Monthly Review

FEDERAL RESERVE BANK OF ST. LOUIS

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Financial Position of Eighth District Farmers

After a decade of rising prices and increasing assets, farmers began this year to see profits and equities decline. On the other hand, at the beginning of the year, total assets—including land, livestock, equipment, cash and bonds—and total equities of American agriculture were largest on record. And by the beginning of next year, the financial position of farmers in general will still probably be better than in any previous year except 1949 and possibly 1948.

The 1949 decline in assets thus is not large enough to present a serious problem in itself. But when a decline occurs after ten years of steady increase a number of questions about the future are bound to come up. Does agriculture face a drop similar to that of the period 1921-1932, with hardships like those which farmers had then? Or will farmers be able to adjust to a lower profit level and smaller incomes without pinched working capital, distress sales and foreclosures?

These questions are of particular concern to bankers and other lenders who make loans to farmers. For a general answer to them, the January 1 data indicate that farmers are in a sound financial position and that they will be able to make a substantial readjustment in prices, output and income without suffering acute hardship. The picture for agriculture looks far more favorable today than in 1921.

The outline of farm assets and liabilities in this article shows in some detail why this is true. It thus gives an indication of how good a credit risk the farmer is. Lenders must remember, though, that in the final analysis each loan applicant must be judged on his individual merits.

Another question which naturally arises is whether farmers in states within the Eighth District will fare better or worse than farmers in other areas. Since agricultural assets are not broken down on a regional or state basis, data for the Eighth District cannot be given precisely. It is possible, however, to use available data to indicate the changes that have taken place in district states.

ASSETS OF FARMERS

The American agricultural plant was valued at $127 billion in January, 1949; it had gained $6 billion in the previous year and $74 billion since January, 1940. Slightly more than half of the $127 billion represented value of land, and $32 billion of the increased assets since 1940 represented write-ups in land valuation. Still, real estate assets increased by a smaller percentage than non-real estate items.

In the Eighth District states, real estate assets apparently increased more than in the entire country. As of July, 1949 land values in the Eighth Federal Reserve District were up 139 per cent over the 1935-39 average compared with a 107 per cent increase for the United States. Missouri was the only district state in which the increase was smaller than the national average. The price of land in Kentucky and Tennessee increased more than in other district states, largely because of the increasing prices being paid for farms producing tobacco.

While land values in the district states increased between July a year ago and July this year, they declined (by 2 per cent) between March and July of this year. Some observers believe that this decline in value figures mainly reflects a shift in

CHANGE IN VALUE OF FARM LAND
EIGHTH DISTRICT STATES

	March to July, 1949	July, 1948 to July, 1949	1935-39 to July, 1949
Arkansas	— 5%	— 1%	+166%
Illinois	- 0 -	+ 2	+131
Indiana	— 3	— 3	+149
Kentucky	— 1	+ 5	+189
Mississippi	— 4	+ 2	+146
Missouri	— 1	+ 4	+106
Tennessee	— 1	+ 4	+170
Eighth District	— 2	+ 2	+139
U. S.	— 2	— 1	+107

Source: Current Developments in the Farm Real Estate Market, BAE, September, 1949.

sales to poorer grade land. But this shift itself might indicate a weakening market. Either asking values in good farming areas are such as to hold sales down, or current potential buyers do not have sufficient capital to make adequate down-payments on higher priced land and are forced to buy cheaper farms. Both conditions probably are showing their effect on farm values. Dealers are reporting a widening gap between asking and bid prices, volume of farm sales has declined for the past two years, and a larger proportion of farms are being purchased with the aid of credit.

This decline in land values will in all probability be reflected in a lower valuation of real estate in the January 1, 1950 Balance Sheet of Agriculture. This means that the $32 billion write-up in land values will be reduced, possibly by a sufficient amount to wipe out the $2.3 billion increase which came during 1948. Individuals who purchased farms during 1948 may view declining land values with some concern if the sale values become less than original capital investments.

Livestock and Crops.—Nationally, the value of crops and livestock on farms as of January 1, 1949 was $23.2 billion; $14.7 billion of this represented livestock and $8.5 billion crops stored on or off farms. (Farm products with title actually in a Government agency are not included in these figures, but those held as securities for crop support loans are included.)

The volume of crops stored on or off farms probably will be higher at the beginning of 1950. The cotton crop is expected to be larger than in 1949, and stocks of feed grains are expected to go up 8 per cent primarily as a result of a 15 per cent larger supply of corn.

The livestock outlook also is for higher numbers. The decline in livestock numbers probably has been stopped as a result of record large feed supplies and favorable feeding ratios. Indications in July were for a 2 per cent increase in grain consuming animal units for the year October, 1949 to September, 1950. But lower prices are likely to offset, at least in part, the value of the added animal units and the increase in volume of crop inventories.

ESTIMATED CROP PRODUCTION, 1949
EIGHTH DISTRICT AND UNITED STATES

	Estimated Production Oct. 1, 1949		Per cent change from 1948	
	8th District	U. S.	8th District	U. S.
	(In thousands)			
Cotton (bales)	3,780	15,446	— 22	+ 4
Corn (bushels)	444,183	3,476,986	— 8	— 5
Wheat (bushels)	71,778	1,125,226	+ 1	— 13
Oats (bushels)	64,544	1,321,075	— 14	— 11
Tobacco (pounds)	375,124	2,004,214	— 2	+ 1

Source: Crop Production, USDA.

The Eighth District probably will show a different pattern. Although the livestock inventory of the district should follow closely the national trend, crop inventories here should be down appreciably, and drop relative to national totals. The national 1949 cotton crop is up 4 per cent from 1948, but the district cotton crop is off nearly 22 per cent. The district corn crop is expected to decline 8 per cent as against the national crop's 5 per cent decrease. District tobacco production may be 2 per cent less, against a 1 per cent increase nationally.

BALANCE SHEET OF AGRICULTURE, UNITED STATES, JANUARY 1, 1940, 1948 AND 1949
(Dollar amounts in millions)

				Net change			
				1940-49		1948-49	
ASSETS	1940	1948	1949	Amount	Per cent	Amount	Per cent
Physical assets:							
Real estate	$33,642	$ 62,813	$ 65,168	$31,526	+ 94	$2,355	+ 4
Non-real estate:							
Livestock	5,133	13,384	14,697	9,564	+ 186	1,313	+ 10
Machinery and equipment	3,118	9,069	11,114	7,996	+ 256	2,045	+ 23
Crops, stored on and off farms[1]	2,645	8,789	8,475	5,830	+ 220	— 314	— 4
Household equipment[2]	4,275	5,415	6,000	1,725	+ 40	585	+ 11
Financial assets:							
Deposits and currency	3,900	15,300	14,800	10,900	+ 279	— 500	— 3
United States savings bonds	249	4,781	5,024	4,775	+1,918	243	+ 5
Investment in cooperatives	826	1,858	2,036	1,210	+ 146	178	+ 10
Total	$53,788	$121,409	$127,314	$73,526	+ 137	$5,905	+ 5
CLAIMS							
Liabilities:							
Real estate debt	$ 6,586	$ 4,882	$ 5,108	—$ 1,478	— 22	$ 226	+ 5
Non-real estate debt:							
To principal institutions:							
Excluding loans held or guaranteed by Commodity Credit Corporation	1,504	2,302	2,724	1,220	+ 81	422	+ 18
Loans held or guaranteed by Commodity Credit Corporation	445	84	1,152	707	+ 159	1,068	+1,271
To others[3]	1,455	1,800	2,200	745	+ 51	400	+ 22
Total	$ 9,990	$ 9,068	$ 11,184	$ 1,194	+ 12	$2,116	+ 23
Proprietors' equities	$43,798	$112,341	$116,130	$72,332	+ 165	$3,789	+ 3

Source: Federal Reserve Bulletin, September, 1949

[1] Includes all crops held on farms and crops held in bonded warehouses as security for Commodity Credit Corporation loans. The latter on Jan. 1, 1949 totaled 804.2 million dollars.

[2] Estimated valuation for 1940 plus purchases minus depreciation.

[3] Tentative. Includes individuals, merchants, dealers, and other miscellaneous lenders.

Machinery.—Value of machinery on farms increased during 1948 by 23 per cent, the largest percentage increase of any of the asset items. During 1949 machinery sales have held up well, according to scattered reports from implement dealers. Although shortages of equipment largely have disappeared and seasonal patterns of sales returned, the number of various machines sold compares reasonably well with that of 1948. Thus the value of machines on farms at the beginning of 1950 should be substantially higher than in 1949 and the increase again probably will be the largest of all asset items.

Rapid strides in mechanization are being made in district states. Prior to 1940, this area was far less mechanized than the rest of the country. Percentagewise the increase here almost certainly has been larger than for the nation as a whole. The mechanical cotton picker is no longer a novelty in the Delta and other labor-saving machinery is being used in increasing amounts. However, the dollar value of machinery per acre of farm land in the Eighth District is low compared with that of commercial farming areas in other parts of the country.

During 1948 farmers purchased 417,000 tractors, bringing the total to an estimated 3,250,000. Their purchases of new cars (worth $600 million) carried the total number on farms to 5,300,000. Trucks on farms totaled 2,100,000, 40 per cent more than in January, 1945.

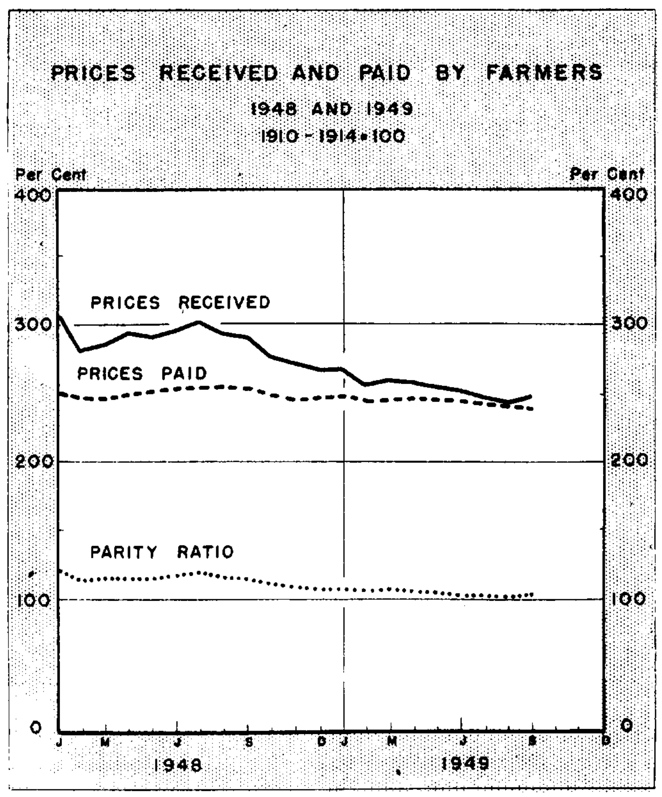
Household Equipment.—Purchases of household equipment in 1948 amounted to $585 million, making a total value on farms of $6 billion. Substantial additions of household equipment undoubtedly have been made during 1949. The extension of rural electric lines as well as the strong cash position of agriculture and the availability of equipment, all have encouraged thousands of farm families to undertake a considerable amount of remodeling and improvement.

Financial Assets.—Deposits and currency in the hands of farmers declined $500 million during 1948, the first decline in liquid assets since 1940. This was due partly to a decline in realized net agricultural income during 1948 which resulted because prices received declined more than prices paid. Partly it was due to large expenditures for machinery, automobiles and household equipment. Farmers apparently drew on demand deposits, as their time deposits remained steady and their holdings of savings bonds increased by $200 million.

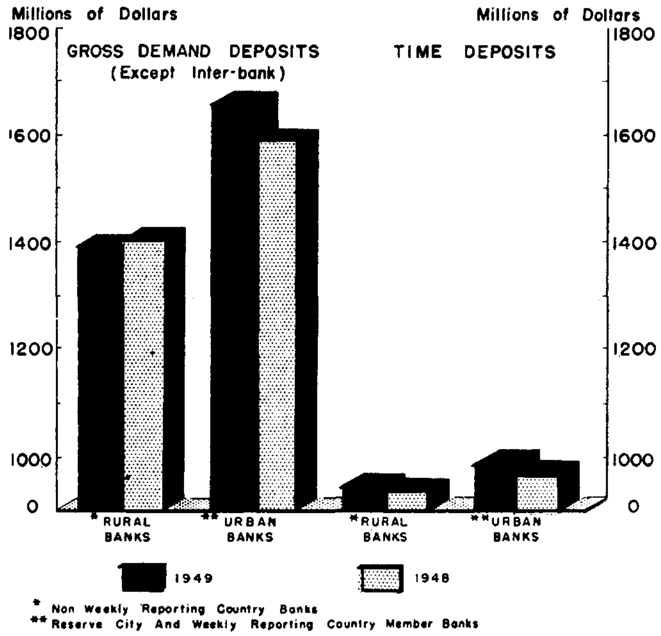
Evidence indicates that the amount of liquid assets held by farmers is continuing to decline in 1949. Prices received by farmers have dropped substantially during 1949 compared with 1948, as the chart shows. Prices paid, however, are off only 3 per cent. As a result, for the first nine months of 1949 the ratio of prices received to prices paid averaged 109, compared with 117 for the same period in 1948. The estimated realized net farm income for 1949—about $14.2 billion—would be 15 per cent less than the $16 billion income of 1948. As can be noted from the Farm Income table which appears each month in the Survey of Current Conditions section of the Monthly Review, farm income for the first eight months, in Missouri, Indiana, Tennessee and Illinois, was respectively 15, 14, 9 and 8 per cent lower than a year earlier.

Deposits in country banks in the 20 leading agricultural states were 3 per cent less in August, 1949 than in August, 1948, although they were four times the 1940 level. Scattered reports indicate that deposits of farmers may have declined more than 3 per cent during this period. This decline would reflect, partially at least, farmers' transferring a portion of their deposits to merchants through purchases of machinery and other equipment.

In district states demand deposits of country banks in August, 1949 were 1 per cent less than a year earlier. This relatively favorable deposit position for the district may have deteriorated subse-



DEPOSITS OF RURAL AND URBAN MEMBER BANKS
8th DISTRICT, AUGUST 1948 AND 1949



quently, however. Most 1949 crops, except for wheat, are not marketed until the last four months of the year. Whereas demand deposits of country banks in three Delta states—Arkansas, Mississippi and Louisiana—were about 1 per cent higher August, 1949 compared with a year earlier, in the first half of September they were 3 per cent less than the same period of 1948, and in all probability will continue running below 1948 totals during the remainder of 1949 as a result of the poor cotton crop in those areas. Deposits of country banks in other district states may not reach December, 1948 totals because of somewhat lower crop production and lower prices.

LIABILITIES

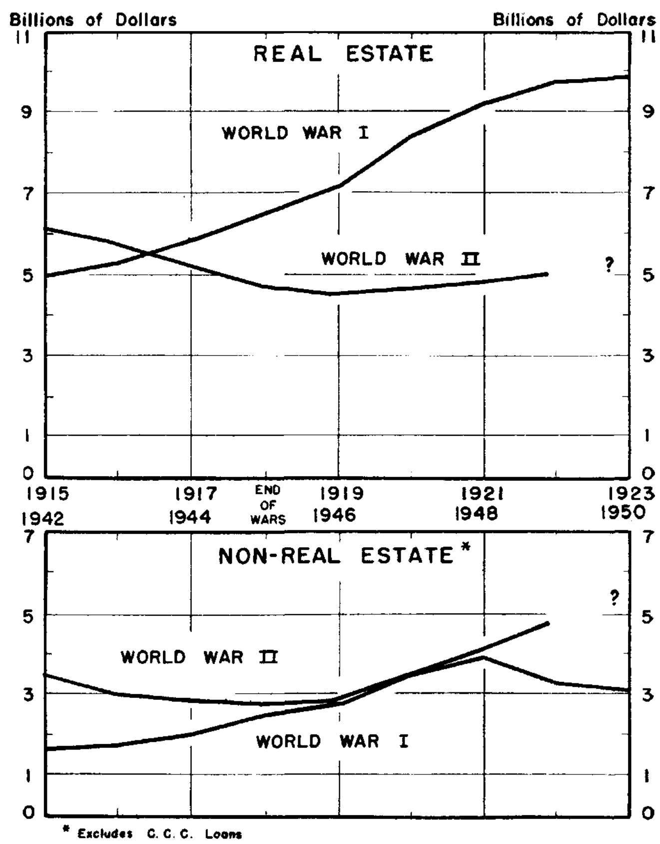
The over-all position of agriculture is favorable. At the beginning of 1949, against $127.3 billion in assets there were just $11.2 billion in liabilities, a ratio of 11 to 1. In 1940, the ratio was 5 to 1. But this favorable picture has to be qualified somewhat. First, two-fifths of the increase in assets since 1940 have been write-ups in the value of land. Second, liabilities—although low in relation to total assets—have increased in absolute terms each year since 1946. With net farm income declining and with debts increasing, the claims side of the Balance Sheet takes on an added significance.

Farm Real Estate Debt.—In 1948 farm real estate debt increased for the third year since 1946 (when it was $4.7 billion) to $5.1 billion. At the beginning of 1949 it was 5 per cent more than in January, 1948 and 9 per cent more than in January, 1946. This total was 22 per cent lower than in 1940, however, and only about half of that oustanding in 1923.

The pattern of farm mortgage debt change during and after the two world wars presents interesting comparisons. Although land values increased during both wars, and following the recent world war exceeded those in the early twenties in most states, farm mortgage indebtedness has followed different patterns thus far. Whereas it climbed steadily during and after World War I and reached a high of $10.8 billion in 1923, it actually declined during World War II and has turned upward only since 1946.

The increase in farm real estate debt apparently has continued during 1949. The value of farm mortgages recorded during the first half of 1949 was exceeded only in the comparable period of the three years 1946-48 and was twice that recorded in the first half of 1939. Reports from the Federal Land Banks and insurance companies indicate that the volume of payoff has declined substantially from the 1948 level during 1949. This was the primary reason for the increase during 1948. The volume of debt recorded in 1948 was somewhat smaller than in 1947, but outstandings increased $226 million during the year.

FARM DEBT AFTER TWO WORLD WARS



Outstanding farm mortgage debt in three district states—Arkansas, Mississippi and Tennessee—increased more than 25 per cent between January, 1946 and 1949, compared with a national average of 9 per cent. The increase was less than the national average in two states—Illinois and Missouri. Outstandings in Illinois in 1949 were actually 13 per cent less than in 1946. Farm real estate debt in 1948 also increased more than the national average in all district states except Illinois and Missouri. The percentage increase in Arkansas during 1948 was double the national average.

Despite the fact that agriculture as a whole is in a sound financial position, individual farmers are finding themselves in a precarious financial position. As noted earlier, land values have declined so that farmers purchasing farms in recent years may not be able to liquidate without capital loss. More farmers apparently had to use credit in the purchase of farms in 1948: 55 per cent of the farms were purchased with the aid of credit, against 51 per cent in 1947 and only 40 per cent in 1945 and 1946. The average size of loans made has increased steadily from the $2,270 average loan of 1939 to the $4,430 loan of 1949.

The total amount of credit used has varied between 50 and 55 per cent of the total of sale prices in recent years, indicating that on the average, farmers were able to make adequate downpayments. In 1948, however, about one-fifth of the sales involved mortgages amounting to 75 per cent or more of the sale price. This group would be hit first in any protracted financial squeeze. In fact a combined balance sheet for farmers in debt would not appear nearly so favorable as the one listed earlier. In many cases the proprietor's equity would be thin. With declining profits in prospect, this group is apt to increase rather than decrease. A census study of mortgaged farms in 1945, when outstanding farm debt was only 10 per cent of the total land value, showed that the ratio of debt to value of mortgaged farms was 30 per cent. With a decline in pay-offs, increasing farm mortgage debt, and more recently a decline in land values, the ratio of debt to value of mortgaged farms has turned upward.

MORTGAGED FARMS, 1940 AND 1945

Per cent mortgaged, ratio of debt to value and debt per acre

	Per cent of farms mortgaged		Ratio of debt to value*		Debt per acre*	
	1945	1940	1945	1940	1945	1940
Arkansas	24%	34%	28%	35%	$13	$11
Illinois	25	35	24	41	31	36
Indiana	37	47	25	38	23	24
Kentucky	19	27	30	36	18	16
Mississippi	28	46	33	40	14	11
Missouri	34	42	35	45	16	15
Tennessee	18	30	31	36	16	14
U.S.	29	39	30	42	13	14

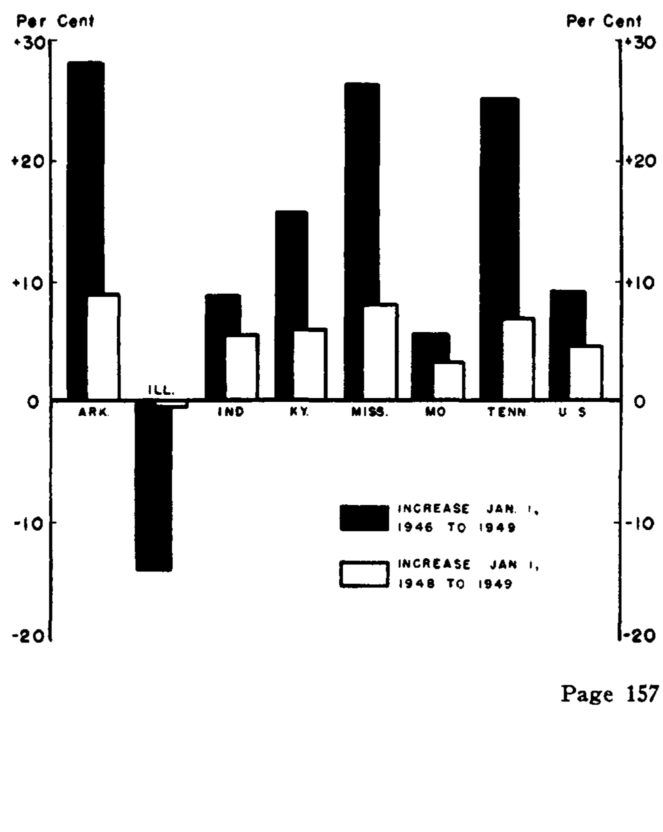
* Mortgaged farms only.

Short-term debt.—Short-term debt declined $800 million from 1942 to 1946, accompanying the farm mortgage debt decline of $1,700 million. Since 1946, short-term debt has increased 75 per cent to $4.9 billion (at the outset of World War II it was $3.6 billion). The increase during 1948 was $800 million, or 20 per cent. During World War I short-term debt increased each year from 1915 and reached a peak three years after the war in 1921. As pointed out in the October Monthly Review, of all short-term loans about two-fifths are held by commercial banks; 15 per cent by Government sponsored agencies; and 45 per cent by merchants, dealers and others.

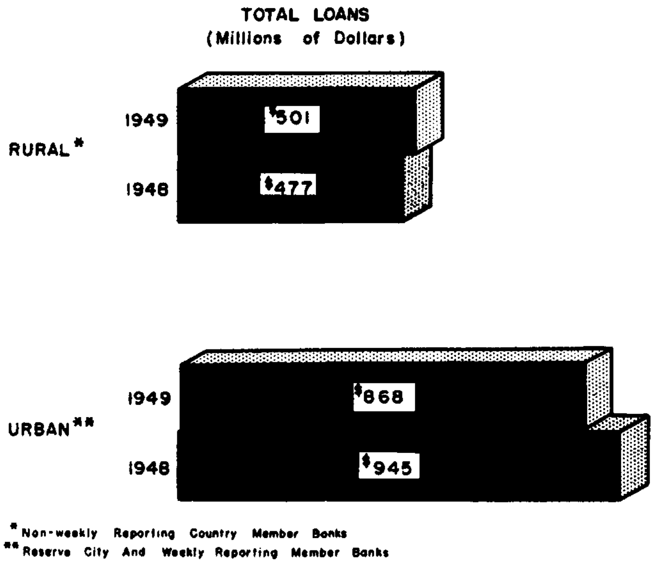
So far the increase in short-term debt cannot be termed alarming, even though the total was considerably larger in January, 1949 than before the war or at the peak following World War I. Requirements under a system of mechanized production are vastly different from those on the horse-powered farms of 1920. Inasmuch as the price level is more than double that of the pre-war days, it can be expected that normal short-term production borrowings will increase. The increased loans probably have been obtained for purchase of livestock, machinery, automobiles, trucks, tractors and electrical equipment. Loans for current production as well as for current living also have increased.

The fact remains, however, that those who have borrowed probably had used most of their liquid reserves. Scattered reports from bankers and other

INCREASE IN OUTSTANDING FARM MORTGAGE DEBT
JANUARY 1946 AND 1948 TO JANUARY 1949



LOANS OF URBAN AND RURAL MEMBER BANKS
8th DISTRICT, AUGUST 1948 AND 1949



credit agencies indicate that in some cases short-term debts have been incurred in amounts that cannot be repaid out of current earnings. Some of these probably will be converted into long-term real estate debt. This trend became evident in 1948.

Poor crops can reduce materially the ability to retire debt. Many farmers in the wheat country found that profits were reduced sharply as a result of the wheat crop's being smaller than a year earlier. Reserves in most cases were sufficient to carry them through, but another poor crop might conceivably result in numerous distress cases. Some cotton producers have been affected similarly. Production expenses have been so high and the crop so far below the 1948 average that returns were not large enough to pay the production loan. In some instances the production loan for one year's crop exceeds the normal limit for a farm mortgage loan.

Short-term loans continued to increase in the first half of 1949 and in July, 1949 were 11 per cent more than a year earlier. The increase from July, 1947 to July, 1948, however, was nearly 21 per cent. In district states total net loans of country banks (the bulk of which are short-term) in August, 1949 were 5 per cent above those of a year earlier. This figure includes business and other loans in addition to agricultural loans, however, and it is likely that farm production loans at these banks rose more than the over-all increase indicates.

SUMMARY

Farmers in the aggregate are in sound financial position, but it is probable that their assets at the outset of 1949 were higher than they will be for several years to come. Land values have declined in 1949 and will be reflected in a lower valuation on land. This will merely be writing down a part of the write-up in value which took place during the war. To a few individuals who desire to liquidate farms purchased in 1948 the decline may mean capital loss, however.

Farmers' holdings of currency and demand deposits have declined during 1949 and are expected to decline further as the profit margin narrows. On the other hand, farmers are adding to the value of machinery and household equipment on farms.

Farm mortgage debt increased in 1949 (continuing the trend begun in 1946) after reaching $5.1 billion at the outset of the year. Although the amount of debt in relation to the value of the land is not high, some individual farms are mortgaged for more than they would bring a few years ago. About a fifth of the mortgages recorded in 1948 were for 75 per cent or more of the purchase price. Individual hardship cases probably will increase because of high purchase prices, large loans to service and declining profits.

Short-term debt increased 20 per cent in 1948. The $4.9 billion outstanding in January, 1949 exceeded any previous amount. Outstandings continued to increase during 1949. Again the total amount outstanding is not too alarming in view of the fact that the amount of machinery (and the price level) has increased substantially. However, some individuals have had to renew loans and convert into long-term debt.

Commercial bankers in general have become aware of possible difficulties in the future and have examined credit needs carefully. Although farm profits are declining, they are sufficiently high that farmers as a group will be able to pay production costs, service their loans and still add to their capital accounts for several years to come. Poor crops or unsound planning, however, may put some farmers under burdensome debts.

Donald L. Henry

Survey of Current Conditions

Total industrial production in the nation continued to increase in September. In a number of industries the advance carried into October. But because of the loss of production in the steel and coal producing industries, total industrial output in October was considerably smaller than in the previous month. As a result, the statistical measures of industrial production will show that the recovery which began in the third quarter has been rather violently interrupted. They are also likely to indicate an average level of output for the entire fourth quarter somewhat lower than had been anticipated earlier.

The strikes in steel and soft coal have had considerably less effect on industrial operations in the Eighth District than in other parts of the country. Basic steel production in the St. Louis area was not interrupted by the strikes. In the coal producing areas in this district, mines in Missouri and Arkansas are in operation now, while in other district states a sizable portion of the coal produced comes from mines not involved in this labor dispute. Industrial activity in a fairly large part of the district was curtailed as a result of the Missouri Pacific railroad strike. The net effect of strikes on industrial production, however, probably has been less serious in this district so far than in the nation as a whole.

At the national level the relatively high levels of operations or advances have continued in industries not directly affected by labor disputes. In part these gains are seasonal in character, but in many instances they also reflect something of a change in business policy with respect to inventories. In the first half of 1949 business in general was conducted on a declining level of inventories. But consumers continued to spend their money—supplementing income with credit and savings in holding their expenditures at a level higher than was anticipated earlier. One result was a substantial reduction in business inventories, since sustained consumer demand was being met partly out of accumulated stocks of goods.

In the third quarter there were indications that retailers and others in the production-distribution process were re-ordering to rebuild stocks. This change in policy has been given much credit for the recovery in production. Recent estimates of the U. S. Department of Commerce, however, indicate that at least through August and probably the entire third quarter the net liquidation of business inventories continued, although at a very much lower rate, when allowance is made for normal seasonal changes. While the evidence is not as yet conclusive, it suggests that the major change in buying so far is toward a policy of ordering to meet current consumer demand and away from the practice of supplying consumers' needs from inventories. However, the evidence to date indicates that except in the steel and textile consuming industries, outright accumulation of inventories perhaps has played a much smaller part in the third quarter recovery than has been credited to this factor.

The short run outlook continues to be influenced largely by consumers' willingness and ability to maintain their expenditures. Some light has been thrown on this question by the mid-year survey of consumers by the Federal Reserve Board. This study indicates that at the time of the survey consumers expected to continue buying fairly heavily throughout this year. It may be significant, however, that many potential customers for durable goods equipment—automobiles, major appliances and the like—apparently hinge their prospective purchases on price reductions. Yet these are the items produced in industries directly affected by work stoppages in the steel and aluminum industries—where supplies may be curtailed as a result of these strikes. These conditions are not conducive to price reductions.

PRICES

CONSUMERS' PRICE INDEX

Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1949	June 15, 1949	Sept. 15, 1948	Sept. 15, 1949 compared with June 15,'49	Sept. 15, 1949 compared with Sept. 15,'48
United States	169.6	169.6	174.5	0 -%	— 2.8%
St. Louis	168.9	169.8	175.0	— 0.5	— 3.5
Memphis	172.7	173.5	177.1	— 0.5	— 2.5

RETAIL FOOD

Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1949	Aug. 15, 1949	Sept. 15, 1948	Sept. 15, 1949 compared with Aug. 15,'49	Sept. 15, 1949 compared with Sept. 15,'48
U.S. (51 cities)	204.2	202.6	215.2	+ 0.8%	— 5.1%
St. Louis	211.6	210.6	223.0	+ 0.5	— 5.1
Little Rock	201.4	201.6	212.0	— 0.1	— 5.0
Louisville	194.3	192.4	207.2	+ 1.0	— 6.2
Memphis	213.0	214.3	227.8	— 0.6	— 6.5

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Sept.,'49	Aug.,'49	Sept.,'48	Sept.,'49 compared with Aug.,'49	Sept.,'49 compared with Sept.,'48
All Commodities	153.7	153.0	168.5	+ 0.5%	— 8.8%
Farm Products	163.1	162.3	189.1	+ 0.5	—13.7
Foods	162.0	160.6	186.3	+ 0.9	—13.0
Other	145.5	145.1	153.2	+ 0.3	— 5.0

EMPLOYMENT

Most of the sizable gain in nonagricultural employment which occurred in the nation between July and August was retained in September, according to Bureau of the Census reports. The small drop in September employment was due to the withdrawal of summer workers from the labor force, for there was a moderate increase in the number of employed adult workers. In September—for the first time in six months—nonagricultural employment was not substantially below the corresponding month of 1948. The number of persons actually at work increased, as fewer persons were on vacation.

Although in September unemployment in the nation was still 80 per cent higher than last year, it showed a significant decline for the second consecutive month, dropping to the level of last May. Although youths under 25 years of age accounted for two-thirds of the drop in unemployment in September, the reduction in the ranks of unemployed older persons is significant.

On the darker side of the picture, the number of persons job-hunting for relatively long periods of time continued to increase. Approximately one of every four unemployed persons had been jobless for fifteen weeks or more in September.

The volume of insured unemployment declined substantially in all the district states as well as in the nation between August and September. The largest percentage drop occurred in Indiana and Mississippi, although all the district states had decreases equal to or exceeding the national decline of 12 per cent. The number of claimants is materially larger than a year ago, with the increase ranging from 10 per cent in Missouri to 116 per cent in Illinois.

In four of the five district states for which data are available (Arkansas, Illinois, Indiana and Tennessee), nonagricultural employment rose slightly less than one per cent between July and August, according to U. S. Bureau of Labor Statistics estimates. This was the first increase in most of these states since early this year. In Missouri, however, nonagricultural employment declined slightly less than one per cent because of a large drop in government employment and smaller declines in trade and service. Significant gains occurred in manufacturing employment in all states except Arkansas. The increases generally were due to seasonal influences, but some could not be attributed to this factor. The national increase in both nonagricultural and manufacturing employment between July and August was a trifle higher, percentagewise, than in any district state.

In the St. Louis area total nonagricultural employment increased slightly between July and September. However, if the number of railroad employees affected by the railroad strike is deducted from the September employment figure, employment would show a small drop between July and September. Employment increases in the manufacturing, mining, construction, trade and finance industries in St. Louis more than offset decreases in the service, government and public utilities industries between July and September. In the manufacturing group, employment in the durable goods industries dropped slightly and increased in the nondurable goods industries. Gains in manufacturing were small but widespread as eleven of the nineteen major industry groups increased employment during the period. The four industries to show a decline were primary metals. transportation equipment, leather and non-electrical machinery.

September employment in St. Louis was about 15,000 below the year ago level mainly because of a 14,000 drop in manufacturing. Durable goods industries were responsible for 11,000 of the manufacturing employment decline. The construction and trade industries also employed fewer persons than last year, while the finance, service and government industries employed more.

Employment in the Louisville area edged upward during the past two months after reaching the year's lowest level in June and July. All the increase in employment between July and September was concentrated in the manufacturing industries. Nonmanufacturing industries showed a moderate decline. In manufacturing, all major industries except primary metals gained in employment during the two-month period. In nonmanufacturing, gains in the public utilities industry were more than offset by declines in government and construction. The Kentucky Department of Economic Security has reported that further increases in employment are expected by employers during the fall months.

Nonagricultural employment in the Memphis area increased by more than 5,000 between July and September because of general increases in both

WHOLESALING

Line of Commodities Data furnished by Bureau of Census, U. S. Dept. of Commerce *	Net Sales September, 1949 compared with Aug., 1949	Net Sales September, 1949 compared with Sept., 1948	Stocks Sept. 30, 1949 compared with Sept. 30, 1948
Automotive Supplies	— 2%	—16%	........%
Drugs and Chemicals	+ 9	0	....
Dry Goods	+ 2	— 1	—22
Groceries	+ 2	—11	— 3
Hardware	+ 4	—17	— 1
Tobacco and its Products	+ 3	— 1	—17
Miscellaneous	— 3	—12	— 3
**Total All Lines	+ 3%	— 9%	—11%

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

manufacturing and nonmanufacturing industries. In manufacturing, substantial gains occurred in the tobacco, textile, apparel, furniture, chemical, petroleum and coal and electrical machinery industries. The increase in nonmanufacturing employment, due primarily to seasonal influences, occurred in the mining, construction and trade industries. The Tennessee Department of Employment Security has reported that employment levels are expected to remain high for the rest of the year, with most industries forecasting slight increases due to seasonal factors.

Employment in the Little Rock area increased by almost a thousand between July and August principally because of an increase in the construction industry. Manufacturing employment increased very slightly as gains in the apparel and instrument industries compensated for a loss in the electrical equipment industry. August employment continued below the year ago level, as almost all industries employed either fewer or the same number of persons as last year.

INDUSTRY

Divergent trends were apparent in the industrial activity of the Eighth District in September. Increases over the previous month were indicated generally in manufacturing operations.

Other industrial lines—on-site construction work is typical—stayed about the same. Still others declined: among them crude oil and coal production, the latter by a considerable margin. Since part of the decreases were due to strikes, the areas of the district hardest hit have been the coal mining regions and the towns in the district served exclusively by the Missouri Pacific Railroad. However, the effect of the strikes has been relatively less damaging in this district than in other steel and coal producing areas in the nation.

Because of the shorter work month total industrial power consumption in the district's major manufacturing centers in September was slightly lower (by 3 per cent) than in August and about the same as a year ago. On a daily average basis consumption was up nearly 6 per cent. Total use of industrial power declined from August in all reporting cities except Little Rock and Pine Bluff.

Manufacturing.—Although on a daily average basis activity in nearly all lines was higher in September than in August, the shorter work month in September resulted in a slight decline in total manufacturing activity. Increases over August in total output were indicated in chemicals, rubber products, textiles, lumber, meat packing and distilling. Output was lower in the manufacture of automobiles, electric products, food and kindred products, iron and steel products, stone, clay and glass, transportation equipment, and in the brewing industry. In some parts of the district gains were registered in the food and stone, clay and glass industries.

Steel.—The steel strike which has cut production in most of the nation's major steel centers has not adversely affected the industry's operations in the St. Louis area. The union and companies are operating on an extension of old contracts. During September operations of the open hearth furnaces were scheduled at 75 per cent of capacity. This was 4 points higher than in August but 8 points below year ago levels. Schedules continued high in the first three weeks of October.

Lumber.—Basic lumber operations in the district in September were slightly higher than in August, although in some areas operations were handicapped by bad weather. The market for softwood and hardwood continues strong, reflecting the high level of demand in the construction industry. The hardwood market has been aided by improving retail sales of furniture.

Southern pine operations in September were 3 per cent higher than in August and than a year ago. Operations of reporting southern hardwood producers were the same in September as in August but 28 per cent below year ago levels.

CONSTRUCTION

BUILDING PERMITS
Month of September

(Cost in thousands)	New Construction Number 1949	New Construction Number 1948	New Construction Cost 1949	New Construction Cost 1948	Repairs, etc. Number 1949	Repairs, etc. Number 1948	Repairs, etc. Cost 1949	Repairs, etc. Cost 1948
Evansville	85	80	$ 130	$ 228	112	86	$ 64	$ 76
Little Rock	61	69	471	628	345	205	118	93
Louisville	199	202	1,015	1,614	93	83	108	57
Memphis	2,321	630	3,112	2,433	196	176	128	196
St. Louis	342	279	2,800	4,280	256	292	676	655
Sept. Totals	3,008	1,260	$7,528	$9,183	1,002	842	$1,094	$1,077
Aug. Totals	3,080	1,364	$9,374	$6,223	971	977	$1,094	$1,070

INDUSTRY

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	Sept., 1949 K.W.H.	Aug., 1949 K.W.H.	Sept., 1948 K.W.H.	Sept., 1949 compared with Aug., '49	Sept., 1949 compared with Sept., '48
Evansville	40	8,029	9,094	9,025	—11.7%	—11.0%
Little Rock	35	5,439	5,159	5,549	+ 5.4	— 2.0
Louisville	80	70,317	70,471	70,909 R	— 0.2	— 0.8
Memphis	31	5,052	5,129	5,185	— 1.5	— 2.6
Pine Bluff	26	4,647	4,160	3,482	+11.7	+33.5
St. Louis	139	83,980	89,593	84,708 R	— 6.3	— 0.9
Totals	351	177,464	183,606	178,858 R	— 3.4%	— 0.8%

*Selected industrial customers.
R—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Sept., '49	Aug., '49	Sept., '48	First Nine Days Oct., '49	First Nine Days Oct., '48	9 mos. '49	9 mos. '48
101,093	105,285	116,860	31,459	37,180	939,077	1,078,465

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Sept., 1949	Aug., 1949	Sept., 1948	Sept., 1949 compared with Aug., 1949	Sept., 1949 compared with Sept., 1948
Arkansas	71.6	73.1	82.4	— 2%	—13%
Illinois	179.2	181.9	180.4	— 1	— 1
Indiana	28.1	27.4	23.8	+ 3	+18
Kentucky	23.3	23.0	25.2	+ 1	— 8
Total	302.2	305.4	311.8	— 1%	— 3%

RETAIL TRADE

DEPARTMENT STORES

	Net Sales			Stocks on Hand	Stock Turnover	
	Sept., 1949 compared with		9 mos. '49 to same period 1948	Sept. 30,'49 comp. with Sept. 30,'48	Jan. 1 to Sept. 30,	
	Aug.,'49	Sept.,'48			1949	1948
8th F. R. District	+11%	— 8%	— 6%	— 8%	2.90	2.88
Ft. Smith, Ark.	+16	— 7	0	—17	2.98	2.70
Little Rock, Ark.	+ 9	—12	— 5	— 9	3.04	3.11
Quincy, Ill.	+21	—10	— 6	—13	2.49	2.59
Evansville, Ind.	+ 8	—12	—12	—22	2.64	2.65
Louisville, Ky.	+10	— 8	— 4	— 5	3.15	3.21
St. Louis Area [1]	+11	— 8	— 7	—10	2.88	2.87
St. Louis, Mo.	+10	— 9	— 7	—10	2.89	2.89
E. St. Louis, Ill.	+13	+ 2	— 3	......	......	......
Springfield, Mo.	+10	— 8	—14	—13	2.46	2.58
Memphis, Tenn.	+13	— 5	— 2	— 1	2.98	2.85
*All other cities	+ 8	— 8	— 5	—13	2.34	2.31

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

[1] Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill.

Outstanding orders of reporting stores at the end of September, 1949, were 3 per cent greater than on the corresponding date a year ago.

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

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith	....%	49%	Quincy	18%	55%
Little Rock	17	44	St. Louis	20	54
Louisville	22	48	Other Cities	14	55
Memphis	23	45	8th F. R. Dist.	20	50

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Sept., 1949	Aug., 1949	July, 1949	Sept., 1948
Sales (daily average), unadjusted [2]	335	280	254	366
Sales (daily average), seasonally adjusted [2]	332	326	325	362
Stocks, unadjusted [3]	311	288	278	336
Stocks, seasonally adjusted [3]	280	264	267	302

[2] Daily Average 1935-39 = 100.

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

SPECIALTY STORES

	Net Sales			Stocks on Hand	Stock Turnover	
	Sept., 1949 compared with		9 mos. 1949 to same period 1948	Sept. 30,'49 comp. with Sept. 30,'48	Jan. 1 to Sept. 30,	
	Aug., 1949	Sept., 1948			1949	1948
Men's Furnishings	+38%	—15%	— 4%	— 4%	1.90	1.98
Boots and Shoes	+30	0	— 1	+13	3.21	3.26

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

Men's Furnishings.................. 42% Boots and Shoes.................. 41%

Trading days: September, 1949—25; August, 1949—27; September, 1948—25.

RETAIL FURNITURE STORES **

	Net Sales		Inventories		Ratio of Collections	
	Sept., 1949 compared with		Sept., 1949 compared with			
	Aug.,'49	Sept.,'48	Aug.,'49	Sept.,'48	Sept.,'49	Sept.,'48
8th Dist. Total [1]	— 2%	— 7%	+ 3%	—11%	27%	30%
St. Louis Area [2]	+ 7	+ 7	+ 1	— 4	56	52
St. Louis	+ 8	+ 8	+ 1	— 4	58	54
Louisville Area [3]	—12	—30	+ 6	—18	15	17
Louisville	—13	—32	+ 5	—19	15	17
Memphis	—11	—16	+ 3	+ 3	14	18
Little Rock	— 5	— 7	+ 3	— 3	21	31
Fort Smith	—32	—22	*	*	*	*

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

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

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

[3] Includes Louisville, Kentucky and New Albany, Indiana.

**39 stores reporting.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Sept., '49	Aug., '49	Sept., '48
Cash Sales	11%	13%	13%
Credit Sales	89	87	87
Total Sales	100%	100%	100%

Whiskey.—There was a seasonal pickup in whiskey operations in Kentucky in September. At the end of the month 26 of the state's 63 distilleries were in operation—one less than a year ago but 8 more than at the end of August. In August whiskey production in Kentucky was the same as in July, 2.8 million gallons and nearly 2 million gallons less than a year ago.

Shoes.—District shoe output in August totaled 8.4 million pairs, according to preliminary estimates. Although this was about 1 per cent below the output of last August, it was 22 per cent above that of the previous month and was the highest monthly total since March. U. S. production in August was estimated at 36.2 million pairs, an 8 per cent increase over July but 12 per cent below that of August, 1948.

Meat Packing.—Meat packing operations in the St. Louis area in September were 9 per cent higher than in August and 17 per cent above year ago levels. In September 412,000 animals were slaughtered under federal inspection, the largest monthly total since March. The month-to-month increase was due primarily to a 17 per cent increase in hog killings, although slaughter of cattle and calves also showed a gain. Sheep slaughter was off about 3 per cent.

Oil and Coal.—Crude oil production in the district in September averaged 302,000 barrels daily. This was a decline of about 1 per cent from August and 3 per cent from a year ago. Compared with last month, gains in Indiana and Kentucky were slightly offset by declines in Illinois and Arkansas, which are the district's first and second ranking producers. Only Indiana wells produced more oil than in September of last year.

Daily output in the district in the third quarter averaged 303,000 barrels—nearly 2,000 barrels less than in the third quarter of last year and 800 barrels fewer than in the previous quarter of this year.

Coal production in the district's mines fell off again, reflecting the strike in U.M.W. mines. September output was estimated at 5.1 million tons, the lowest total since the strike in the spring of 1946. Production was 28 per cent lower than in August and 48 per cent below year ago levels. All states registered month-to-month decreases ranging from 3 per cent in Missouri to 60 per cent in Arkansas. Compared with September of last year declines ranged from 23 per cent in Western Kentucky to 70 per cent in Arkansas. U. S. production was 37 per cent below August and 58 per cent below September of last year.

Nationally, coal stocks (industrial and retail) in August remained at a high level in spite of decreased production during the past few months. The recent low output in September is not reflected in these figures, however. According to preliminary figures stocks were estimated to be about 69 million tons—only fractionally below July and higher than a year ago. This is estimated to be a 63 day supply, but only a 16 day supply in retail yards.

Construction.—Building permits awarded in the major district cities in September were considerably lower than in August and than in September, 1948, largely because of decreases in nonresidential awards. Permits totaling $8.6 million were authorized, compared with $10.5 in August and $10.3 in September, 1948. In St. Louis awards increased 51 per cent over August, but this gain was offset by decreases in all other reporting cities. Permits authorized for new residential building totaled $4.5 million, a decline of only 4 per cent from August and an increase of 21 per cent over year ago totals. St. Louis permits nearly doubled the previous month total, and slight gains were also registered in Memphis and Little Rock. New nonresidential authorizations were off 36 per cent compared with August.

TRADE

In the nation expenditures at retail stores in September were fractionally larger than in August, after seasonal adjustment, but were off 2 per cent from September, 1948. Motor vehicle dealers, with an increase of 22 per cent, were the only major group with volume larger than a year ago. Lumber and building materials dealers suffered a decline of 14 per cent from last September's level. Homefurnishings sales were off 5 per cent from last year.

Reporting department stores in the Eighth District also had a larger volume of sales than in August. Average daily sales increased more than seasonally for the third consecutive month and in September were 332 per cent of the 1935-1939 average. While total volume was off 8 per cent from last September as compared with a 5 per cent decline nationally, average daily sales on a seasonally adjusted basis increased 2 per cent from August both in the district and nationally.

Furniture stores in the district report a smaller volume of sales in September than in August as compared with an increase nationally. Reporting stores in this district did 2 per cent less business during the month while nationally sales were up 4 per cent. Volume was closer to last year's level nationally than in the district—being off only 5 per cent as against 7 per cent for the district.

BANKING

PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS

(In thousands of dollars)	Oct. 19, 1949	Change from Sept. 21, 1949	Change from Oct. 20, 1948
Industrial advances under Sec. 13b	$	$	$ ....
Other advances and rediscounts	5,751	— 53	— 5,971
U.S. Securities	954,686	+ 27,645	—277,566
Total earning assets	$ 960,437	$+ 27,592	$—283,537
Total reserves	$ 760,792	$+ 4,174	$+ 58,469
Total deposits	644,169	+ 23,701	—185,351
F.R. notes in circulation	1,076,025	+ 8,053	— 39,347
Industrial commitments under Sec. 13b	$	$	$ ....

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

(In thousands of dollars)
34 Banks Reporting

ASSETS	Oct. 19, 1949	Change from Sept. 21, 1949	Change from Oct. 20, 1948
Gross commercial, industrial and agricultural loans and open market paper	$ 523,797	$+ 53,058	$— 74,181
Gross loans to brokers and dealers in securities	5,674	— 977	— 1,604
Gross loans to others to purchase and carry securities	20,872	— 115	— 6,217
Gross real estate loans	184,054	+ 5,248	+ 28,047
Gross loans to banks	1,411	— 2,404	— 5,017
Gross other loans (largely consumer credit loans)	213,542	— 1,051	+ 7,515
Total	949,350	+ 53,759	— 51,457
Less reserve for losses	9,568	+ 24	+ 2,101
Net total loans	$ 939,782	$+ 53,735	$— 53,558
Treasury bills	48,480	— 4,212	— 36,286
Certificates of indebtedness	263,046	+ 13,823	+116,423
Treasury notes	40,273	— 4,138	— 27,262
U. S. bonds and guaranteed obligations	767,975	— 10,196	+119,492
Other securities	168,312	+ 4,908	+ 28,580
Total investments	$1,288,086	$+ 185	$+200,947
Cash assets	754,075	+ 47,349	— 81,934
Other assets	25,414	+ 100	+ 383
Total assets	$3,007,357	$+101,369	$+ 65,838
LIABILITIES			
Demand deposits of individuals, partnerships, and corporations	$1,507,615	$+ 50,985	$+ 26,225
Interbank deposits	624,449	+ 51,303	+ 17,952
U. S. Government deposits	57,764	+ 5,659	+ 1,404
Other deposits	121,873	— 5,483	— 3,519
Total demand deposits	$2,311,701	$+102,464	$+ 42,062
Time deposits	485,929	+ 369	+ 10,845
Borrowings	5,200	— 4,050	+ 800
Other liabilities	23,622	+ 1,945	+ 6,224
Total capital accounts	180,905	+ 641	+ 5,907
Total liabilities and capital accounts	$3,007,357	$+101,369	$+ 65,838
Demand deposits, adjusted *	$1,405,888	$+ 34,280	$+ 46,976

*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)	Sept., 1949	Aug., 1949	Sept., 1948	Sept., 1949 compared with Aug.,'49	Sept., 1949 compared with Sept.,'48
El Dorado, Ark.	$ 20,766	$ 20,806	$ 23,614	- 0 -%	—12%
Fort Smith, Ark.	39,206	36,749	39,077	+ 7	- 0 -
Helena, Ark.	8,191	5,777	7,055	+42	+16
Little Rock, Ark.	114,708	108,766	123,853	+ 5	— 7
Pine Bluff, Ark.	31,966	22,248	33,864	+44	— 6
Texarkana, Ark.*	10,572	9,505	11,625	+11	— 9
Alton, Ill.	22,351	22,420	24,499	- 0 -	— 9
E.St.L.-Nat.S.Y.,Ill.	115,301	113,014	120,068	+ 2	— 4
Quincy, Ill.	28,768	26,540	28,606	+ 8	+ 1
Evansville, Ind.	124,797	117,919	111,255	+ 6	+12
Louisville, Ky.	468,238	479,288	480,848	— 2	— 3
Owensboro, Ky.	31,196	30,147	28,133	+ 3	+11
Paducah, Ky.	13,139	12,605	14,218	+ 4	— 8
Greenville, Miss.	21,560	15,372	22,231	+40	— 3
Cape Girardeau, Mo.	11,242	11,701	10,876	— 4	+ 3
Hannibal, Mo.	8,069	7,808	8,000	+ 3	+ 1
Jefferson City, Mo.	53,209	47,014	43,878	+13	+21
St. Louis, Mo.	1,422,609	1,453,767	1,515,939	— 2	— 6
Sedalia, Mo.	9,491	9,546	10,203	— 1	— 7
Springfield, Mo.	55,500	54,769	60,363	+ 1	— 8
Jackson, Tenn.	19,475	16,534	18,959	+18	+ 3
Memphis, Tenn.	538,294	426,315	485,996	+26	+11
Totals	$3,168,648	$3,048,610	$3,223,160	+ 4%	— 2%

*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to $24,862.

The value of inventories held by reporting department stores increased in September on a seasonally adjusted basis for the first time since March. The total value of stocks was up 8 per cent from the end of August. This more than seasonal increase lifted the adjusted index to 280 per cent of 1935-1939. A month earlier the index was 264 per cent and at the peak on March 31 this year it was 323 per cent. Inventories continued at a level below last year's, however—down 8 per cent from the end of September, 1948 when the adjusted index was 292 per cent of the base years. Outstanding orders increased 26 per cent in value during September and were up 3 per cent from the value of orders on September 30, 1948.

Credit sales in department stores again accounted for a larger proportion of total volume than they did a year ago. In September 54 per cent of total sales volume represented some form of credit sales. A year ago the ratio was 53 per cent and two years ago it was 49 per cent. Some of the increase since last September is in open credit (charge account) sales, which represented 45 per cent of total sales in September or fractionally more than a year ago. The proportionate increase in instalment credit sales is considerably greater. In September these sales were equal to 9 per cent of the total sales; a year ago they accounted for 8 per cent.

BANKING

Gross demand deposits were not significantly changed from a year ago, according to reports from all district member banks at the end of September. Time deposits were 2 per cent above last year's level. This gain came in the first half of 1949; since June the trend has been slightly down. Total loans were 3 per cent below September, 1948, while U. S. Government securities were 14 per cent and other securities 5 per cent above a year ago. The loan decline—occasioned principally by the business recession that took place in the first half of the year—was slightly offset by the September, 1949 expansion which was greater than that in September, 1948. The expansion in Government holdings reflected the easing of reserve requirements and the return of the Federal deficit.

The variation in the year's change as between the city banks and the rural banks should also be noted. The smaller country banks, as a group, showed a slight loss in demand deposits, although their time deposit volume grew in the same proportion as that at the other member banks. And total loans at the rural banks were above a year ago (3 per cent); they had leveled off, however, and since April, 1949 had not repeated the growth of the previous two years. Loan volume, on the other hand, was reduced 6 per cent below a year ago at the end of September, 1949 by the city banks. Likewise, the percentage growth in U. S. Government securities held was only 1½ per cent as compared with 25 per cent at other member banks.

The picture developing at the country banks in the district is somewhat different from that developing at the city banks. The reduction of farm income, in substantial amounts for portions of this district, may tend to reduce deposit volumes in some rural areas.

Data from the weekly reporting member banks, which are representative of the city bank rather than the smaller rural bank group, is available to October 19, 1949 and indicates that business and agricultural loan expansion has continued at a pace similar to last year's.

AGRICULTURE

The cotton crop improved slightly during September in Arkansas and Mississippi, where indicated production on October 1 was 70,000 bales—10,000 more than a month earlier. The Missouri crop prospects declined by 15,000 bales, however. For district states the crop still is 23 per cent smaller than that of 1948. Nationally it will be 4 per cent larger primarily as a result of the fact that the cotton crop in Texas is 2.3 million bales larger than in 1948.

Conditions were generally favorable for other crops. The corn crop was estimated October 1 at 3,477 million bushels, a decline of 49 million bushels during the month. Much of the decrease occurred, however, in the western Corn Belt. The national crop is expected to be 5 per cent smaller than the 1948 record crop. The decline in Indiana, Missouri and Kentucky compared with 1948 is expected to be 6, 11 and 13 per cent respectively.

AGRICULTURE

CASH FARM INCOME

(In thousands of dollars)	Aug., 1949	Aug., 1949 compared with July, 1949	Aug., 1949 compared with Aug., 1948	8 month total Jan. to Aug. 1949	1949 compared with 1948	1949 compared with 1947
Arkansas	$ 22,553	— 2%	— 5%	$ 243,716	+24%	+27%
Illinois	115,730	—21	—12	1,058,155	— 8	— 7
Indiana	76,990	— 4	— 7	564,002	—14	—10
Kentucky	37,715	— 1	— 4	304,665	+ 2	—10
Mississippi	16,483	— 7	—31	255,547	+35	+43
Missouri	79,006	—11	—23	573,888	—15	— 7
Tennessee	27,697	—10	—11	237,205	— 9	— 8
Totals	$376,174	—11%	—14%	$3,237,178	— 5%	— 3%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Sept., 1949	Sept., 1949 compared with Aug.,'49	Sept., 1949 compared with Sept.,'48	Sept., 1949	Sept., 1949 compared with Aug.,'49	Sept., 1949 compared with Sept.,'48
Cattle and calves	163,252	+ 6%	+15%	76,154	+31%	+36%
Hogs	210,996	— 4	+26	66,602	—18	+33
Sheep	73,014	—16	+17	26,718	—25	+73
Totals	447,262	— 3%	+20%	169,474	— 3%	+39%