



# Monthly Review

F E D E R A L R E S E R V E B A N K O F S T . L O U I S

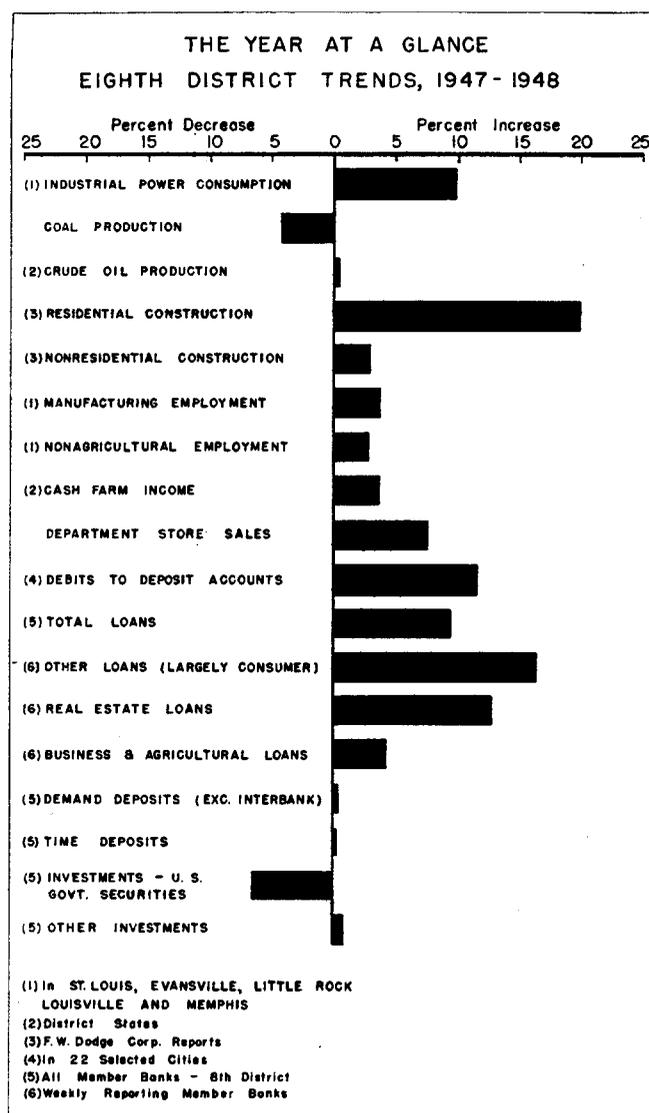
Volume XXXI

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## The Eighth District Economy

### A Review of 1948



The expansionary forces that lifted the Eighth District economy to successive peaks in 1946 and 1947 continued to exert their upward pressure in 1948. As a result the third year of the great post-war boom produced an even higher level of economic activity in the district than either of the two preceding years, and the 1948 level was the highest in the district's history. Virtually full employment of the district's labor force was maintained throughout the year. These workers turned out in the aggregate more goods and services than ever before. Consumers' expenditures and private capital investment hit new all-time highs, reflecting a peak level of demand backed up with a peak level of income—and also higher prices.

The continuation of the upward swing of the district economy as a whole also was characteristic of most of the segments of that economy, as is indicated in the chart. But in some lines and in some areas the movement in 1948 was mainly side-wise and in others it was slightly down. By the end of 1948 it seemed that the boom had lost some of its momentum.

The break in farm prices that came early in 1948, and the more gradual decline in the fall and winter, brought a marked readjustment in these prices. For the year, however, farm prices averaged higher than in 1947 and farm income also was higher. Agricultural output was at an all-time peak. But at year end the outlook was for lower district farm income in 1949.

In nonagricultural activity the upward trend continued generally throughout the year, but the rate of increase tended to be smaller late in 1948

than earlier in the year. Gains over 1947 narrowed during the closing months and in some instances actual declines from the previous year occurred. Such decreases from the 1947 levels were relatively unimportant, however, in terms of the district economy as a whole, and mainly represented adjustments to the changing supply and demand situation as they were made in specific industries.

The tendency of the boom to slow down in 1948 was reflected in smaller rates of increase over 1947 in employment as the year advanced. It was reflected, too, in the sharp decline in year-to-year gains in consumers' expenditures late in 1948. Similarly, while bank credit continued to expand throughout the year, the rate of increase in 1948 was appreciably smaller than in the previous post-war years.

It should be stressed again that the movement was upward in 1948—that the loss of momentum was a slowing down of the rate of gain and not a

reversal. And the fact that this slowdown occurred—that the edge was taken off the boom in some economic areas—should not be taken as presaging a reversal of the underlying trend in the near future. Historically our booms eventually have reversed—whether in time this one will do so remains to be seen. For the near term future, however, this activity seems likely to continue at a slowed-down pace rather than giving way quickly to a slide off.

During 1948 a number of line-by-line corrective adjustments occurred in various industries. These helped considerably in bringing the district economy more nearly into balance. During 1949 additional adjustments are anticipated in other segments of the economy; in fact, 1949 probably will see more divergences from the average level than did 1948. Unless the adjustments occur simultaneously in a number of areas, however, they are unlikely to result in any sharp or prolonged downturn during the year.

## Business Developments

Nonagricultural activity in the district in 1948 reached new high levels. Employment, production, income, and spending all were higher than in any previous year.

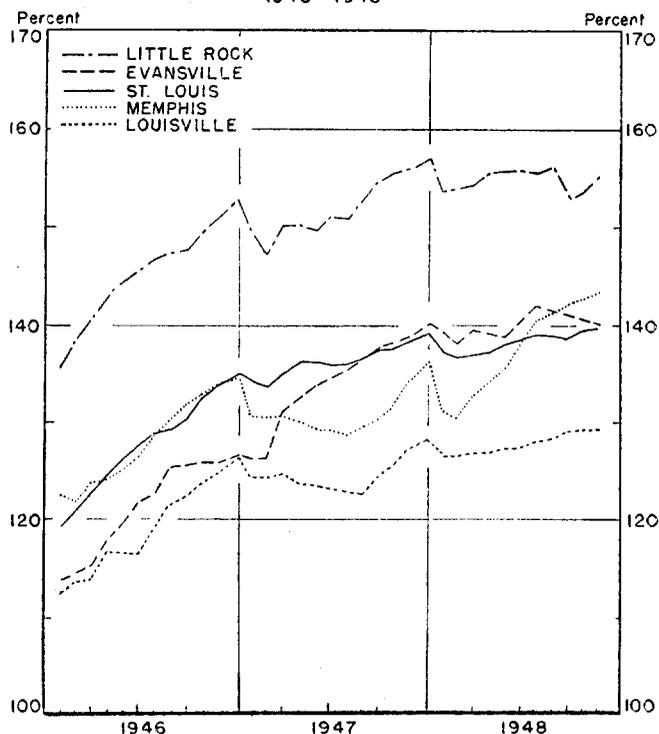
### EMPLOYMENT

The continuation of the postwar boom through 1948 was reflected in steadily increasing employment in the Eighth District. An all-time peak was reached late in the year. Average employment in 1948 was about 3 per cent above 1947 and was larger than in any previous year. The rate of gain over 1947 tended to shrink in the closing months of 1948, however. In July nonagricultural employment in the district's five largest industrial centers was 4 per cent larger than in July, 1947. In November the margin over November, 1947 was but 2 per cent, as cutbacks occurred in a number of industries.

Wage rates and salaries increased fairly steadily in 1948. A larger-than-normal number of women entered the labor force during 1948 due both to the pressure of high living costs and to the attractiveness of high wages. Most of the remaining unemployed World War II veterans were assimilated into the labor force in 1948. During the year, the demand for and supply of labor came more into balance, although some occupational shortages remained and some of the older workers, particularly women, continued to have difficulty finding jobs.

Total nonagricultural employment in the district's five principal industrial areas in 1948 was nearly 39 per cent larger than in 1940. The district gain over

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IN EIGHTH DISTRICT CITIES  
1946 1948



1947, as well as the longer term increase, closely approximated the national trend during the same periods, although in each case the increase in the five district cities combined was fractionally less than the national gain. The rate of increase over

1947 in average manufacturing employment was almost five times as large in the district as in the nation. As a result of the relatively sharp gains in 1948, following two years in which district increases were proportionately smaller than the national gains, manufacturing employment in the five cities at the close of 1948 showed a somewhat larger percentage increase over 1940 than that in the nation as a whole. The trends in these cities are shown in the chart.

Average unemployment in the major district cities and in the nation was slightly lower in 1948 than in 1947, although unemployment in the nation in November and December, 1948 was greater than in the same months of 1947. Ever since the end of World War II, however, there have been proportionately more people looking for work in the district than in the nation. Unemployment compensation claims have increased considerably since about October, 1948. However, a number of these claims were filed by workers who were laid off only temporarily.

**St. Louis Area**—Employment reached an all-time peak in November, 1948 after increasing slowly but steadily throughout the year. In this peak month, about 200,000 more people were employed than in 1940, and about 35,000 more were employed than at the wartime peak. Employment was about 1 per cent higher than in November, 1947, reflecting increases in the manufacturing, trade, finance, and service industries, which more than offset decreases in construction and government. As shown in the chart the major increases in manufacturing occurred in the primary metals, transportation equipment and food industries, while the leather industry showed the only major decrease.

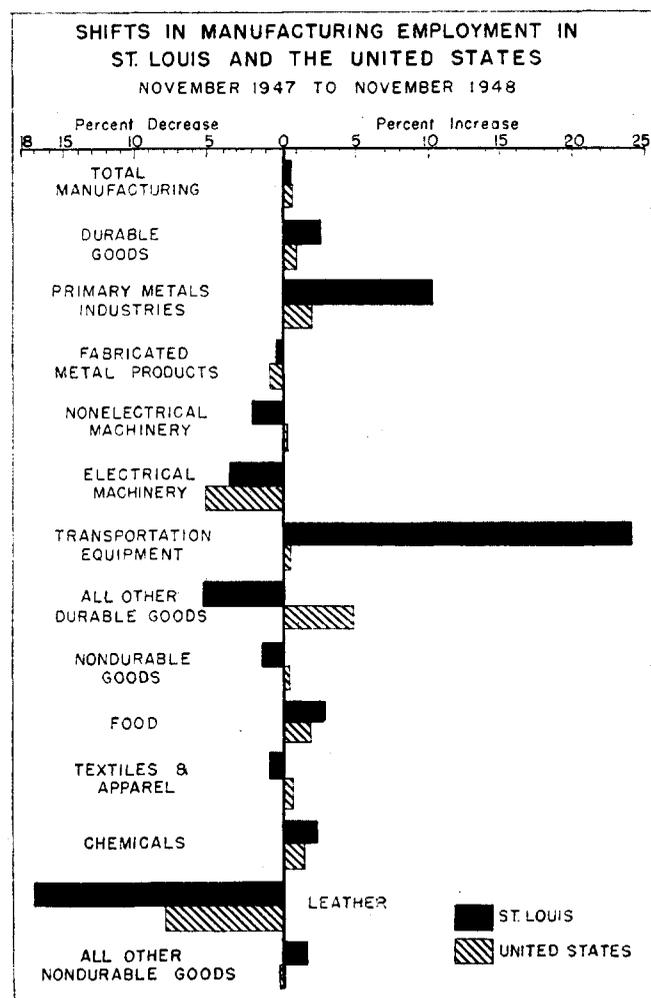
Unemployment in the St. Louis area was estimated at around 22,000 in November, 1948. This was slightly lower than a year earlier and was less than a fourth of the number unemployed in 1940. There were no critical labor shortages during 1948, although demand was greater than supply in some skilled occupations such as tool and die makers, machinists, automobile mechanics, and skilled shoe workers. Recent lay-offs have alleviated the shortage of trained clerical workers.

The Bureau of Labor Statistics reports that hourly earnings in St. Louis have increased considerably more than in the nation during the past five years. Earnings in nonmanufacturing industries increased 67 per cent in St. Louis as compared with 57 per cent in the United States be-

tween April, 1943 and April, 1948. Hourly earnings in manufacturing increased 58 per cent in St. Louis and 49 per cent in the nation during the same period.

**Louisville Area**—Nonagricultural employment in November was about 2 per cent higher than in November, 1947, with the major increases in manufacturing, government and construction. Total employment increased steadily throughout 1948, with the result that average employment in 1948 was 3 per cent higher than the 1947 average. Compared with 1940 employment, Louisville has had the smallest percentage increase of any district city, although the gain over 1947 was second only to that of Memphis.

Unemployment in the Louisville area in November, 1948 was estimated at about 8,000 by the Bureau of Employment Security. This was about 2,000 fewer than in November, 1947 and about 19,000 less than in 1940.



**Memphis Area**—The 7 per cent increase in employment in Memphis between November, 1947 and November, 1948 was much greater than in any other district city. This relatively large increase reflected mainly the large number of new industries which were staffed during the year. The manufacturing, public utilities, trade and service industries employed more people in November, 1948 than in November, 1947, while construction, finance and government employed fewer persons. Nonagricultural employment increased throughout 1948 with the largest increase occurring between May and July. Manufacturing employment increased until September, but dropped rather sharply between September and November as the result of a decline in the food and lumber industries. The supply of labor in Memphis was estimated by the Department of Employment Security to be about 4,000 in November, 1948.

**Evansville Area**—Total nonagricultural employment has been trending downward since July, 1948, but the number of people employed in November, 1948 was still slightly higher than a year earlier. The drop since July was due to a decrease in manufacturing employment, which occurred primarily in the fabricated metals and nonelectrical machinery industries. Average employment for 1948 was 5 per cent higher than the 1947 average as gains during the first half of 1948 more than offset the drop during the last half.

The Indiana State Employment Service estimated that there were between 4,500 and 5,000 workers unemployed in the Evansville area in November, 1948. This was a slight increase over a year ago, for although total employment was as high, the number of persons in the labor force increased.

**Little Rock Area**—This was the only major district with fewer persons employed in November, 1948 than in November, 1947, although the decline was relatively insignificant. Employment increased in trade and service, decreased in construction and public utilities and remained constant in manufacturing and government. Average employment in 1948 was about 2 per cent higher than the 1947 average. Little Rock has had a much larger percentage increase since 1940 in both total nonagricultural and manufacturing employment than any other district city.

The Arkansas Employment Security Division estimated that the labor surplus in Little Rock was about 3,700 in November, just about the same as a year earlier.

### INDUSTRY

Industrial activity as a whole in the Eighth District in 1948 was at a higher level than in any peacetime year and in some lines new all-time records were reached. Month-to-month fluctuations in most cases were smaller than in 1947, principally reflecting a better flow of materials and more stable labor relations than in the previous year. There were still shortages of some materials during the year, notably steel and other metals, but most manufacturers found the problem of obtaining supplies greatly improved over 1947.

Although operations averaged well above previous years, there were increasing signs of a leveling off in activity in several lines late in 1948, with some of the major industries of the area announcing cutbacks. Shoe production, for example, was curtailed in several of the district's plants during October and November, and production for the year dropped below the record 1947 volume. Cutbacks also occurred in the apparel industry, while in the heavy goods lines there were sharp reductions in some electrical equipment and metal fabricating industries. Coal stocks in November reached an all-time peak and the work week in many areas was shortened slightly. Construction activity also showed indications of a leveling off in the last months of the year.

Despite reductions in operations in some industries late in the year, manufacturing activity in general averaged higher than in 1947. Industrial power

### INDUSTRY

#### CONSUMPTION OF ELECTRICITY

(K.W.H. Custom- ers* in thous.)	No. of 1948	1948		1947		Dec., 1948 Compared with	
		K.W.H.	K.W.H.	K.W.H.	Nov., '48	Dec., '47	
Evansville	40	9,000	8,690	9,082 R	+ 3.6%	— 0.9%	
Little Rock	35	4,964	4,916	4,781	+ 1.0	+ 3.8	
Louisville	80	72,136	71,033	63,219 R	+ 1.6	+14.1	
Memphis	31	5,883	5,869	5,296	+ 0.2	+11.1	
Pine Bluff	26	6,662	2,997	6,953	+122.3	— 4.2	
St. Louis	139	83,068	80,772	77,879 R	+ 2.8	+ 6.7	
Totals	351	181,713	174,277	167,210 R	+ 4.3%	+ 8.7%	

\*Selected industrial customers.  
R—Revised.

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

First Nine Days

Dec., '48	Nov., '48	Dec., '47	Jan., '49	Jan., '48	12 mos., '48	12 mos., '47
114,207	115,843	121,381	30,883	32,485	1,435,868	1,491,306

Source: Terminal Railroad Association of St. Louis.

#### CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	1948		1947		Dec., 1948 compared with	
	Dec., 1948	Nov., 1948	Dec., 1947	Nov., 1948	Dec., 1947	
Arkansas	73.9	81.2	85.9	— 9%	—14%	
Illinois	178.9	180.0	176.7	— 1	+ 1	
Indiana	24.2	26.3	18.3	— 8	+32	
Kentucky	24.0	24.3	27.7	— 1	—13	
Total	301.0	311.8	308.6	— 3%	— 2%	

consumption in the five major industrial areas of the district reached peak levels. In every month of 1948, aggregate consumption in these centers was larger than in the corresponding month of 1947 and the annual total was 10 per cent higher than 1947. The trend during 1947-48 in each of the cities is shown in the chart.

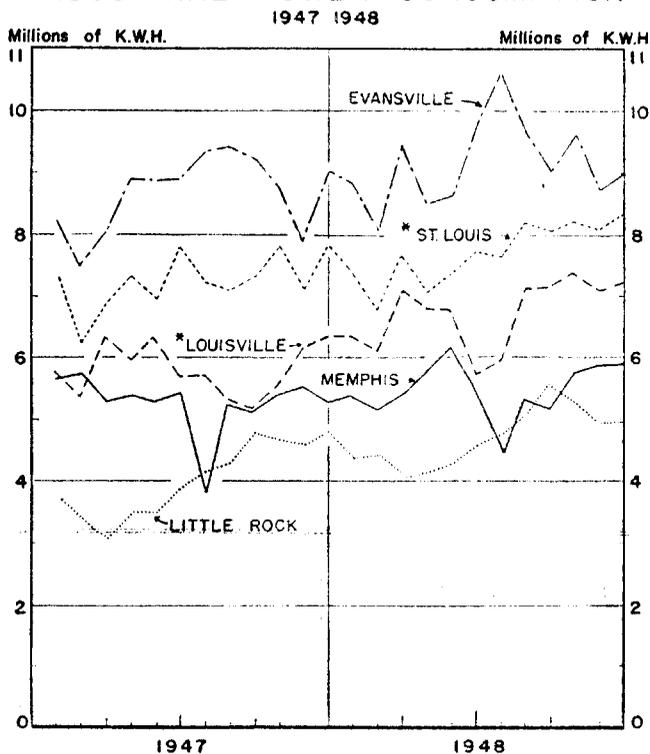
**Steel**—Steel operations in the St. Louis area in 1948 were at the highest rate of the postwar period and month-to-month fluctuations were smaller than in any of the past three years. At the end of 1948, the steel supply situation had improved somewhat, although in most lines current demand was still considerably in excess of supply.

Operations of open hearth furnaces during the year were scheduled at an average of 74 per cent of capacity, ranging from a low of 65 per cent in February, March and July to a high of 83 per cent in October. In 1947 the industry operated at an average of 66 per cent of capacity. Except in January, when scrap shortages were acute, cutbacks in operations usually reflected shutdowns of one or more of the steel-making furnaces for relining and repairs. It should be noted that the yearly average operating rate of 74 per cent actually represents an output much nearer to effective capacity than is indicated by the above rate since several furnaces which are included in capacity serve only as stand-by facilities.

**Lumber**—Lumber production in district mills in 1948 averaged slightly higher than in the previous year. Operations of southern hardwood plants were scheduled about 6 per cent higher than in 1947, whereas production of reporting southern pine operators averaged about 2 per cent lower than in the previous year. In the industry as a whole, adverse weather conditions in the early part of the year held production slightly below that of the comparable period of 1947, but during the summer operations were above the level of the previous year in both the southern hardwood and pine industries. During the latter months of the year production followed much the same pattern as in 1947 when there was a considerable downturn from the high summer levels, largely due to seasonal factors.

During 1948 there was some weakening in the lumber market, especially in the poorer grades. Inventories in most areas increased during the year and in December unsold stocks of southern pine were 50 per cent larger than a year earlier, according to reports from southern pine producers.

## INDUSTRIAL POWER CONSUMPTION



\* Ten Times Scale  
SOURCE: As reported by utility companies in respective cities

**Meat Packing**—Meat packing plants in the St. Louis area in 1948 operated at a slightly higher level than in 1947. A total of 5.7 million animals were slaughtered under Federal inspection during 1948, an increase of 1 per cent over 1947. Nationally, Federally-inspected slaughter declined 7 per cent from the previous year. Annual totals in the St. Louis area included 3.6 million hogs, or nearly two-thirds of the total animals slaughtered. In addition there were 820,000 sheep, 745,000 cattle and 531,000 calves killed under Federal inspection.

Animal slaughter in the first two quarters of 1948 was well ahead of that of the previous year. However, marketings fell considerably during the third quarter, declining 20 per cent below the third quarter of 1947 and reaching a low for the year in August. In the fourth quarter livestock slaughter was 56 per cent larger than in the third quarter but totaled 8 per cent below the fourth quarter of 1947, which stands as a postwar high.

**Shoe Production**—The shoe manufacturing industry was one of the principal district industries affected by a decline in demand in 1948. Production is estimated at about 95.7 million pairs as compared with 97.0 million in 1947 when output was at an all-time peak. Most of the decrease occurred in the last

four months of the year, although production in the second and third quarters was fractionally below that in 1947.

In the first three months of 1948, output was up 9 per cent from 1947 levels. In the June and September quarters production averaged about 1 per cent below 1947. Output dropped sharply in July, due largely to seasonal factors including vacation periods, but rebounded in August as operations were resumed. In subsequent months, however, schedules were reduced considerably and in each month since August output totaled less than in 1947. Preliminary estimates indicate a decline of 10 per cent for the fourth quarter. In November production was at the low point of the year and was the smallest since January, 1946.

### FEDERAL ADVISORY COUNCIL REPRESENTATIVE

At the meeting of the Board of Directors of the Federal Reserve Bank of St. Louis on January 13 Mr. W. L. Hemingway, Chairman of the Board, Mercantile Commerce Bank and Trust Company, St. Louis, Missouri, was elected to serve as the Federal Advisory Council representative from the Eighth Federal Reserve District for a term of one year. He succeeds Mr. James H. Penick, President, Worthen Bank and Trust Company, Little Rock, Arkansas, who had served three one-year terms.

Mr. Hemingway was born in Potosi, Missouri and is a graduate of Vanderbilt University. He began his career in banking in Little Rock, Arkansas in 1900. He came to St. Louis in 1919, served as vice president of the National Bank of Commerce, as president of the Federal Commerce Trust Company, executive vice president, then president and finally chairman of the board of the Mercantile Commerce Bank and Trust Company. In 1942, Mr. Hemingway was president of the American Bankers Association. In addition to his active participation in banking and civic affairs, he has been particularly interested in international trade and finance.

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In the article on the Federal Advisory Council carried in the January, 1949 issue of this Review there appeared a list of Federal Advisory Council members representing the Eighth Federal Reserve District. Mr. Breckinridge Jones, President of Mississippi Valley Trust Company, who served as the district's representative in 1925-27, was incorrectly shown on that list as Mr. James Breckinridge.

During most of 1948 the shoe industry was confronted with a constricting market at the prevailing prices. Buying by retailers was cautious and largely on a short-term basis. This in turn caused manufacturers to exercise caution in buying raw materials, and as a result leather demand dropped sharply beginning in March. Although wholesale prices of leather, hides and skins throughout the year were off sharply from the 1947 peaks, retail shoe prices for the most part held firm after a slight downward trend in the first half of 1948. The scattered price reductions reported during the year were largely confined to the higher priced shoes. Trade reports indicate that, while there have been no general price reductions, manufacturers, faced with high costs that have tended to hold prices firm, have begun to initiate new lower priced lines.

**Whiskey**—Production of whiskey by Kentucky distillers in 1948 was 8 per cent larger than in 1947. In 1948, 86.4 million tax gallons were distilled as compared with 79.7 million tax gallons in 1947.

Output in the first quarter was considerably less than in the first quarter 1947 due to the voluntary grain allocation program adopted by the distillers. In that quarter production was off 43 per cent from 1947. From April through October, however, gains were registered over the comparable months of 1947. Month-to-month declines during the summer were in part seasonal but also reflected cautious production in view of increasing stocks. There were indications of consumer resistance during the middle of the year but consumption increased during the latter part of 1948. Stocks of whiskey in storage reached an all-time high in 1948.

**Petroleum**—Although showing an upward trend during the last half of the year, total production of crude oil in the district states in 1948 was fractionally lower than in 1947. District wells produced an estimated 110 million barrels of crude oil in 1948 as compared with 112 million barrels in 1947. Output in the third quarter of 1948, totaling 28.4 million barrels, was larger than in any quarter of the past two years. Preliminary reports indicate that output in the fourth quarter held at about the same level as in the September quarter.

The increased production in the latter part of the year was due largely to an increase in output of Indiana's wells. Since September, production in that area has ranged from 32 per cent to 53 per cent higher than in the comparable month of 1947, and for the full year was 7 per cent larger than in 1947.

Production in Arkansas in the first three quarters of 1948 ran slightly ahead of the comparable quarters of 1947 but was down slightly in the fourth quarter. Arkansas accounted for slightly more than one-fourth of the district's output, ranking second in that respect. In Illinois, the source of nearly 60 per cent of the district's total output, production was off 3 per cent in 1948 despite a slight gain in the fourth quarter. Production in Kentucky was nearly 9 per cent less than in 1947.

There were 24 per cent more wells drilled in the district states in 1948 than in 1947. Thus, while the ratio of oil producing wells to total completions was about the same as in 1947, the number of oil producing wells drilled increased. In 1948, total completions numbered 4,668 of which 2,257 or 48 per cent were oil producing wells. Another 183 or 4 per cent produced gas while the remaining 2,228 were dry.

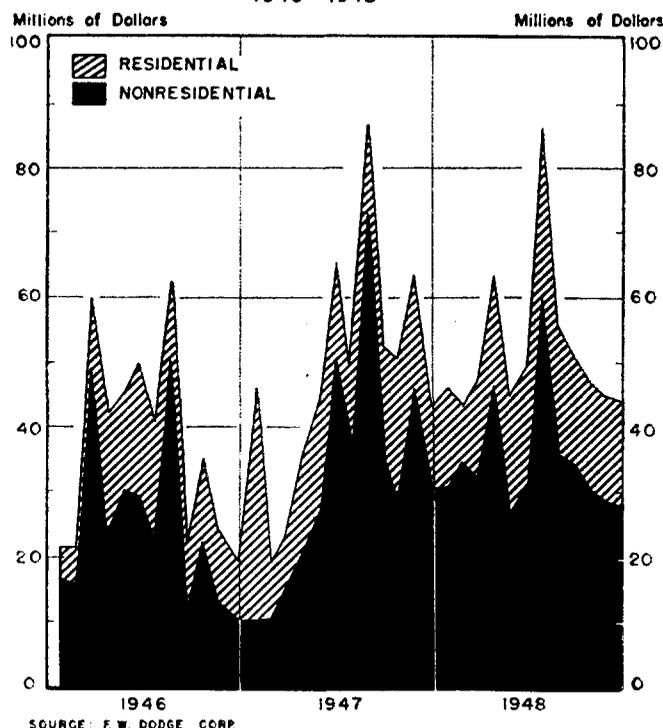
**Coal**—District mines in 1948 produced 116 million tons of bituminous coal, about 5 per cent less than the 122 million tons mined in 1947. Although output in Kentucky mines increased 3 per cent, decreases in the other areas in the district more than offset this gain. Output in Arkansas was off 10 per cent, in Indiana it dropped 9 per cent, while in Missouri and Illinois production was off 7 per cent and 5 per cent, respectively, from 1947. Illinois mines again accounted for 56 per cent of the district's coal production. In western Kentucky, output increased slightly, relative to the district as a whole, accounting for 20 per cent of the total. Indiana mines produced another 20 per cent, while the remaining 4 per cent originated in Arkansas and Missouri.

Production in the first quarter was 16 per cent less than in 1947 due largely to a shutdown of United Mine Workers' mines in March and part of April. In the second quarter production increased considerably and was about 3 per cent larger than in the previous year. The margin over 1947 widened in the third quarter, amounting to 6 per cent, but in the fourth quarter output dropped to a level nearly 8 per cent below 1947. This reflected, in part, the unseasonably warm weather in many parts of the district, which caused an increase in stocks at the mines, at retailers and at the large consumers. In general, coal supplies at the year-end were large and, as a result, pressure on many marginal operators increased considerably.

**Construction**—The boom in construction continued in 1948, particularly in the residential field. Contracts valued at \$624 million were awarded in the district during the year, according to F. W. Dodge Corporation reports, as compared with \$581 million in 1947. Except for 1942 when the wartime expansion program was at its peak, this was the largest dollar volume on record. Contracts for residential construction, amounting to \$199 million, totaled 20 per cent larger than in 1947. The increase in awards for housing construction was substantially greater than the gain in nonresidential awards which increased less than 3 per cent to a total of \$425 million.

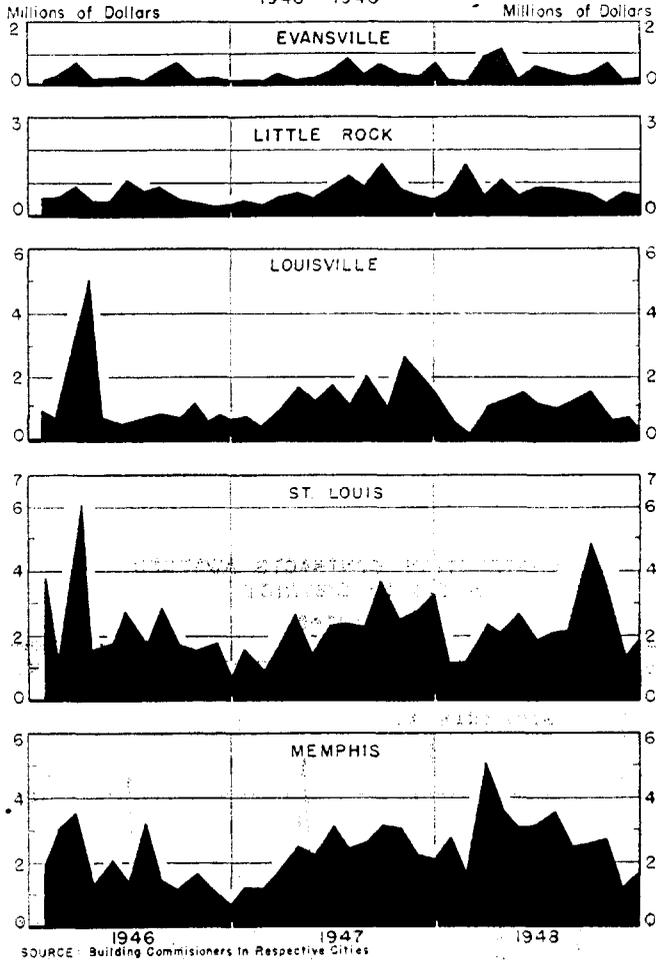
Although value of construction contract awards for the year was larger than in 1947, all of the gain occurred in the first half of the year. As indicated in the chart, contract volume in the second half of 1948 averaged lower than in the last half of 1947, and after July was lower in each month than in the comparable month of 1947. In the last three months of the year, the value of contracts awarded totaled 14 per cent less than a year earlier. A similar trend is apparent in the value of building permits awarded in the principal district cities, as shown in the chart. The lower value of contract awards in the last half

CONSTRUCTION CONTRACTS AWARDED  
IN EIGHTH DISTRICT  
1946 - 1948



of 1948, compared with a year earlier, reflected a relatively greater decline in awards for non-residential construction than for residential building. The decline was accentuated by the fact that late in 1947 the construction industry was operating at a level higher than normal for that period of the year.

VALUE OF BUILDING PERMITS IN SELECTED EIGHTH DISTRICT CITIES 1946 - 1948



CONSTRUCTION

(Cost in thousands)	BUILDING PERMITS				REPAIRS, etc.			
	Month of December				Repairs, etc.			
	New Construction		Repairs, etc.		New Construction		Repairs, etc.	
	Number	Cost		Number	Cost	Number	Cost	
Evansville .....	25	88	\$ 59	\$ 495	43	23	\$ 59	\$ 171
Little Rock .....	54	82	529	514	106	127	55	88
Louisville .....	82	196	387	1,577	36	29	33	24
Memphis .....	411	753	1,642	2,086	141	104	82	79
St. Louis.....	191	220	1,344	2,897	175	157	516	412
Dec. Totals..	763	1,339	\$3,961	\$7,569	501	440	\$ 745	\$ 774
Nov. Totals..	961	1,183	\$3,483	\$7,251	613	631	\$ 736	\$ 983

In the five major industrial areas in the district, the aggregate value of contracts awarded for manufacturing and commercial construction increased in 1948. Contracts for manufacturing construction amounted to \$36.1 million as compared with \$34.5 million in 1947 in these cities. Commercial awards rose from \$24.3 million to \$28.2 million. All the increase in manufacturing awards was in the St. Louis area, where volume climbed from \$17.9 million to \$25.4 million, and in Evansville, where these awards increased from \$1.1 million to \$2.6 million. In Louisville, Little Rock and Memphis manufacturing construction contracts dropped sharply during the year. In other parts of the district, outside the five industrial centers, this type of construction declined in 1948. Commercial building contracts increased in each of the five cities except in the St. Louis area and in Little Rock.

The value of residential awards in the district increased more, percentagewise, from 1947 to 1948 than from 1946 to 1947. Volume was larger in most parts of the district, although in Louisville and Little Rock there were declines of 22 per cent and 11 per cent, respectively. The total value of residential contracts in the five major cities rose 17 per cent. However, the number of new dwelling units provided by this volume increased only 3 per cent, according to the F. W. Dodge reports, totaling 16,000 units as compared with 15,600 units in 1947.

TRADE

Retail trade in the United States and in the Eighth District climbed to new high levels in 1948. Nationally, total retail sales volume is estimated at \$130 billion for the year, an increase of 6 per cent over 1947. In the Eighth District, retail volume increased somewhat more than in the nation as a whole, advancing an estimated 8 per cent to a total of more than \$6 billion.

In the last quarter of 1948 a general slackening developed in the rate of gain over 1947, and declines in some lines were given considerable attention. Late in October weekly dollar sales volume in department stores began to decline from the comparable period in 1947. In November and the first half of December, weekly sales volume in the United States and in the district generally was less than in the same weeks in 1947. Many explanations were advanced for the general slowing in sales. It was attributed to unseasonable weather, exceptionally high sales in the last quarter of 1947 which made comparisons of 1948 sales relatively less favor-

able, consumer resistance, high prices, lack of purchasing power, reimposition of consumer credit controls, a consumer shift to lower priced merchandise, and a return to prewar shopping habits.

All of these factors probably played some part in the performance. Among the more important, however, was the return to prewar shopping habits by consumers. During the war years the necessarily early mailing of service personnel gifts, plus the existence of shortages and rationing, tended to advance the beginning of holiday purchases to early October. This tendency persisted in the postwar years and was reflected in scare-buying in the face of anticipated shortages of merchandise. These conditions have largely disappeared and the availability of almost all lines of goods may have caused consumers to postpone their holiday buying. Some support to this analysis was given by dollar volume gains shown at reporting district stores in the last half of December.

The attention directed to the softening of department store sales late in 1948 has somewhat obscured the record for the year. In the nation, department stores rang up an estimated \$10.2 billion volume of sales in 1948. Eighth District department stores' sales gained more, percentage-wise, over year-ago levels than volume in the nation and accounted for an estimated \$443 million of the national total. Sales at district department stores showed an increasing rate of gain in the first three quarters of 1948, climbing from 9 per cent in the first three months to 10 per cent in the June quarter and to 11 per cent in the third quarter. As a result of the declines in November and December, fourth quarter sales volume was only 2 per cent ahead of the last quarter in 1947. For the year, however, district department stores' sales volume was 7 per cent greater than in 1947.

### WHOLESALE

Lines of Commodities	Net Sales		Stocks
	Dec., 1948 compared with		Dec. 31, 1948 compared with
	Nov., 1948	Dec., 1947	Dec. 31, 1947
Drugs and Chemicals.....	-18%	+ 1%	....
Dry Goods .....	-33	-40	+ 1%
Groceries .....	- 8	- 1	- 9
Hardware .....	-10	+ 2	+18
Tobacco and Its Products..	+ 6	+ 6	-12
Miscellaneous .....	-16	+14	+26
**Total all lines.....	-12%	- 4%	+11%

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

### TRADE

DEPARTMENT STORES						
	Net Sales			Stocks on Hand	Stock Turnover	
	Dec., 1948 compared with		12 mos.'48 to same period '47	Dec.31,'48 comp. with Dec.31,'47	Jan. 1, to Dec. 31, 1948	1947
	Nov., '48	Dec., '47				
Ft. Smith, Ark.....	+61%	+13%	+ 8%	+ 3%	4.06	4.48
Little Rock, Ark.....	+35	+ 6	+ 9	+22	4.57	5.21
Quincy, Ill. ....	+38	+ 2	+ 7	+34	3.81	4.91
Evansville, Ind. ....	+37	+ 7	+18	+18	3.84	4.16
Louisville, Ky. ....	+43	+ 4	+ 9	+14	4.76	5.26
St. Louis Area <sup>1</sup> .....	+26	- 3	+ 6	+ 8	4.19	4.32
St. Louis, Mo.....	+26	- 4	+ 6	+ 8	4.21	4.32
E. St. Louis, Ill.....	+40	+ 1	+13	.....	.....	.....
Springfield, Mo.....	+35	-10	+ 2	+ 5	3.67	4.31
Memphis, Tenn.....	+41	+ 4	+ 6	- 4	4.29	4.62
*All other cities.....	+51	+ 1	+ 7	+12	3.36	4.12
8th F. R. District.....	+34	- 0	+ 7	+ 8	4.24	4.54

<sup>1</sup> El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; and Jackson, Tenn.  
<sup>2</sup> Includes St. Louis, Mo., Alton, East St. Louis and Belleville, Ill.  
Outstanding orders of reporting stores at the end of December, 1948, were 46 per cent less than on the corresponding date a year ago.  
Percentage of accounts and notes receivable outstanding December 1, 1948, collected during December, by cities:

	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	.....%	52%	Quincy .....	27%
Little Rock.....	22	46	St. Louis.....	23
Louisville .....	24	48	Other cities.....	19
Memphis .....	30	49	8th F. R. Dist.	24
				53

### INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Dec., 1948	Nov., 1948	Oct., 1948	Dec., 1947
Sales (daily average), Unadjusted <sup>2</sup> .....	517	404	362	516
Sales (daily average), Seasonally adjusted <sup>2</sup> ....	338	321	338	337
Stocks, Unadjusted <sup>3</sup> .....	276	347	355	250
Stocks, Seasonally adjusted <sup>3</sup> .....	329	325	317	297

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

### SPECIALTY STORES

	Net Sales		Stocks on Hand	Stock Turnover		
	Dec., 1948 compared with		Dec.31,'48 comp. with Dec.31,'47	Jan. 1, to Dec. 31, 1948	1947	
	Nov.'48	Dec.'47				
Men's Furnishings.....	+40%	- 4%	- 4%	+18%	3.02	3.94
Boots and Shoes.....	+48	+ 6	+ 6	+ 1	4.55	4.87

Percentage of accounts and notes receivable outstanding December 1, 1948, collected during December:  
Men's Furnishings..... 50%    Boots and Shoes..... 47%  
Trading days: December, 1948—26; November, 1948—25; December, 1947—26.

### RETAIL FURNITURE STORES\*\*

	Net Sales		Inventories		Ratio of Collections	
	Dec., 1948 compared with		Dec., 1948 compared with		Dec., '48 Dec., '47	
	Nov., '48	Dec., '47	Nov., '48	Dec., '47	Dec., '48	Dec., '47
St. Louis Area <sup>1</sup> .....	+ 8%	- 8%	- 9%	+21%	50%	63%
St. Louis.....	+ 7	- 9	- 9	+21	52	65
Louisville Area <sup>2</sup> .....	+41	-24	- 8	+28	18	23
Louisville .....	+41	-26	- 8	+29	16	21
Memphis .....	+56	+ 1	-17	-19	18	31
Little Rock.....	+36	-12	-11	+ 4	23	31
8th Dist. Total <sup>3</sup> .....	+25	-10	-10	+16	30	40

<sup>1</sup> Includes St. Louis, Missouri; Alton, Illinois.  
<sup>2</sup> Includes Louisville, Kentucky; and New Albany, Indiana.  
<sup>3</sup> In addition to above cities, includes stores in Blytheville, Fort Smith, and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenville, Greenwood, Mississippi; Hannibal and Springfield, Missouri; and Evansville, Indiana.  
\*\* 37 stores reporting.

### PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Dec., '48	Nov., '48	Dec., '47
Cash Sales.....	18%	15%	20%
Credit Sales.....	82	85	80
Total Sales .....	100%	100%	100%

Among the major district cities a somewhat varied experience in the rate of gain over 1947 was shown. Greater-than-district-average gains were recorded in Evansville, East St. Louis, Louisville, and Little Rock. The gain in Quincy approximated the district average, but in St. Louis, Memphis and Springfield sales gains for the year averaged less than that for the district as a whole. Estimated total department store dollar sales for the district and selected cities are shown in the following table.

**ANNUAL DEPARTMENT STORE SALES IN SELECTED DISTRICT CITIES**

	(In Thousands of Dollars)			1948* comp. to 1939	1948* comp. to 1947
	1939 (census)	1947 (estimated)	1948 (estimated)		
Fort Smith, Ark.....	2,351	\$ 6,900	\$ 7,400	+215%	+ 7%
Little Rock, Ark.....	8,161	26,200	28,600	+250	+ 9
Evansville, Ind.....	4,372	13,200	15,800	+261	+ 20
Louisville, Ky.....	14,554	43,900	48,300	+232	+ 10
Quincy, Ill.....	2,943	7,300	7,900	+167	+ 8
E. St. Louis, Ill.....	2,067	7,500	8,600	+318	+ 15
St. Louis, Mo.....	61,811	159,200	170,300	+176	+ 7
Springfield, Mo.....	3,076	14,200	14,700	+376	+ 7
Memphis, Tenn.....	16,403	53,200	56,400	+244	+ 8
Eighth District.....	144,061	410,400	443,300	+208	+ 6

\*Percentage figures may not check due to rounding of sales estimates.

Of the many factors contributing to the increased level of sales during 1948 considerable attention has been centered on the part consumer credit has played. At department stores, the volume of credit sales, both open credit and instalment credit, increased slightly relative to cash sales. Credit sales amounted to 50 per cent of the total as compared with 48 per cent in 1947 and 44 per cent in 1946. Percentagewise, the largest increase was in instalment credit which accounted for 7.2 per cent of total sales as compared with 5.8 per cent in 1947 and 4.1 per cent in 1946. Open credit sales in the

year amounted to 43.3 per cent as compared to 42 per cent in 1947 and 39.5 per cent in the previous year.

During the fall of 1948 department store sales on open credit account grew more rapidly than either cash or instalment sales. In September the ratio of open account sales to total sales was almost 45 per cent, the highest level since early in 1942. In the last three months of the year the ratio was somewhat lower than in September but remained high relative to that of other years.

Of the factors previously mentioned as contributing to the decline in rate of sales gain in the last quarter some support also may be given to the contention that consumer buying has tended toward lower priced goods. At those district department stores reporting sales by departments during the past year, dollar sales volume gains, percentagewise, generally have been greater in the basement store divisions than in the comparable divisions of the main store. The dollar volume in basement store divisions averaged 11 per cent larger than in 1947 as compared with a 4 per cent increase in main store divisions. Women's and misses' ready-to-wear apparel in the basement stores increased 16 per cent as compared with a gain of 11 per cent in the upstairs store. Men's and boys' wear gained 14 per cent in the basement in comparison to a gain of 1 per cent in the comparable division in the main store. Sales of shoes downstairs were 6 per cent larger in the year but declined slightly upstairs.

**PRICES**

**WHOLESALE PRICES IN THE UNITED STATES**

Bureau of Labor Statistics (1926=100)	Dec., '48 comp. with				
	Dec., '48	Nov., '48	Dec., '47	Nov., '48	Dec., '47
All Commodities.....	162.2	163.9	163.2	-1.0%	-0.6%
Farm Products.....	177.3	180.8	196.7	-1.9	-9.9
Foods.....	170.2	174.3	178.4	-2.4	-4.6
Other.....	152.8	153.2R	145.5	-0.3	+ 5.0

**CONSUMER PRICE INDEX**

Bureau of Labor Statistics (1935-39=100)	Dec. 15, '48 comp. with				
	Dec. 15, 1948	Sept. 15, 1948	Dec. 15, 1947	Sept. 15, '48	Dec. 15, '47
United States.....	171.4	174.5	167.0	-1.8%	+2.6%
St. Louis.....	171.1	175.0	167.9	-2.2	+1.9
Memphis.....	174.3	177.1	173.5	-1.6	+0.5

**RETAIL FOOD**

Bureau of Labor Statistics (1935-39=100)	Dec. 15, '48 comp. with				
	Dec. 15, 1948	Nov. 15, 1948	Dec. 15, 1947	Nov. 15, '48	Dec. 15, '47
U. S. (51 cities).....	205.0	206.9	206.9	-1.2%	-0.9%
St. Louis.....	212.2	213.1	215.2	-0.4	-1.4
Little Rock.....	201.6	202.4	211.8	-0.4	-4.8
Louisville.....	196.6	198.9	198.9	-1.2	-1.2
Memphis.....	217.9	219.0	229.7	-0.5	-5.1

During 1948 mounting production in many lines of goods, both durable and nondurable, filled retailers' shelves much faster than had been anticipated. At prevailing price levels, this resulted in some acceleration of the previous more gradual shift from a sellers' to a buyers' market. Clearance sales reappeared, some with appreciable markdowns in selling prices. Reflecting this there was a growing caution in buying by district department stores. Although the ratio of stocks to sales during 1948 showed little change from the 1947 pattern, outstanding orders apparently were held to a minimum. In 1948, the ratio of average monthly outstanding orders to average monthly sales was 1.33 as compared with 1.64 in 1947, 2.92 in 1946 and 1.36 in 1942. Inventories, in terms of value, at the end of December, 1948 were 21 per cent smaller than those on November 30, although they were 8 per cent greater than at the end of 1947.

# Banking Developments

## BANKING

During 1948 banking developments in the Eighth District remained on the expansionary side but the pace was much slower than in 1947. Bankers in general were more cautious and fiscal and monetary action exercised restraining effects. Deposits tended to level off, loans grew less than in 1947, rates stiffened slightly, and there was some pressure on bank reserve positions.

**Federal Reserve-Treasury Action**—Both the Federal Reserve System and the Treasury continued in 1948 the policies begun some time earlier, aimed at reducing the rise in the supply of money. The Treasury used much of its cash operating surplus and net receipts from sales of nonmarketable bonds to pay off portions of maturing Treasury bills and certificates. A large proportion of these repayments went to redeem Federal Reserve System held debt. In the fall the certificate rate was advanced. The bill rate also moved higher during the year. As a result, short-term Government securities became more attractive investments. As of the close of 1948 System holdings of all securities were but \$776 million larger than a year earlier, despite purchases of \$8.1 billion in Treasury bonds.

### FEDERAL RESERVE SYSTEM PORTFOLIO (In Millions of Dollars)

	Dec. 29, 1948	Dec. 31, 1947	Change
Bills .....	\$ 5,466	\$11,433	—\$5,967
Certificates .....	6,072	6,797	— 725
Notes .....	807	1,477	— 670
Bonds .....	11,001	2,853	+ 8,148
	\$23,346	\$22,560	+\$ 776

Federal Reserve System restraining action took the form of raising the discount rate and increasing reserve requirements for member banks plus re-institution of consumer credit control. Until September, action on reserve requirements was confined to banks in the central reserve cities (New York and Chicago) since reserve ratios at other classes of member banks had been raised previously to legal maximums. In the central reserve cities requirements were increased 4 per cent (in two steps). The special session of Congress granted the Board of Governors power to increase reserve ratios over previous legal maximums by 4 points on demand deposits and 1½ points on time deposits. In the last half of September requirements at all classes

## BANKING

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

(In thousands of dollars)	Change from		
	Jan. 19, 1949	Dec. 22, 1948	Jan. 21, 1948
Industrial advances under Sec. 13b.....	\$ .....	\$ .....	\$ .....
Other advances and rediscounts.....	10,345	+ 3,302	— 3,594
U. S. Securities.....	1,200,622	— 60,711	+ 24,821
Total earning assets.....	\$1,210,967	\$— 57,409	\$+ 21,227
Total reserves .....	\$ 758,558	\$+ 42,103	\$+ 79,033
Total deposits .....	840,314	— 6,161	+ 86,569
F. R. notes in circulation.....	1,130,589	— 25,835	+ 7,448
Industrial commitments under Sec. 13b..	\$ .....	\$ .....	\$— 580

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

Assets	Change from		
	Jan. 19, '49	Dec. 22, '48	Jan. 21, '48
Gross commercial, industrial and agricultural loans and open market paper .....	\$ 619,418	\$— 27,315	*
Gross loans to brokers and dealers in securities .....	5,647	— 1,014	*
Gross loans to others to purchase and carry securities.....	21,898	— 1,113	*
Gross real estate loans.....	160,855	+ 922	*
Gross loans to banks.....	1,260	— 60	*
Gross other loans (largely consumer credit loans).....	213,775	+ 5,865	*
Total .....	\$1,022,853	\$— 22,715	*
Less reserve for losses.....	9,257	+ 2,049	*
Net total loans.....	\$1,013,596	\$— 24,764	\$+ 27,774
Treasury bills .....	\$ 65,918	\$— 29,334	\$+ 5,985
Certificates of indebtedness.....	233,198	+ 55,647	+135,355
Treasury notes .....	53,949	— 9,053	— 44,051
U. S. bonds and guaranteed obligations .....	684,351	+ 19,709	—122,670
Other securities .....	135,416	— 106	— 11,010
Total investments .....	\$1,172,832	\$+ 36,863	\$— 36,391
Cash assets .....	864,989	+ 18,524	+ 71,291
Other assets .....	23,560	+ 471	— 144
Total assets .....	\$3,074,977	\$+ 31,094	\$+ 62,530
Liabilities			
Demand deposits of individuals, partnerships, and corporations.....	\$1,510,409	\$— 8,665	\$+ 23,413
Interbank deposits .....	729,333	+ 42,115	+ 11,204
U. S. Government deposits.....	32,012	— 10,269	+ 17,526
Other deposits .....	138,944	+ 6,194	+ 11,077
Total demand deposits.....	\$2,410,698	\$+ 29,375	\$+ 63,220
Time deposits .....	472,663	+ 3,885	+ 107
Borrowings .....	2,000	+ 1,000	+ 6,750
Other liabilities .....	15,598	+ 1,541	+ 413
Total capital accounts.....	174,018	— 1,625	+ 5,754
Total liabilities and capital accounts .....	\$3,074,977	\$+ 31,094	\$+ 62,530
Demand deposits, adjusted**.....	\$1,420,220	\$+ 2,124	\$+ 48,311

\*Comparative data not available due to change in method of reporting.  
\*\*Other than interbank and government demand deposits, less cash items on hand or in process of collection.

### DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Dec., 1948	Nov., 1948	Dec., 1947	Dec., '48 comp. with Nov., '48	Dec., '47
El Dorado, Ark.....	\$ 24,586	\$ 21,126	\$ 22,191	+16%	+ 11%
Fort Smith, Ark.....	42,952	39,991	40,861	+ 7	+ 5
Helena, Ark.....	10,460	11,102	9,035	— 6	+ 16
Little Rock, Ark.....	137,013	133,171	120,522	+ 3	+ 14
Pine Bluff, Ark.....	36,146	37,668	28,804	— 4	+ 25
Texarkana, Ark.*..	10,605	10,676	11,107	— 1	— 5
Alton, Ill.....	26,863	23,089	25,431	+16	+ 6
E. St. L.-Nat. S. Y., Ill.	132,753	125,523	134,043	+ 6	— 1
Quincy, Ill.....	31,673	27,987	32,169	+13	— 2
Evansville, Ind.....	121,055	114,425	114,453	+ 6	+ 6
Louisville, Ky.....	595,056	533,641	581,217	+12	+ 2
Owensboro, Ky.....	33,058	30,238	37,206	+ 9	— 11
Paducah, Ky.....	17,751	14,121	17,151	+26	+ 3
Greenville, Miss.....	30,389	25,058	22,875	+21	+ 33
Cape Girardeau, Mo.	12,172	11,212	10,475	+ 9	+ 16
Hannibal, Mo.....	8,462	7,256	8,496	+17	— 0
Jefferson City, Mo.	43,590	45,674	33,210	— 5	+ 31
St. Louis, Mo.....	1,780,001	1,600,444	1,709,644	+11	+ 4
Sedalia, Mo.....	11,067	9,846	10,796	+12	+ 3
Springfield, Mo.....	58,400	56,662	58,682	+ 3	— 0
Jackson, Tenn.....	20,601	21,982	20,067	— 6	+ 3
Memphis, Tenn.....	674,742	698,919	645,954	— 3	+ 4
Totals .....	\$3,859,395	\$3,599,811	\$3,694,389	+ 7%	+ 4%

\*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$27,463.

of member banks were increased by 2 per cent on demand and 1½ per cent on time deposits. This, plus the earlier increases at central reserve city banks, absorbed about \$3 billion in reserves.

At Eighth District member banks, required reserves at the close of 1948 totaled \$715 million or \$95 million more than a year earlier. Excess reserves in December, 1948 were off only \$9 million from a year earlier, however.

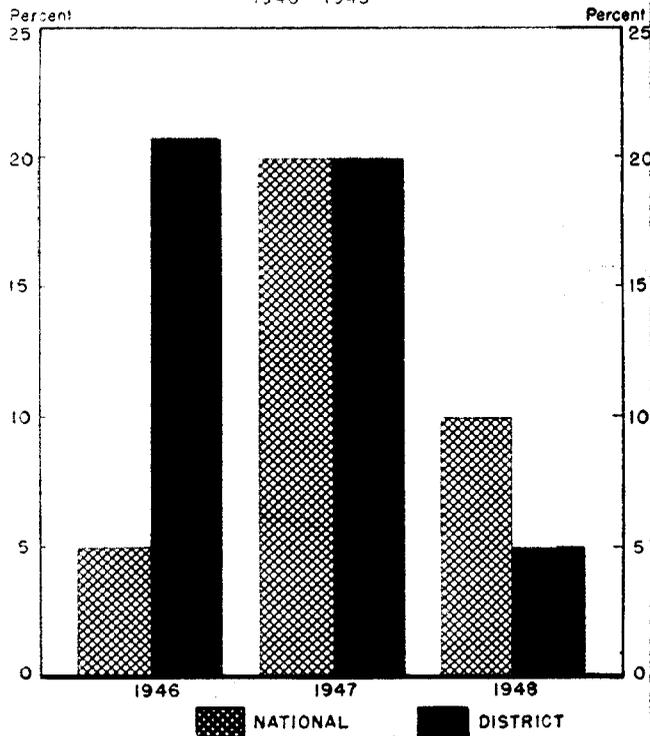
In effect the increase in required reserves during 1948 was somewhat more than sufficient to offset reserve gains accruing to member banks from continuation of the postwar gold inflow and the return flow of currency from circulation (the first significant nonseasonal downturn since depression days). The remainder of bank reserve needs were supplied by an increase in the holdings of Government securities at Federal Reserve banks.

The special session of Congress also granted temporary authority to reinstitute consumer credit controls. Regulation W thus was re-established in modified form late in September, 1948.

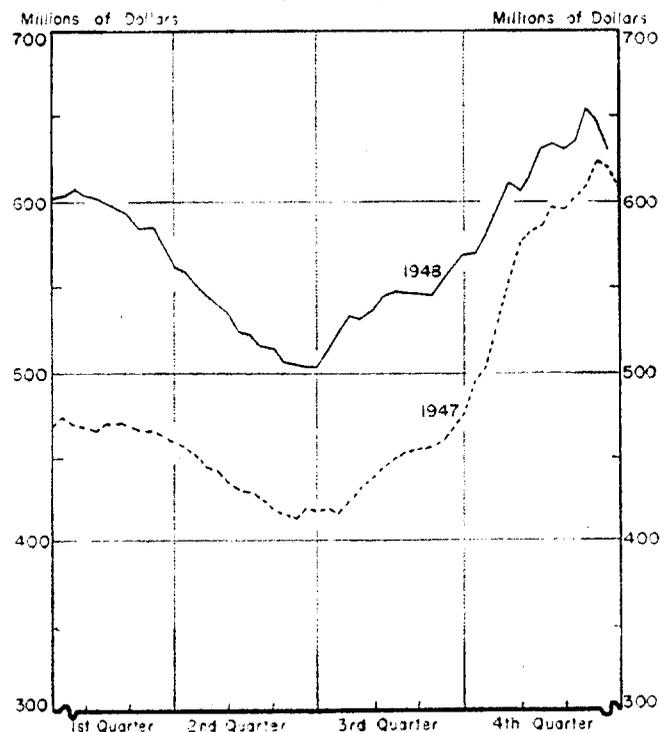
**Smaller Rate of Loan Increase**—Total loans at district member banks expanded in 1948 but at less than the 1947 rate. In checking the loan growth of district weekly reporting banks with all weekly reporting banks in the nation, the first post-war year (1946) indicates a much greater relative expansion in the district, the second (1947) an equal growth percentagewise, and the third (1948) an appreciably smaller percentage increase than nationally.

The behavior of business and agricultural loans at district banks was similar to the pattern of a year ago but the upward swing lost momentum very gradually during the first three quarters. The final quarter of the year saw loans move up much less than in 1947. Real estate loans also grew at a much slower rate than in either 1947 or 1946 and at a much slower rate than these loans grew nationally. The irregular upward movement of "other" loans, largely consumer credit loans, continued for ten months at a slightly faster rate in the district than nationally. In the closing two months of the year these loans declined 1 per cent from the November 3 peak partly in response to the reimposition of Regulation W and partly in response to greater banker and consumer cautiousness at the close of the year.

PERCENTAGE GROWTH OF TOTAL LOANS  
WEEKLY REPORTING MEMBER BANKS  
1946 1948



BUSINESS AND AGRICULTURAL LOANS  
EIGHTH DISTRICT WEEKLY REPORTING MEMBER BANKS  
1947 - 1948



Within the district none of the reporting centers expanded loans as rapidly as in 1947 and one actually showed a decrease. The pattern was not uniform, however, especially in the final quarter of the year. For example, the St. Louis banks in the last quarter of the year showed a reduction in their total loan volume of 2 per cent as compared with an increase of 5 per cent in the same period of 1947, while Little Rock banks expanded their loans 15 per cent as compared with a 3 per cent decrease in the final quarter of 1947.

**Leveling of Deposits**—Gross demand deposits, except interbank, at Eighth District member banks at the end of 1948 were almost unchanged from a year earlier. After declining sharply from the December, 1947 peak for the first three months of 1948, largely as a result of shifting portions of individual and business deposits to the Treasury in tax payments, deposit levels showed little change in the second quarter, but rose in the last half of the year (at member banks—\$88 million in the third and \$124 million in the fourth quarter) to close 1948 just barely above the level of a year earlier. Time deposits at all district member banks, likewise, were up but fractionally from the close of 1947.

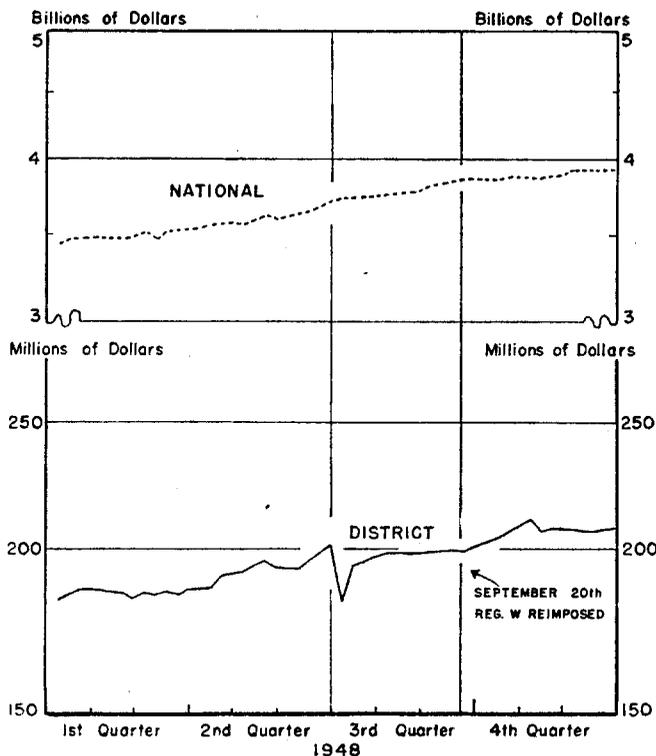
There were differences in the year's change in demand and time deposits as between the smaller country banks and all other member banks in the district. At the smaller (mainly rural) banks, time

deposits expanded \$4 million while demand balances dropped \$9 million. The opposite performance occurred at the city institutions which lost \$3 million in time deposits and gained \$15 million in demand balances. The country banks thus lost net \$5 million while the larger urban banks gained net \$12 million. This minor shift of funds probably reflects some spending of accumulated liquid balances and of borrowings in these areas for the purchase of producers' and consumers' durable goods manufactured for the most part in the larger cities.

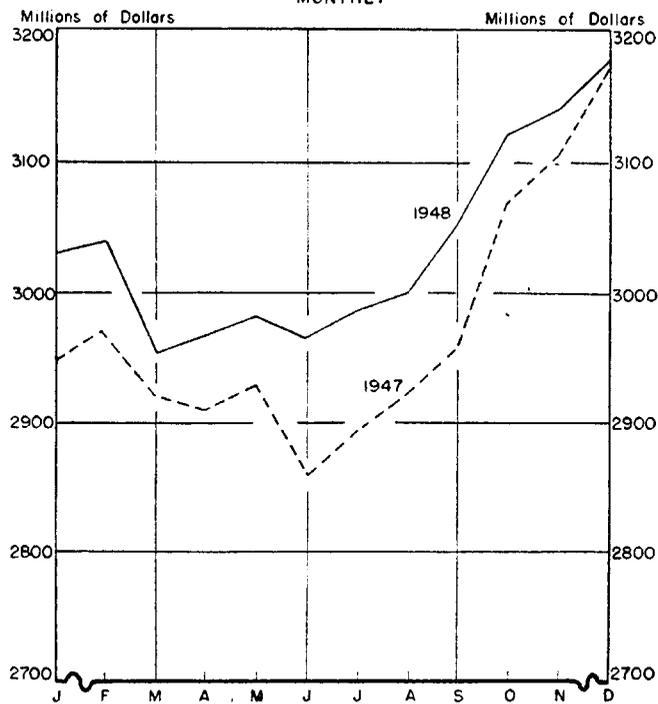
Demand deposits of individuals, partnerships and corporations—available between call report dates only from the weekly reporting member banks—were down 1 per cent for the year. Banks in each of the six reporting centers within the district at the year-end were below or unchanged from the close of 1947 except the Little Rock banks which reported a 3 per cent gain.

It should also be noted that the loan growth at country banks was greater than at the larger city banks—percentagewise about five times as great. Since the time data have been available on a monthly basis, January, 1947, there have been only two months in which the total loan figure for the smaller country banks has not increased. In November, 1947 total loans declined \$2 million and in

**OTHER LOANS (LARGELY CONSUMER CREDIT)  
NATIONAL AND DISTRICT  
WEEKLY - 1948**



**GROSS DEMAND DEPOSITS, EXCEPT INTERBANK  
ALL MEMBER BANKS, 8th DISTRICT  
1947-1948  
MONTHLY**



November, 1948 they remained unchanged from the preceding month.

**Member Bank Reserves and Investments**—District member bank investments in Governments were reduced during the year by Treasury repayment and by liquidation to meet increased reserve needs. The over-all reduction for the year, \$145 million, represents a 7 per cent shrinkage. The decline was most pronounced at the smaller country banks where \$107 million of the total reduction took place. This reduced country bank holdings by 11 per cent while all other district member banks reduced their holdings only 3.6 per cent.

#### ADDITIONS TO PAR LIST IN 1948

At the beginning of 1949 there were 15 more par banks in the Eighth District than a year ago. Fourteen banks shifted from nonpar to the par list, and seven new banks which par their checks came into existence. Liquidations, mergers and the shift of one bank from par to nonpar account for the net gain of but 15 banks to the par list. As of mid-January, 1949 there were 1,472 banks in the Eighth District of which 495 were member banks and 636 were nonmember par banks.

The banks added to the par list in 1948 (through January 1, 1949) are as follows:

#### Arkansas:

Citizens Bank of Jonesboro, Jonesboro  
 Mercantile Bank of Jonesboro, Jonesboro  
 Peoples National Bank, Jonesboro\*  
 Stephens Security Bank, Stephens  
 Peoples Bank & Trust Company, Van Buren  
 Merchants and Planters Bank, Warren  
 Warren Bank, Warren  
 Cross County Bank, Wynn

#### Illinois:

Farmers State Bank, Dahlgren\*\*  
 Troy Security Bank, Troy\*\*

#### Kentucky:

Bank of Oldham County, LaGrange\*\*  
 The Paducah Bank, Paducah\*\*

#### Missouri:

Center State Bank, Center\*\*  
 Peoples Savings Bank, Licking  
 Farmers and Merchants Bank, Memphis\*\*

#### Tennessee:

Barrettsville Bank & Trust Co., Barrettsville  
 Citizens Bank, Colliersville  
 Mason Hall Bank, Kenton  
 Rutherford Bank, Rutherford  
 Farmers Bank, Trimble  
 Bank of Yorkville, Yorkville

\*New member bank.

\*\*New nonmember par bank.

## Agricultural

The drop in farm product prices and the bumper output of farm crops in 1948 were the two major developments in the agricultural segment of the economy.

The postwar peak in farm prices apparently was reached during the first month of 1948. Although prices recovered to some extent following the break in February, steady declines were registered during the last six months of 1948 when the record output of crops became a certainty.

Prices received by farmers were 13 per cent lower at the end of 1948 than at the beginning, the index dropping from 307 in January to 268 in December (1910-14=100). One of the sharpest price declines in history occurred in late January and the first two weeks of February. During this period agricultural prices declined nearly 10 per cent. From mid-February to July, prices gradually rose, and at mid-July the index of prices received was 301. However, declines were registered in each month from July through December.

Sharpest drop in prices during the year was registered by feed grains, the index of feed grain prices being 45 per cent lower in December of 1948 than a year earlier. Food grain prices declined 26 per cent during the same period. However, tobacco prices were only slightly lower, and prices of cotton, livestock and livestock products declined less than 10 per cent.

Prices of many agricultural products were at support levels at the close of the year. Wheat prices had been below support levels for two months after harvest and were narrowly above support level at the end of 1948. On December 15, the prices of

### AGRICULTURE

CASH FARM INCOME						
(In thousands of dollars)	Nov., 1948	Nov., '48, comp. with		11 mo. total Jan. to Nov.		
		Oct., 1948	Nov., 1947	1948	1948 comp. with 1947	1946
Arkansas .....	\$102,966	- 23%	+46%	\$ 499,196	+11%	+30%
Illinois .....	176,691	- 20	-12	1,672,328	- 3	+30
Indiana .....	94,298	- 20	-15	964,988	- 0	+26
Kentucky .....	54,089	+ 30	+47	433,664	- 6	+21
Mississippi .....	102,056	- 12	+32	478,882	+10	+77
Missouri .....	140,775	- 6	+20	1,084,146	+11	+41
Tennessee .....	57,245	- 19	+15	433,836	+ 5	+25
Totals .....	\$728,120	- 14%	+10%	\$4,188,017	+ 3%	+33%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
(In thousands)	Receipts			Shipments		
	1948	1948 comp. with 1947	1946	1948	1948 comp. with 1947	1946
Cattle and calves..	1,336	-28%	-25%	505	-33%	-58%
Hogs .....	2,681	+ 5	+41	773	+10	+13
Sheep .....	741	-10	-22	214	-33	-46
Horses .....	16	-30	-79	16	-30	-79
Totals .....	4,774	- 9%	+ 1%	1,508	-16%	-36%

# Developments

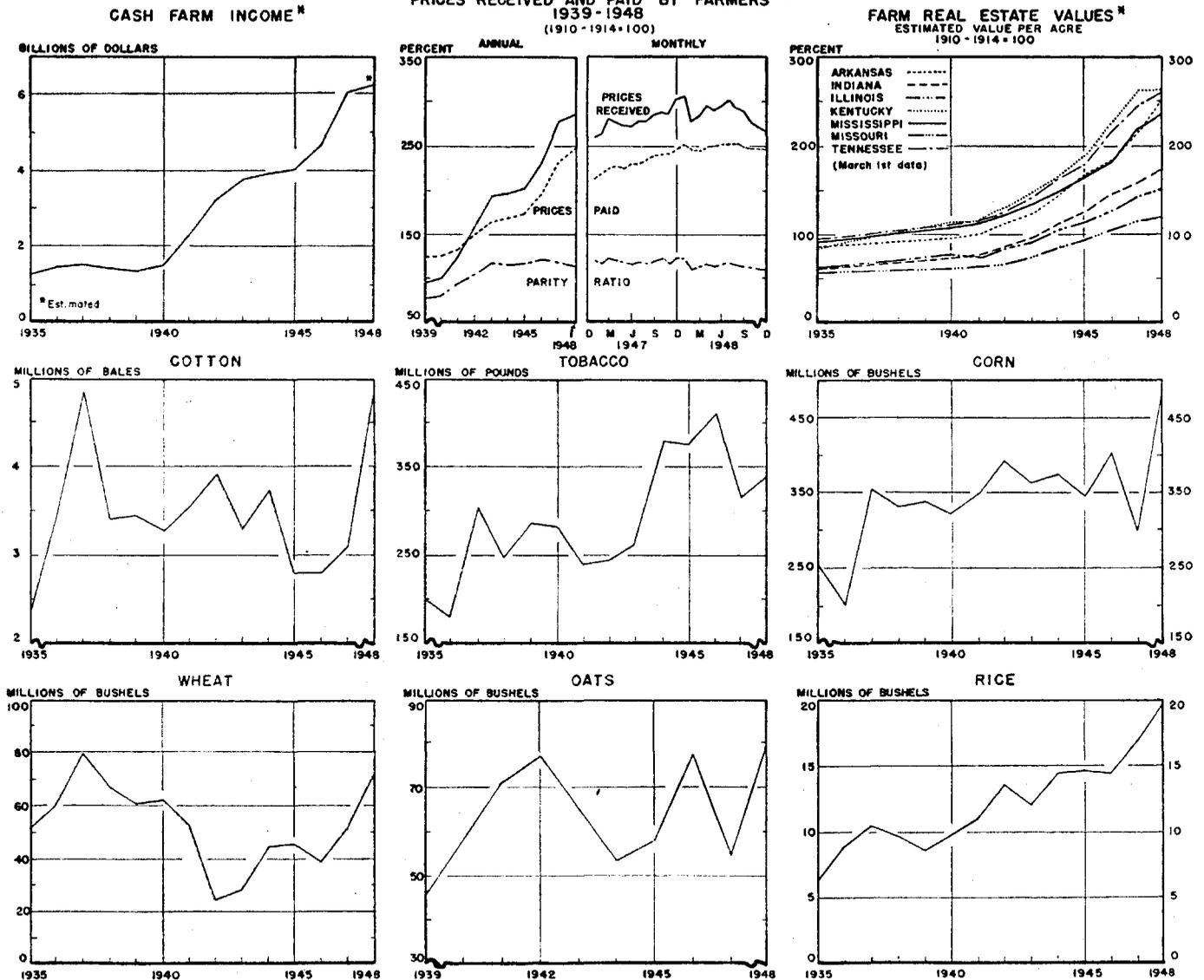
corn, oats, barley, rye, hay, peanuts, potatoes, citrus fruits and eggs, all were below 90 per cent of parity. Prices of wheat, cotton, beans and butterfat were below parity, and only prices of rice, cottonseed, flaxseed, some types of tobacco, turkeys, beef, veal and lamb were as much as 20 per cent or more above parity.

As is characteristic during a period of price declines, prices paid fell less than prices received. During the year, the index of prices paid by farmers including interest and taxes, declined from 251 to 247, a drop of less than 2 per cent. The decrease

was due largely to a reduction in prices of feed and food, products which farmers produce. The parity ratio (ratio of prices received to prices paid) narrowed from 122 in January to 109 in December.

Despite the drop in farm prices during the year, average farm prices in 1948 were higher than in 1947. Thus 1948 cash farm income in the United States exceeded that of 1947 (\$31 billion as compared with \$30.2 billion). Cash farm income in Eighth District states in 1948 also was larger than the \$6,058 million realized in 1947. The twelve month total, December, 1947 through November,

**AGRICULTURAL INCOME, PRICES AND PRODUCTION IN THE EIGHTH DISTRICT**  
**CASH FARM INCOME\*\***  
**PRICES RECEIVED AND PAID BY FARMERS\*\***  
 1939-1948  
 (1910-1914=100)



\* Total For Eighth District States  
 \*\* For the United States  
 SOURCE: U.S.A., Agricultural prices, Crop Summary 1948, Developments in Farm Real Estate Market

1948, was \$6,253 million. While cash (and gross) income was higher in 1948 than 1947, net farm income apparently was a little lower (\$18 billion was realized nationally in 1947) due to a narrower profit ratio.

Farm income in district states for the first eleven months of 1948 exceeded the income for the same period in 1947 by 3 per cent. However, farm income in Kentucky and Illinois was down 6 per cent and 3 per cent, respectively, from 1947. In Indiana there was no change, but in Missouri and Arkansas, income was up 11 per cent, and in Mississippi it was up 10 per cent.

In November, farm income in Illinois and Indiana was 12 per cent and 15 per cent, respectively, less than in November, 1947. However, farm income in other district states was 15 per cent to 47 per cent larger than November, 1947. Nationally, farm income in November was 1 per cent larger than a year earlier, but final figures for the entire last quarter of 1948 are expected to be lower than in 1947.

Total crop production in 1948 far exceeded production in any other year. The index of physical output was 37 per cent above the 1923-32 average volume of production, and 9 per cent above the previous record production attained in 1946. This record output was due to harvested acreage larger than the wartime average, coupled with a yield index 51 per cent above the 1923-32 base, and 11 per cent higher than the previous record realized in 1942.

Record production of 3,651 million bushels of corn was a substantial factor in the total output. This crop was nearly 400 million bushels larger than in any other year, and the yield of 42 bushels per acre exceeded the previous record yield by six bushels. Corn production in the Eighth District in 1948 was 18 per cent more than the previous record crop of 1946, and was 60 per cent larger than the poor crop of 1947.

Cotton production in the Eighth District totaled 4,821,000 bales in 1948, 50 per cent more than 1947 production. This crop was only slightly smaller than the record crop produced in 1937.

The district tobacco crop in 1948 was 340 million pounds, slightly larger than the 1947 crop, but smaller than the 1944-46 crops. Nationally, the crop was 10 per cent less than in 1947.

Eighth District wheat production in 1948 was 71.7 million bushels, the second largest district crop on record, exceeded only in 1937. It was 39

per cent above the 1947 crop, and 87 per cent more than the 1946 crop. Nationally, the 1948 wheat crop of 1,288 million bushels was 77 million bushels less than the 1,365 million bushels record production of 1947.

Winter wheat acreage for the 1949 crop in district states is about 4 per cent larger than in 1948, compared with a 5.5 per cent increase nationally. The 61.4 million acres seeded in the nation is the largest seeded acreage on record and is one-fourth larger than the ten-year, 1937-46, average. Indicated acreage in the three Mid-South states of the district is lower than in 1948. Though other district states have an acreage increase, lower production is indicated in all of them except Indiana.

Nationally, winter wheat production for 1949 is now forecast at 965 million bushels, compared with a 1948 crop of 990 million bushels. However, the condition of the crop on December 1, 1948 was much better than a year ago, when the 1948 crop was estimated at only 839 million bushels. Thus favorable weather conditions for the remainder of the growing season easily could result in a 1949 winter wheat crop in excess of a billion bushels.

District oats production in 1948 was 20 million bushels, or 37 per cent more than in 1947. Rice production in Arkansas was 19.7 million bushels, a crop one-fifth larger than the previous record crop produced in 1947.

The physical volume of farm marketings in 1948 was slightly less than in 1947. Meat production was about 7 per cent less, and milk production was 3 per cent less than in 1947. Chicken and turkey marketings were down, but egg production was about the same due to more eggs produced per hen.

The 1948 fall pig crop is 8 per cent larger than in 1947. This, coupled with an estimated 10 per cent increase in the size of the spring pig crop, will result in substantially larger pork supplies in 1949. Total meat production, however, will be about the same as in 1948 since beef production is expected to be lower.

Land values in all district states increased in the twelve-month period ending November, 1948. The value of farm land surpassed the 1920 peak in Arkansas, Indiana, and Missouri during the year. Values already were higher in March, 1947 in Kentucky and Tennessee than during the World War I postwar peak. Nationally, farm values passed the World War I peak during the period April to July, 1948, and in November the index of 177 (1910-14=100) was 4 per cent above the 1920 peak.