as against 1,824,403 bales during the corresponding period a year earlier; shipments, 2,047,289 bales, against 2,154,991 bales. Stocks on hand as of June 13 amounted to 840,164 bales, comparing with 1,025,002 bales a year earlier.

Loans made by the Commodity Credit Corporation on 1940-1941 crop cotton through June 14, in states of the Eighth District, and repayments on loans are shown in the following table:

(Amounts in thous.)	Total Loans		Repayments		Loans Outstanding	
	Bales	Amount	Bales	Amount	Bales	Amount
Arkansas .....	128,458	\$ 6,087	119,471	\$5,663	8,987	\$ 424
Mississippi .....	77,199	3,546	69,731	3,172	7,468	375
Missouri .....	12,738	592	10,484	487	2,254	105
Tennessee .....	15,136	734	15,136	734	....	....
Totals .....	233,531	10,959	214,822	10,056	18,709	904
U. S. Totals .....	3,178,400	153,056	2,135,778	102,546	1,042,622	50,510

**Fruits and Vegetables**—Except for dry weather, which retarded development somewhat in certain sections, growing conditions for most fruit and vegetable crops were auspicious during May, and have improved noticeably in early June. Outlook for tree fruits is especially good. The set of peaches is abnormally large, and in certain localities orchardists have been put to considerable expense to thin out the fruit. In states including the Eighth District, the U. S. Department of Agriculture, in its June 1 report, estimates peach production at 11,-

773,000 bushels, as against the virtual failure of 3,768,000 bushels in 1940 and the 10-year (1930-1939) average of 6,965,000 bushels; pears, 3,384,000 bushels, against 2,871,000 bushels in 1940 and average of 2,135,000 bushels. Acreages planted to truck crops, both for processing and market, are expected to be somewhat larger than last season.

**Livestock**—The movement of livestock to market increased in about the usual amount from April to May, but in this area was somewhat smaller than a year ago. The high average condition of herds generally through the district, which has obtained since last fall, continued during the past thirty days. Demand for meat, particularly pork, improved and the trend of prices was upward. In early June lambs rose to the highest levels in four years and hog prices were maintained at a three-year peak.

Milk production per cow in states of this district on June 1 averaged 2 per cent higher than a year earlier and 4 per cent more than the 10-year (1930-1939) June 1 average. Eggs produced per 100 layers on June 1 in these states was unchanged from a year ago, but 7 per cent above the 10-year average.

Receipts and shipments at St. Louis as reported by the National Stock Yards were as follows:

	Receipts			Shipments		
	May, 1941	April, 1941	May, 1940	May, 1941	April, 1941	May, 1940
Cattle and Calves.....	102,793	89,548	99,891	40,513	29,864	41,934
Hogs.....	259,235	262,060	282,500	44,925	44,024	91,100
Horses and Mules....	712	779	1,333	631	635	1,259
Sheep.....	73,055	39,036	108,593	24,161	4,502	57,573
Totals.....	435,795	391,423	492,317	110,230	79,025	191,866

**Tobacco**—Hot, dry weather through May retarded development of plants and delayed transplanting of the burley tobacco crop. A general shortage of moisture was reported through most of the tobacco belt until the first week in June, when practically all tobacco growing districts of Kentucky and Tennessee received rains, ranging from one to three inches. The precipitation proved extremely beneficial to all types of tobacco. As of mid-June practically all of the burley acreage had been transplanted, and more seasonal weather permitted of replacing missing plants. Some shortage of plants was reported in the one sucker, dark fired and Green River and stemming districts.

Stocks of leaf tobacco owned by dealers and manufacturers in the United States and Puerto Rico on April 1 totaled 3,111,788,000 pounds, compared with 2,899,884,000 pounds on the same date in 1940. Total stocks were 122,752,000 pounds higher than on January 1, 1941, and 211,904,000 pounds more than on April 1, 1940.

**Winter Wheat**—Based on June 1 condition, the U. S. Department of Agriculture estimates output

of winter wheat in states including the Eighth District at 94,197,000 bushels, an increase of 3,041,000 bushels over the May 1 forecast, and comparing with 112,368,000 bushels harvested in 1940 and the 10-year (1930-1939) average of 104,203,000 bushels. Greatest improvement took place in Indiana, Illinois and Missouri. Harvesting has made considerable progress in the lower tiers of the district and is moving rapidly northward. Early returns are disclosing varied results.

### COMMODITY PRICES

Range of prices in the St. Louis market between May 15 and June 16, 1941, with closing quotations on the latter date and on June 15, 1940, follows:

	High	Low	Close	
			June 16, 1941	June 15, 1940
Wheat				
*July.....per bu.	\$ 1.05½	\$ .93¾	\$ 1.00½	\$ .80
*Sept.....	1.04¼	.95¾	1.02¼	.80¾
*Dec.....	1.06	.97¾	1.04½	.81½
No. 2 red winter	1.03½	.93¾	1.02	.86½
No. 2 hard	1.01	.95½	1.01	.....
Corn				
*July.....	.74½	.72¾	.73¾	.61½
*Sept.....	.76	.73¾	.75¾	.60¾
*Dec.....	.77¾	.74¾	.77¾	.57¼
No. 2 white.....	.81¼	.80	.80½	.....
Oats				
*July.....	.36¾	.35¼	.36	.32½
*Sept.....	.37½	.35	.36¾	.30½
*Dec.....	.38¾	.36½	.38	.31
Flour				
Soft patent....per bbl.	6.45	5.25	5.45@6.35	4.85@5.55
Spring ".....	5.55	4.70	4.90@5.45	4.75@4.95
Middling Cotton per lb.	.1410	.1260	.1405	.1120
Hogs on Hoof...per cwt.	9.89	8.96	9.89	5.08
*Chicago quotations.				

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in May was 38 per cent less than in April and 27 per cent greater than in May, 1940. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in May amounted to \$38,137,000, which compares with \$34,532,000 in April and \$20,379,000 in May, 1940.

Building figures for May follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1941	1940	1941	1940	1941	1940	1941	1940
Evansville.....	22	49	\$ 74	\$ 140	120	125	\$ 95	\$ 47
Little Rock....	67	66	296	243	97	104	99	45
Louisville.....	307	145	532	311	48	54	58	22
Memphis.....	654	360	1,063	650	287	234	131	127
St. Louis.....	352	400	963	963	187	217	236	162
May Totals...	1,402	1,020	2,928	2,307	739	734	619	403
April ".....	1,496	1,129	4,722	2,111	755	786	710	507

### CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in May as being 8 per cent more than in April and 26 per cent greater than in May, 1940. Detailed figures follow:

(K.W.H. in thous.)	No. of Custom-ers	May, 1941		May, 1940		May, 1941 compared with	
		K.W.H.	K.W.H.	K.W.H.	K.W.H.	Apr., 1941	May, 1940
Evansville.....	40	5,669	5,384	4,775	4,775	+ 5%	+ 19%
Little Rock....	35	2,537	2,488	1,877	1,877	+ 2	+ 35
Louisville.....	82	13,478	12,951	10,189	10,189	+ 4	+ 32
Memphis.....	31	4,048	4,005	2,899	2,899	+ 1	+ 40
Pine Bluff.....	20	1,099	1,239	399	399	+ 11	+ 175
St. Louis.....	125	53,684	48,228	43,904	43,904	+ 11	+ 22
Totals.....	333	80,515	74,295	64,043	64,043	+ 8	+ 26

## BANKING AND FINANCE

Demand for credit in the Eighth District during the past thirty days expanded moderately, being stimulated by seasonal factors, requirements for financing defense production and needs of mercantile and industrial interests incident to improvement in general business. In many localities bankers report requests from small business concerns for an increase in credit lines to handle their additional volume. On the other hand numerous large companies have been able to reduce their commitments because of the fact that routine collections have been good and Government payments to contractors prompt. Demands to finance crops, particularly the movement of winter wheat, are reported mainly in less than expected volume. As has been the case in recent months, demands for financing livestock, particularly cattle for market, was reported in substantial volume. Interest rates remained virtually stationary at the low levels which have obtained for many months. Bankers dollar acceptances outstanding in this district on May 31 totaled \$552,000, against \$495,000 and \$318,000 a month and a year earlier, respectively.

**Member Banks**—Between May 14 and June 11, total loans and investments of reporting member banks in the principal cities declined 19 per cent, but at the end of the four-week period were still 15 per cent larger than a year ago. The decrease was confined to investments, mainly Treasury bills, loans showing an increase of 1 per cent. Gross deposits continued to soar and on the first report date in June recorded an all time high. Total reserves increased sharply, and on June 11 were 58 per cent above the low point of the year, reached in early April.

Statement of the principal resource and liability items of the reporting member banks follows:

(In thousands of dollars)	Change from		
	June 11, 1941	May 14, 1941	June 12, 1940
Commercial, industrial, agricultural loans.....	\$223,430	— 602	+41,281
Open market paper.....	18,487	+ 438	+ 9,227
Loans to brokers and dealers.....	4,084	+ 429	+ 626
Other loans to purchase and carry securities.....	13,032	+ 1,791	+ 218
Real estate loans.....	60,005	— 284	+ 6,306
Loans to banks.....	900	— 40	+ 109
Other loans.....	74,486	+ 2,995	+12,814
Treasury bills.....	991	—60,857	—20,045
Treasury notes.....	37,006	— 83	+ 4,229
U. S. bonds.....	196,830	+12,066	+43,963
Obligations guaranteed by U. S. Government.....	70,226	+ 991	+ 2,006
Other securities.....	116,677	+ 1,900	+ 8,501
Balances with domestic banks.....	194,824	+ 9,066	+ 9,314
Demand deposits — adjusted*.....	555,179	+ 1,998	+76,963
Time deposits.....	191,582	— 1,111	+ 1,435
U. S. Government deposits.....	19,263	+ 4,099	+ 2,509
Inter-bank deposits.....	436,296	+19,672	+74,492

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

Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 75% of the resources of all member banks in this district.

The aggregate amount of savings deposits held by selected member banks on June 4 was 0.7 per

cent less than a month earlier and 0.6 per cent smaller than on the corresponding date a year ago.

**Federal Reserve Operations**—The volume of the major operations of the Federal Reserve Bank of St. Louis, during May, 1941, is indicated below:

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	6,143,608	\$1,664,489,761
Collections (non-cash items) handled.....	112,059	33,801,731
Transfers of funds.....	5,197	528,441,565
Currency received and counted.....	9,646,563	34,873,393
Coin received and counted.....	9,963,484	877,029
Rediscounts, advances and commitments.....	30	6,352,715
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	40,612	56,441,795
Bills and securities in custody—coupons clipped	9,080	.....

Changes in the principal assets and liabilities of this bank appear in the following table:

(In thousands of dollars)	Change from		
	June 18, 1941	May 14, 1941	June 19, 1940
Industrial advances under Sec. 13b.....	\$.....	—	60
Other advances and rediscounts.....	35	- 0 -	151
Bills bought (including participations).....	.....	.....	.....
U. S. securities.....	101,346	- 0 -	— 11,953
Total earning assets.....	101,381	- 0 -	— 12,164
Total reserves.....	566,960	+85,766	+141,792
Total deposits.....	417,442	+79,100	+ 76,544
F. R. Notes in circulation.....	244,537	+ 5,447	+ 50,796
Industrial commitments under Sec. 13b..	363	+ 41	+ 193

Following are the rates of this bank for accommodations under the Federal Reserve Act:

Advances to banks, secured by direct obligations of the United States, under paragraph 13 of section 13..	1	% per annum
Advances to member banks, secured by direct obligations of the United States or by such Government guaranteed obligations as are eligible for collateral, under paragraph 8 of section 13.....	1	% per annum
Rediscounts and other advances to member banks under sections 13 and 13a.....	1½	% per annum
Advances to member banks under section 10(b).....	2	% per annum
Advances to individuals, firms, and corporations, other than banks, secured by direct obligations of the United States, under paragraph 13 of section 13.....	4	% per annum
Industrial advances to member banks, nonmember banks, and other financing institutions under section 13b:		
(a) On portion for which such institution is obligated	1½	% to % per annum
(b) On remaining portion — No charge to financing institution. Federal Reserve Bank will retain interest collected from borrower.		
Advances to established industrial or commercial businesses under section 13b.....	3½	% to 5½ % per annum
Commitments to member banks, nonmember banks, and other financing institutions, under section 13b....	1	% per annum
Provided: that on commitments issued for periods of 90 days or less the minimum charge shall be ¼ of 1% flat; and further provided, that on commitments for loans secured by assignment of "Emergency Plant Facilities Contract" with the United States Government, the rate may be as low as ¼ of 1% per annum.		

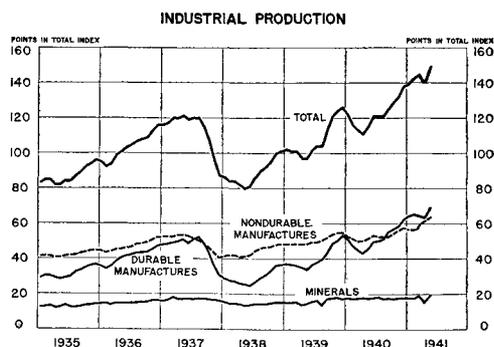
Since the preceding issue of this report the Bank of Middletown, Middletown, Ky., became a member of the Federal Reserve System.

**Debits to Individual Accounts**—The following comparative table of debits to individual accounts reflects spending trends in this district:

(In thousands of dollars)	May, 1941	April, 1941	May, 1940	May,'41 April,'41	comp. with May,'40
El Dorado,....Ark.	\$ 6,314	\$ 6,237	\$ 5,575	+ 1%	+13%
Fort Smith,.... "	12,923	13,370	11,506	+ 3	+12
Helena,.... "	1,627	1,753	1,412	— 7	+15
Little Rock,.... "	47,011	58,210	41,083	— 19	+14
Pine Bluff,.... "	7,858	9,462	6,547	— 17	+20
Texarkana, Ark.-Tex.	8,922	9,834	7,164	+ 9	+25
E. St. L.-Nat. S. Y., Ill.	52,566	47,973	39,569	+ 10	+33
Quincy,.... "	11,107	10,141	9,353	+ 10	+19
Evansville,.... Ind.	41,917	41,464	34,622	+ 1	—21
Louisville,.... Ky.	244,098	218,494	163,959	+ 12	+49
Owensboro,.... "	6,465	6,675	5,874	+ 3	+10
Greenville,.... Miss.	5,743	5,156	4,829	— 11	+19
St. Louis,.... Mo.	839,620	672,433	722,603	+ 25	+16
Sedalia,.... "	2,568	2,451	2,249	+ 5	+14
Springfield,.... "	21,069	17,783	17,338	+ 18	+22
Memphis,.... Tenn.	184,567	177,548	128,509	+ 4	+44
Totals.....	1,494,375	1,298,984	1,202,192	+ 15	+24

## NATIONAL SUMMARY OF CONDITIONS

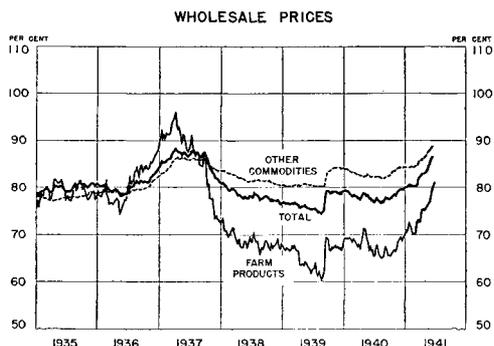
### BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January, 1935 to May, 1941.

After a slight decline in April industrial activity increased sharply in May and the first half of June. Wholesale commodity prices showed a further considerable advance and retail prices also increased. Distribution of commodities to consumers was maintained in large volume.

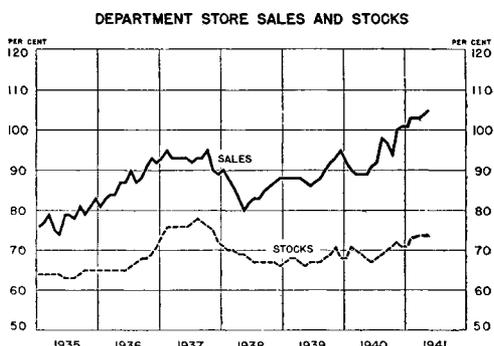
**Production**—Volume of industrial output increased sharply in May, following a decline in April, and the Board's seasonally adjusted index rose to 149 per cent of the 1935-1939 average, as compared with 140 in April and 143 in March. The decline in April had reflected mainly reduced output of bituminous coal and automobiles occasioned by shutdowns accompanying industrial disputes. These were settled during the month and in May and the first half of June output in these industries rose to the high levels prevailing earlier.



Bureau of Labor Statistics' indexes, 1926 = 100. "Others" includes commodities other than farm products and foods. By weeks, January 5, 1935 to week ending June 14, 1941.

In a number of other lines activity increased steadily throughout the spring months, particularly in the machinery, aircraft, and shipbuilding industries. Steel production was maintained at 99 per cent of capacity, except for a short period during late April and early May when output was reduced somewhat owing to a shortage of coal. Output of nonferrous metals also continued near capacity; deliveries of foreign copper in May increased to 49,000 tons, amounting to about one-third of total deliveries to domestic consumers. Toward the end of the month, as it became apparent that combined military and civilian need for these metals would soon greatly exceed available supplies, a General Preference Order covering all iron and steel products was issued by the Priorities Division of the Office of Production Management and in June mandatory priority controls were established for copper and zinc.

Textile production rose further in May, reflecting increased activity at cotton, wool, and rayon mills. A continued rise in output of manufactured food products was likewise reported and activity in the chemical and shoe industries was maintained at earlier high levels, although usually there is a considerable decline at this season. Petroleum production increased, and output of anthracite also advanced following some curtailment in April. Iron ore shipments amounted to 11,000,000 tons in May, a new record level and near the shipping capacity of the present Lake fleet.

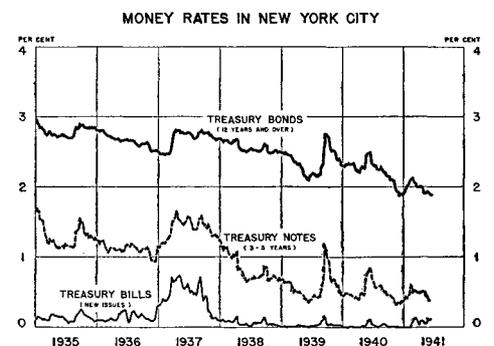


Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. By months, January, 1935 to May, 1941.

Value of construction contract awards rose sharply in May, reflecting increases in both public and private construction, according to F. W. Dodge reports. Awards for private residential and nonresidential building increased more than seasonally, and contracts for defense projects continued in large volume.

**Distribution**—Distribution of commodities to consumers was sustained at a high level in May. Department store sales showed a further rise, while sales at variety stores declined by slightly more than the usual seasonal amount. Retail sales of new automobiles continued at the high April level and sales of used cars rose further.

Freight-car loadings increased sharply in May, reflecting a marked rise in coal shipments and a further expansion in loadings of miscellaneous freight. In the first half of June total loadings were maintained at the advanced level of other recent weeks.



Weekly averages of daily yields of 3- to 5-year tax-exempt Treasury notes, Treasury bonds callable after 12 years, and average discount on new issues of Treasury bills offered within week. For weeks ending January 5, 1935 to June 14, 1941.

**Commodity Prices**—Wholesale prices of a number of agricultural and industrial commodities showed further increases from the middle of May to the middle of June and the general index of the Bureau of Labor Statistics advanced two points to 87 per cent of the 1926 average. Federal action to limit price increases was extended to some consumer goods, principally new automobiles, hides, and certain cotton yarns. In retail markets prices of most groups of commodities have advanced, reflecting in part increases in wholesale prices earlier this year.

**Bank Credit**—Commercial loans at reporting banks in 101 cities continued to rise during the four weeks ending June 11. Bank holdings of United States Government securities increased further, chiefly through the purchase of bills by New York City banks and of bonds by banks in other leading cities. As a result of the expansion in loans and investments bank deposits continued to increase.

**United States Government Security Prices**—Following a rise in the latter part of May Treasury bond prices declined slightly in the first half of June. On June 14 the 1960-65 bonds were  $\frac{7}{8}$  of a point below the all-time peak in prices of December 10. Yields on both taxable and tax-exempt 3- to 5-year notes declined slightly from the middle of May to the middle of June.