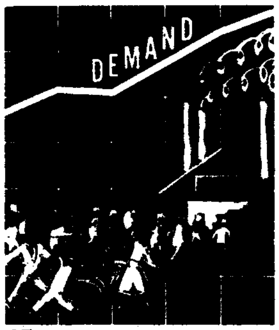
Monthly Review

FEBRUARY, 1953 Volume XXXV Number 2

1952—Continued Growth and Stability

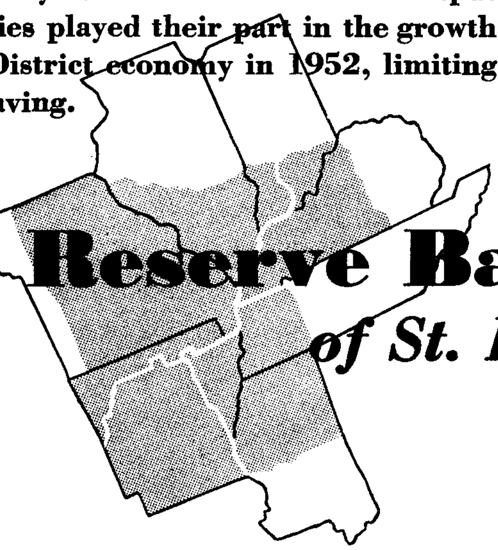


1947 1952

TOTAL DEMAND in the district, as in the nation, reached a new record in 1952. Consumer buying increased to a new peak at department stores and was equal to or larger than in 1951 at other reporting stores. Defense outlays rose substantially. Business spending reflected reduced inventory accumulation which more than offset greater outlays for new plant and equipment. Construction expenditures climbed to a new peak in the district as a result of the AEC project, building of new industrial plants, and a substantial volume of new housing.

Employment increased slightly in St. Louis, Louisville, Memphis, Little Rock, and Springfield, and gained 7 per cent in Evansville. Hours and earnings of manufacturing production workers rose moderately. And personal income reached a new peak.

Despite the record demand, employment and income, prices remained fairly steady during 1952. Increased agricultural output helped meet the increasing demand and maintain price stability. Substantial industrial output also was a factor. Monetary and credit policies played their part in the growth and stability that characterized the Eighth District economy in 1952, limiting bank credit expansion and encouraging saving.



Federal Reserve Bank

of St. Louis

Total demand in the district, as in the nation, reached a new record in 1952.

THE YEAR 1952 ended with business in the Eighth Federal Reserve District at a brisk and rising pace. The record for the year as a whole was good and was patterned closely after national performance. Total demand increased during 1952 with an increase in consumer and government spending offset in part only by some reduction in business outlays. Gross national expenditures rose $16 billion to total $345 billion in 1952—a new record. About one-half the increase represented higher prices; the other half, greater physical volume of takings. Consumers spent more money on goods and services as incomes and total employment increased moderately, although the relative share spent after taxes remained about the same in 1952 as in 1951. Expenditures by governmental agencies also increased during 1952, primarily due to mounting defense outlays. But gross private domestic investment was less due to slower inventory accumulation by business with only a slight increase in outlays for new plant and equipment.

Consumer buying increased . . .

Consumer purchases were partly instrumental in pushing the year's total demand to a new high level. Personal consumption expenditures totaled $216 billion, 4 per cent greater than in 1951. Two factors lay behind the increase: first, total personal income was somewhat higher in 1952 than a year earlier as employment increased, wages rose and the work week lengthened; second, this higher current income was augmented by rapid expansion of consumer credit, which was made available on easier terms following the suspension of Regulation W in May.

There were, however, substantial shifts in the type of consumer spending throughout the year. Durable goods sales were below the level of the preceding two years. The decline reflected reduced consumer demand for many items and restricted output for some other durable goods. Demand was restrained because consumers had recently purchased a large volume of new durable goods and expected supplies to be adequate. Beginning in late spring, durable goods sales increased although interrupted in July and August when automobile sales were reduced by the effects of the steel strike. Nondurable goods sales were about 5 per cent larger than in 1951. Much of this increase reflected higher prices.

. . . to a new peak at department stores . . .

Within the Eighth District, consumer spending responded in about the same fashion as nationally. Sales at district department stores totaled about $400 million, up 3 per cent from 1951 and at a new peak. Consumer buying in the first quarter averaged less than during the heavy buying early in the first quarter of 1951. The 1952 Easter shopping season was somewhat disappointing, although the date of Easter occurred later than in 1951, because consumers were affected by the cool weather. Consumer interest perked up in May and June—mainly as a result of extremely warm weather and the removal of instalment credit controls. Sales during the third quarter reflected to some extent results of the steel strike. In the last quarter, sales during October were at a 21-month peak, slumped contraseasonally in November, then rose sharply during December. At year's end, districtwise and nationally, consumer spending was at a high level and rising.

Credit sales accounted for a larger portion of total sales in 1952 than in 1951. The increase was wholly in the expansion of instalment sales after the suspension of credit regulations in May, 1952. Instalment sales accounted for 9.5 per cent of total sales at department stores in 1952 compared with 8.5 per cent in 1951. The ratio of open credit sales to total sales in 1952 declined slightly.

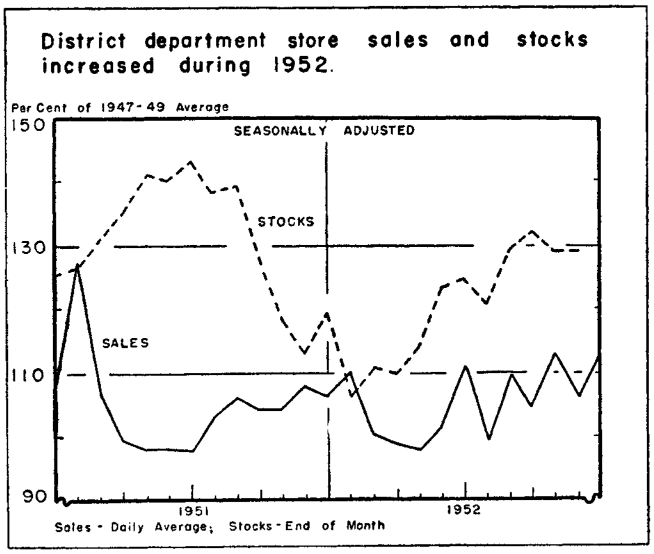
. . . and was equal to or larger than in 1951 at other reporting stores.

Women's specialty store sales in the St. Louis area in 1952 totaled slightly larger than in 1951. Men's wear store sales volume equaled that in 1951. In both lines, sales in the Easter selling season were below expectations but improved substantially during the summer's heat wave.

Furniture store sales in the district during 1952 totaled slightly higher than in 1951, with heavier sales of furniture than of appliances. The only appliance lines to show up favorably during the year were mechanical refrigeration and cooling equipment. Even television sales were somewhat below those in 1951.

Defense outlays rose substantially.

The other important factor instrumental in raising total demand to a new record was the purchase of goods and services by government agencies. Most of the increase was due to larger outlays for national security. Defense spending increased $12 billion to a total of $49 billion in 1952. The expansion in defense outlays was at a slower rate than during 1951, in part due to the problems of producing and planning complex military items. Another factor



was the decision to slow the rate of arming so as to help maintain over-all economic stability by reducing the pressure resulting from a rapidly rising level of military output.

In this district the rising governmental defense spending has gone for more military goods and equipment, for new construction programs and larger payrolls at military camps and government owned plants, and for the new AEC plant near Paducah, Kentucky.

In addition to greater outlays for defense goods, expenditures for enlarging and improving the facilities at military camps in the district were substantial during 1952. Military depots and other government owned facilities also were expanded.[1]

Business spending reflected reduced inventory accumulation which more than offset greater outlays for new plant and equipment.

The increased demand resulting from greater consumer and governmental spending during the year was offset in part by reduced total investment. Outlays for additional business inventories declined about the same amount that consumer spending increased. This slower rate of spending for inventories reflected cutbacks in production of some items and lower prices of certain materials. After a downward adjustment in some lines and reductions occasioned by the steel strike, inventories again increased at a faster rate in the last half of the year.

During 1952, inventories at district department stores (on a seasonally adjusted basis) were increased somewhat, following a reduction in the last half of 1951. The average for 1952 was somewhat lower than in the previous year. However, in the last four months the value of stocks remained above comparable months in 1951. Inventories held by reporting furniture stores in 1952 compared with those held in 1951 were lower for the first half of the year, slightly higher at the end of September, but at about the same level for the remainder of the year.

While business outlays for inventory accumulations were reduced, expenditures on new plant and equipment were slightly higher than in 1951. Larger outlays by manufacturers and public utilities more than offset a decline in outlays by commercial firms.

In this district a large part of the new plant and equipment expenditures during 1952 consisted of those aided by rapid amortization of all or part of the cost of the facilities. Certificates of necessity authorizing rapid write-offs have been issued in the post-Korean period through 1952 for facilities in this district costing over $1 billion. About $250 million will be invested in basic metal plants—for the production or rolling of steel, aluminum, magnesium, zinc, manganese and ferrous-chromium. Expansion of oil refinery and coal products plants costing $150 million and chemical plants costing $120 million were approved through 1952. Electric power facilities costing about $175 million received the rapid amortization privilege. In all utilities serving any part of the Eighth District, expansions under way will add 60 per cent by the end of 1953 to the generating capacity in existence at the end of 1951. Transportation firms, primarily railroads but some barge, truck and pipe lines, with headquarters in this district, received certificates of necessity for equipment and facilities costing about $300 million by the end of 1952.

Construction expenditures climbed to a new peak in the district . . .

Reflecting the impact of the mobilization program, construction expenditures in the district increased further last year. The larger volume of construction resulted from substantially greater work on new industrial plants, military and naval facilities, and the Atomic Energy Commission plant near Paducah, Kentucky. Work put under contract totaled $1.6 billion, 18 per cent more than in 1951, the previous peak year.

. . . as a result of the AEC project, . . .

The biggest development of the year in this district was the announcement that the huge Atomic Energy Commission plant near Paducah, Kentucky, would be doubled in size. In July a $459 million contract was added to the original $500 million

[1] These developments are described in the July, 1952, *Monthly Review.*

DEPARTMENT STORES

	Net Sales			Stocks on Hand	Stock Turnover	
	Dec., 1952 compared with		12 mos.'52 to same	Dec. 31, '52 comp. with	Jan. 1 to Dec. 31,	
	Nov.,'52	Dec.,'51	period '51	Dec.31,'51	1952	1951
8th F.R. District....	+52%	+11%	+ 4%	-0-%	4.04	3.66
Ft. Smith, Ark.[1].....	+62	+ 7	+ 2	+ 6	3.86	3.67
Little Rock, Ark....	+45	+ 8	+ 5	+ 3	4.04	3.56
Quincy, Ill..............	+59	+14	— 3	— 4	4.04	3.67
Evansville, Ind.......	+40	+19	+ 9	....	....	....
Louisville, Ky.........	+62	+ 9	+ 4	+ 6	4.24	4.21
Paducah, Ky...........	+43	+26	+26	....	....	....
St. Louis Area[1] [2]....	+52	+12	+ 3	— 4	4.03	3.51
Springfield, Mo......	+50	+ 5	+ 2	+ 9	3.49	3.24
Memphis, Tenn......	+52	+12	+ 5	— 1	4.28	4.06
All other cities[3]......	+54	+ 8	+ 5	+10	3.69	3.35

[1] In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

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

[3] Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

OUTSTANDING ORDERS of reporting stores at the end of December, 1952, were 20 per cent larger than on the corresponding date a year ago.

PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding December 1, 1952, collected during December.

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith	....%	48%	Quincy	23%	58%
Little Rock....	17	43	St. Louis	20	57
Louisville	20	48	Other Cities....	13	42
Memphis	21	46	8th F.R. Dist.	20	52

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Dec., 1952	Nov., 1952	Oct., 1952	Dec., 1951
Sales (daily average), unadjusted[4]...................	179	126	120	168
Sales (daily average), seasonally adjusted[4]....	113	106	114	107
Stocks, unadjusted[5]	112	143	147	105
Stocks, seasonally adjusted[5].............................	128	130	130	119

[4] Daily average 1947-49=100.

[5] End of Month Average 1947-49=100.

SPECIALTY STORES

	Net Sales			Stocks on Hand	Stock Turnover	
	Dec., 1952 compared with		12 mos.'52 to same	Dec. 31, '52 comp. with	Jan. 1 to Dec. 31,	
	Nov.,'52	Dec.,'51	period '51	Dec.31,'51	1952	1951
Men's Furnishings	+79%	+12%	+ 2%	— 7%	2.41	2.08
Boots and Shoes..	+48	+ 7	+ 2	+ 8	4.28	4.21

PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding Dec. 1, 1952, collected during December

Men's Furnishings......................46% Boots and Shoes......................44%

Trading days: Dec., 1952—26; Nov., 1952—24; Dec., 1951—25.

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	Dec., 1952 compared with		Dec., 1952 compared with			
	Nov.,'52	Dec.,'51	Nov.,'52	Dec.,'51	Dec.,'52	Dec.,'51
8th Dist. Total[1]......	+33%	+11%	— 8%	-0-%	16%	17%
St. Louis................	+39	+11	*	*	30	24
Louisville Area[2].....	+25	+20	—13	— 8	12	11
Louisville............	+21	+18	—14	— 7	11	11
Memphis................	+32	+14	*	*	13	14
Little Rock............	+38	+20	—10	—14	18	21
Springfield............	+34	+ 3	*	*	15	18
Fort Smith............	+47	+ 3	*	*	*	*

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

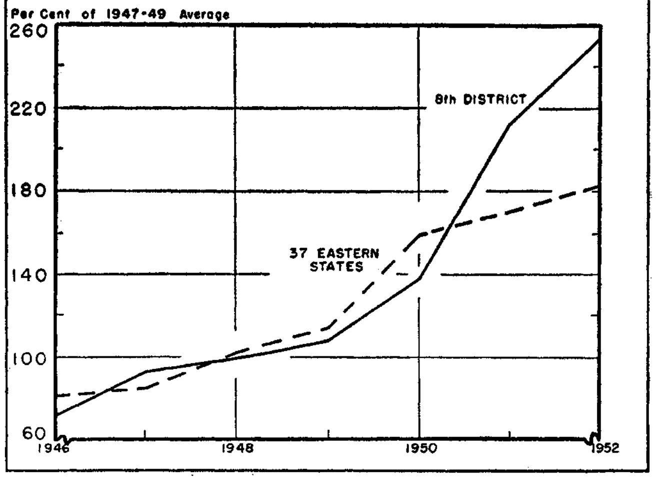
[1] In addition to following cities, includes stores in Blytheville, Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

[2] Includes Louisville, Kentucky; and New Albany, Indiana.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Dec.,'52	Nov.,'52	Dec.,'51
Cash Sales	21%	18%	22%
Credit Sales	79	82	78
Total Sales	100%	100%	100%

Total construction contracts awarded in this district rose sharply in 1951 and 1952 largely due to the A.E.C. plant.



contract awarded in 1951. In line with the expansion of the uranium separation plant, the supply of electric power will be substantially increased. The Joppa (Illinois) plant of Electric Energy, Inc., which will supply about 40 per cent of the total, will add two more generating units to the four originally planned. Remaining additional requirements will be provided by the Tennessee Valley Authority's Shawnee plant now under construction on an enlarged basis near Paducah. Employment on these three construction projects increased from about 20,000 in January to a peak of 26,000 in August, and then tapered off slightly during the rest of the year.

. . . building of new industrial plants . . .

The defense program called for greater industrial plant capacity and the value of contracts awarded for manufacturing buildings in this district nearly doubled over 1951. However, contracts awarded for commercial building in 1952 were 5 per cent less than in 1951. A substantial reduction in this type of building reflected the effect of government controls in 1951 and the first half of 1952, but relaxation of controls in the latter half of the year allowed additional projects to be begun.

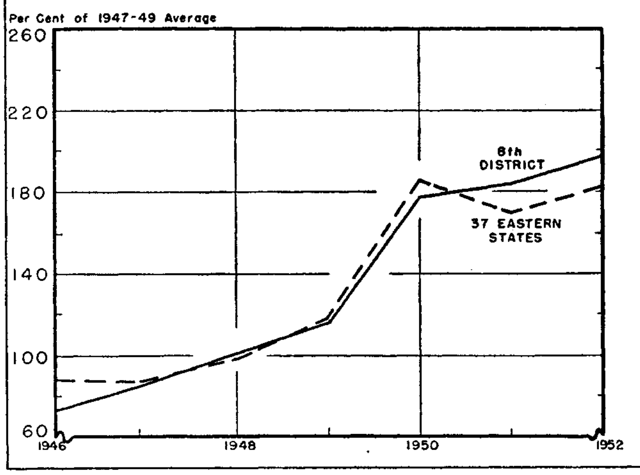
Large variations between areas occurred in the amount of new manufacturing and commercial building construction. While the total awards for manufacturing building in the district doubled over 1951, the only metropolitan area experiencing an increase was St. Louis, where they were up 150 per cent, reflecting the trend toward location of many of the new defense industries in nonmetropolitan areas. Commercial building contracts more than doubled in Louisville and increased substantially in Memphis but declined in other metropolitan areas.

. . . and a substantial volume of new housing.

Residential units included in contract awards in the Eighth District during 1952 increased slightly from 1951, the 1952 figure totaling about 32,000, compared with 30,500 a year earlier. Primarily because of higher construction costs and the greater number of units, the value of contracts awarded for residential construction advanced 9 per cent over 1951, compared with a 7 per cent increase in that part of the nation east of the Rocky Mountains.

While residential construction was little changed from 1951 for the district as a whole, there were sharp differences in the amount in the various areas. In Louisville, Memphis and Evansville new housing was substantially greater than in 1951; in the St. Louis area it was off somewhat and in Little Rock it declined sharply from 1951 which included a large public housing project.

Residential construction contracts awarded have increased substantially in the postwar period.



Because of the shifts occasioned by new or enlarged defense projects or military camps, the supply of housing was not sufficient in some areas. At year end, eleven areas[2] in this district had been certified as having insufficient housing, two more than at the close of 1951. Private construction of 3,800 dwelling units was planned for these areas with relaxed credit restrictions and mortgage purchase by Federal government funds. By year end, 2,200 units had been started and 1,050 units completed under auspices of the program.

In contrast to the slight decline in the total number of housing units started, the number of public housing units under construction in this district increased 33 per cent in the year ended September 30, 1952.

Employment increased slightly . . .

Nonfarm employment in the district's six major industrial areas increased one per cent in 1952 over the 1951 average. This increase reflected principally the greater volume of defense production and construction of defense facilities, offset in part by reduced output of civilian goods during part of the year.

While nonfarm employment in the six major industrial centers of the district averaged slightly higher than in 1951, the manpower reserves for all but a few occupations or skills were adequate. Until fall, all major areas were classed as having a moderate surplus of labor supply over requirements. The improvement in activity in the fall brought a balanced labor market condition in St. Louis, Evansville, and Little Rock, while the others (Louisville, Memphis and Springfield) remained unchanged.

[2] The areas are Milan, Tennessee; Camp Breckenridge, Fort Campbell, Fort Knox, Paducah, Kentucky; Fort Leonard Wood, Knob Noster, Missouri; Arkadelphia, Benton-Bauxite, Camden-Shumaker, Pine Bluff, Arkansas.

New Member Bank

During 1952, the Trumann National Bank of Trumann, Arkansas, was added to the list of member banks in the Eighth Federal Reserve District.

The bank was authorized to commence business as a member bank on June 20 by the Comptroller of the Currency. It entered the System with a capital of $125,000, surplus of $37,500 and undivided profits of $25,000. Officers of the bank are: W. B. Marshall, President; W. C. Holt and A. G. Patterson, Vice Presidents; and W. L. Mann, Cashier.

With the addition of this member bank, the total membership of the Federal Reserve Bank of St. Louis was 493 on December 31, 1952.

BUILDING PERMITS

Month of December, 1952

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1952	1951	1952	1951	1952	1951	1952	1951
Evansville	35	39	$ 95	$ 160	37	21	$ 92	$ 18
Little Rock	56	43	829	406	147	93	80	70
Louisville	65	114	1,652	834	25	49	44	144
Memphis	1,798	1,344	2,279	2,028	108	195	75	112
St. Louis	211	169	1,813	763	156	121	501	441
Dec. Totals	2,165	1,709	$6,668	$4,191	473	479	$792	$785
Nov. Totals	2,343	2,247	$5,533	$4,856	624	534	$866	$850

The supply of labor continued to substantially exceed requirements during the year at two smaller areas: Vincennes, Indiana, and Herrin-Murphysboro-West Frankfort, Illinois.

. . . in St. Louis, . . .

In the St. Louis area total nonfarm employment in December was about 25,000, or nearly 4 per cent, higher than twelve months before. However, in the first part of the year the gains over the comparable month of 1951 were smaller and during the steel strike the number of persons at work fell below year-ago figures. As a consequence, total nonfarm employment for the year averaged only one per cent greater than in 1951.

The defense program brought substantial shifts in the pattern of St. Louis employment. For example, employment at ordnance plants increased from 6,000 in November, 1951, to about 14,000 a year later. Employment at aircraft plants in the area also increased substantially during 1952, with nearly 6,000 more at work at the close of the year. Further, construction of new industrial plants for the defense program also required more workers during 1952 in the St. Louis area. The defense program had one adverse effect on employment for the St. Louis area. The Army Finance Center was transferred elsewhere in order to make the buildings available for manufacturing ordnance items. Largely as a result of that move and the transfer of some other government offices, employment in government agencies dropped by about 5,000 during the year.

Improvement in demand during 1952 for the shoe, lumber and wood products, and apparel industries which had slowed at the close of 1951, brought moderate increases in employment in those lines.

There was an increase during 1952 in the proportion of women employed in manufacturing industries. The number of women employed was 14 per cent greater in the year ended November, as compared with a rise of only 7 per cent in the number of men. Most of the increase was at defense plants and at shoe and apparel factories, which normally employ a high proportion of women. There was no general tendency to place women in jobs normally filled by men.

. . . Louisville, . . .

Nonfarm employment in the Louisville area during 1952 averaged 2 per cent greater than in 1951. However, at the end of the year employment was 6 per cent larger than at the close of 1951; whereas, in the first quarter of the year employment lagged slightly behind the previous year's average. As in most other district cities, the defense program was primarily responsible for the increase as well as for the changed pattern in employment. Employment in the ordnance plants more than doubled during the year, increasing from 3,000 to slightly more than 6,000 persons. Employment in the chemical industry, in the construction of new plants and in the production of machinery also increased during the year. The whiskey industry was depressed throughout the year and employment fell below 1951 levels; in December it was 17 per cent less than a year earlier.

. . . Memphis, . . .

In Memphis total nonagricultural employment averaged about 2 per cent higher during 1952 than in the previous year. The improvement resulted primarily from recovery in the textile and apparel industries, and from expansion in new plant and home construction. Employment in fabricated metal products industries also increased during 1952, as did employment in wholesale trade establishments. Employment in lumber mills increased somewhat but that gain was offset by reductions in furniture and fixture plants.

. . . Little Rock, . . .

Total nonfarm employment in the Little Rock area rose to a new postwar peak at the close of the year. For the year as a whole it averaged one per cent greater than in 1951. Employment in government agencies, in wholesale trade, and construction showed the greatest increase during 1952. Employment at metal working industries showed the largest gain at manufacturing plants, largely as a result of defense production at a few plants and expansion of others. Employment in the lumber mills was less than a year before.

. . . and Springfield, . . .

In the Springfield, Missouri, area, total nonfarm employment averaged 2 per cent higher in 1952 than during the previous year. Part of the improvement was due to the staffing of a new paper products plant and part to increased employment in retail trade establishments. The construction industry and the transportation, communication and utilities group reduced employment.

. . . and gained 7 per cent in Evansville.

Nonfarm employment in the Evansville metropolitan area during 1952 more than regained the loss sustained during 1951. As the year came to a close, total nonfarm employment was about 25 per cent greater than in the comparable period of 1951 and 13 per cent higher than in the closing months of 1950. The improvement resulted primarily from an increase in the number of defense workers. Employment in the manufacturing of aircraft parts increased from about 2,000 at the end of 1951 to nearly 11,000 at the end of 1952. Improvement in the demand for refrigerators and greater automobile output also added to labor demands.

The supply of labor in the Evansville area tightened considerably during the year. There was a noticeable increase of in-migration and commuting from nearby communities.

Hours and earnings of manufacturing production workers rose moderately.

During 1952 the average hourly earnings of production workers in the manufacturing industries continued to increase. The gain amounted to about 6 per cent (November 1951 to November 1952), and resulted from higher wage rates, cost of living adjustments, the increased proportion of employees in the high wage industries and the overtime pay associated with longer hours worked in 1952 than in 1951.

AVERAGE WEEKLY HOURS AND HOURLY EARNINGS OF PRODUCTION WORKERS IN MANUFACTURING INDUSTRIES

	November, 1952		November, 1951	
Area	Weekly Hours	Hourly Earnings	Weekly Hours	Hourly Earnings
St. Louis[1]	40.5	$1.68	39.2	$1.60
Memphis	43.1	1.48	43.0	1.40
Little Rock	41.2	1.12	41.7	1.09
United States	41.2	1.72	40.5	1.63

[1] City of St. Louis, St. Louis and St. Charles counties, Missouri.
Source: Compiled from reports by state Employment Security Divisions and the United States Bureau of Labor Statistics.

And personal income reached a new peak.

Reflecting the greater employment at higher wage rates and longer hours, personal income also hit a new peak in 1952, and for the year as a whole, was about 5 per cent above the previous year's record level. Expansion of wage and salary payments accounted for most of the increase. Income of farm proprietors nationally was slightly below the 1951 level, as a result of declining farm prices and increasing production costs. Interest, dividends, and income of nonfarm proprietors were slightly higher than in 1951.

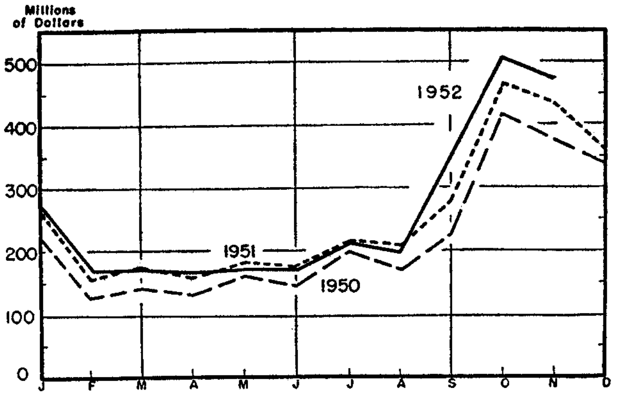
Personal income after taxes rose 4 per cent in 1952 from the previous year, somewhat less than total personal income increased, because of higher individual income tax rates (the 1951 increase took effect late in that year but applied to all of 1952).

In the Eighth District income payments to individuals, which were $12.4 billion in 1951, approached $13 billion in 1952. Cash receipts from farm marketings were about 2 per cent higher.

Despite record demand, employment and income, prices remained fairly steady during 1952.

For the year as a whole, consumer prices averaged 2 per cent higher than in 1951. This increase re-

Cash receipts from farm marketings for the district were higher in 1952.



SOURCE Adapted from Farm Income Situation, B. A. E.

flected higher food, fuel and rent costs, offset in part by lower prices of apparel and housefurnishings. However, the wholesale price index declined over the year and averaged 3 per cent less than in 1951. The decline was due in part to the large supplies of many items, especially farm products such as livestock and cotton, and partly to the retreat of many commodities from speculative peak prices.

Year-end prices received by farmers were lower than at the outset of 1952 and were lower than in any month of 1951. Some recovery in prices received occurred around mid-year, but December figures were 9 per cent below July and August levels. For the year, prices received by farmers declined 10 per cent contrasted with a 2 per cent increase during 1951, and a 22 per cent increase in 1950. Prices paid by farmers also declined, but not as much as prices received. Thus, the parity ratio fell to 96 in December, the lowest since April, 1950.

CASH FARM INCOME

(In thousands of dollars)	Nov., 1952	Nov., 1952 compared with Oct., 1952	Nov., 1952 compared with Nov., 1951	11 month total Jan. thru Nov. 1952	1952 compared with 1951	1952 compared with 1950
Arkansas	$ 91,186	—38%	—21%	$ 561,233	+ 6%	+26%
Illinois	189,875	—22	— 9	1,813,419	— 4	+13
Indiana	96,270	—27	— 9	1,001,034	— 7	+12
Kentucky	31,076	—27	—54	435,442	— 3	+ 1
Mississippi	123,759	— 8	+ 5	549,851	+12	+29
Missouri	127,967	—24	— 2	1,031,882	— 6	+14
Tennessee	61,312	—23	—21	461,230	— 1	+19
7-state Total	$721,445	—24%	—12%	$5,854,091	— 2%	+15%
8th Dist. Total	$379,616	—25%	—13%	$2,763,526	+ 2%	+20%

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts Dec., 1952	Receipts Dec., '52 compared with Nov.,'52	Receipts Dec., '52 compared with Dec.,'51	Shipments Dec., 1952	Shipments Dec., '52 compared with Nov.,'52	Shipments Dec., '52 compared with Dec.,'51
Cattle and calves	122,896	+ 3%	+66%	63,550	— 9%	+154%
Hogs	321,465	+24	+ 2	106,530	+22	+ 5
Sheep	51,405	+42	+42	20,611	+86	+ 58
Totals	495,766	+20%	+16%	190,691	+14%	+ 37%

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	Dec.,'52	Nov.,'52	Dec.,'51	December, 1952 compared with Nov.,'52	December, 1952 compared with Dec.,'51
All Commodities	109.6	110.7	113.5	— 1%	— 4%
Farm Products	99.6	103.6	111.3	— 4	—11
Foods	104.3	107.7	110.7	— 3	— 6
Other	112.9	112.8	114.6	-0-	— 2

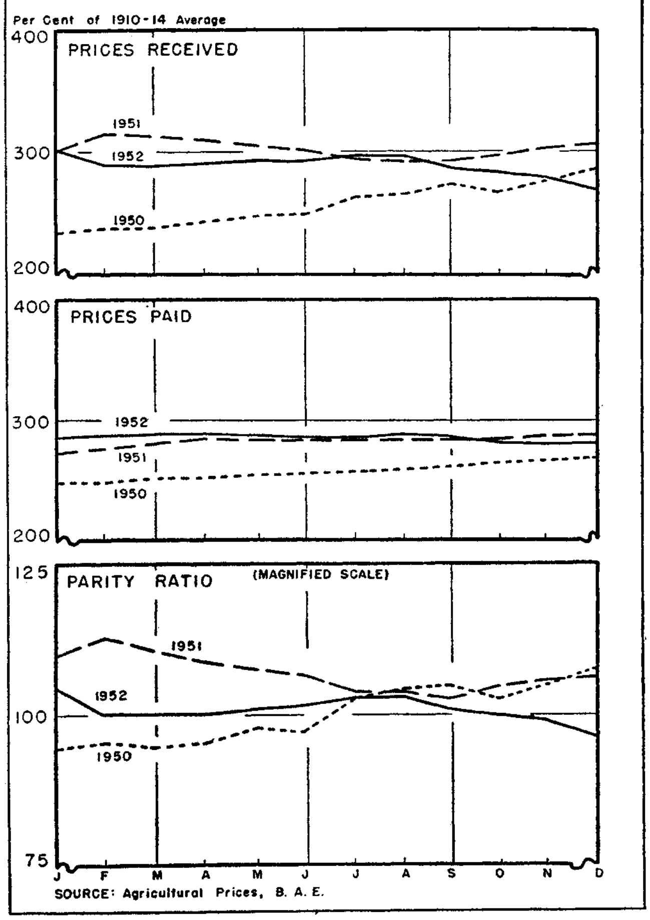
CONSUMER PRICE INDEX *

Bureau of Labor Statistics (1935-39=100)	Dec., 15, 1952	Sept. 15, 1952	Dec. 15, 1951	December 15, 1952 compared with Sept.15,'52	December 15, 1952 compared with Dec.15,'51
United States	190.7	190.8	189.1	-0-%	+ 1%
St. Louis	191.8	192.7	190.2	— 1	+ 1
Memphis	191.3	192.9	191.4	— 1	-0-

RETAIL FOOD *

Bureau of Labor Statistics (1935-39=100)	Dec., 15, 1952	Nov. 15, 1952	Dec. 15, 1951	December 15, 1952 compared with Nov.15,'52	December 15, 1952 compared with Dec.15,'51
U. S. (51 cities)	229.9	232.2	232.2	— 1%	— 1%
St. Louis	240.4	243.2	243.9	— 1	— 2
Little Rock	228.0	229.0	229.9	— 1	— 1
Louisville	214.6	215.6	219.1	— 1	— 2
Memphis	233.1	235.4	238.9	— 1	— 3

* New series.



Farm prices declined during 1952.

Wholesale prices of commodities other than farm products and foods were fairly stable.

Price controls were in effect on many products during 1952, although ceilings were suspended when no longer needed as a result of price declines. Price stability also has been achieved by the use of other stabilization measures—tax increases, wage and salary controls, credit controls, and rent controls. But the fair measure of price stability that characterized 1952 rested mainly on the increased supply of goods and services plus growth in our capacity to produce and on the monetary and credit policies followed.

Increased agricultural output helped meet the increasing demand and maintain price stability.

Farm products marketed in the nation were about 4 per cent greater in 1952 than in 1951. In the district, agricultural output increased somewhat more than nationally.

The high farm production was particularly notable for being achieved in a year having some of the worst drouths since the 'thirties. The explanation lies in the fact that, although the drouths were severe, time of occurrence and distribution was such that large crop production was possible. Thus, they spread over southern Missouri and northwestern Arkansas in June and July; over sections of Kentucky, Indiana, Illinois, and Tennessee in July and August; and over all of the district during September and October. On the one hand, thousands of acres of timberland were burned over with particular harm to young trees. Pastures and winter wheat were adversely affected to an extent which will not be fully known until this spring, and in some areas crops were complete failures.

On the other hand, the dry weather and the time of occurrence of the dry spells permitted some crops to reach bumper proportions. Cotton farmers, for example, had to do less spraying and chopping than usual and in the dry fall weather were able to harvest a high quality crop totaling 3.8 million bales, 14 per cent larger than in 1951. Similarly, a tremendous wheat crop was harvested in the district measuring 50.8 million bushels, 25 per cent larger than in 1951. And production of both rice and soybeans were above the year before.

Production of corn and tobacco in the district was only slightly less than in 1951. The burley tobacco crop in Kentucky was only 3 per cent less than the record 1951 crop. And the 345 million bushel corn crop of the district was but one per cent below a year earlier. However, in many counties the drouth was responsible for much greater reductions. For example, northern Missouri and parts of Illinois and Indiana had excellent corn crops, but other parts of these states and the southern states of the district had far-below-average results.

PRODUCTION OF SEVERAL DISTRICT CROPS IN 1952 EXCEEDED 1951 PRODUCTION

(In thousands)	Eighth District 1952 Production	Eighth District Per cent change from 1951	United States 1952 Production	United States Per cent change from 1951
Cotton (bales)	3,824	+14%	15,038	— 1%
Corn (bu.)	344,821	— 1	3,306,735	+14
Wheat, winter (bu.)	50,804	+25	1,052,801	+63
Tobacco, burley (lbs.)	193,657	— 3	603,823	— 2
Soybeans (bu.)	87,475	+ 7	291,682	+ 3
Oats (bu.)	43,447	+ 4	1,268,280	— 4
Rice (bags)	10,476	+ 8	48,660	+ 6

Eighth District production adapted from Crop Production, U.S.D.A.

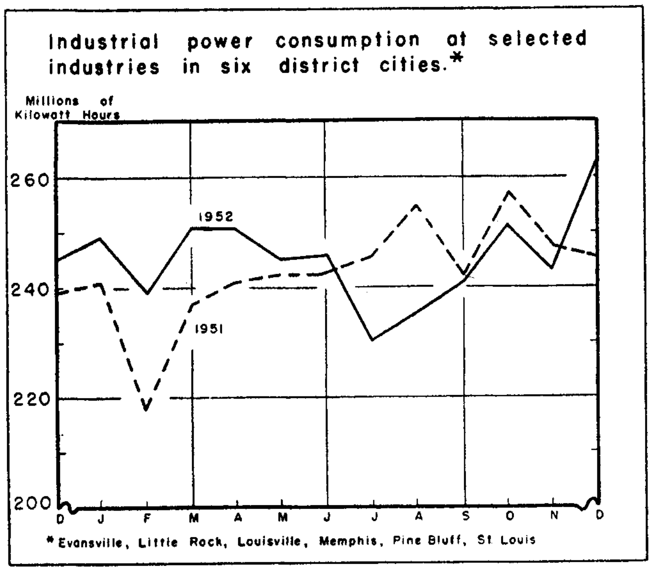
The effect of the drouth on livestock production in the district was very general resulting in dried out pastures and burned hay crops in many areas. Considerable culling of herds was necessary to balance livestock numbers with the reduced feed and pasture supplies. And livestock prices declined as forced marketing increased.

Adjustment of livestock numbers to the feed supply and to unfavorable feeding ratios is indicated by the December Pig Crop Report. Nationally, the 1952 pig crop was down 10 per cent from 1951. And the 1952 fall pig crop was reduced more than the spring crop. Reductions also were heavier in district states affected by the June-August drouths.

Substantial industrial output also was a factor.

The year's production of factories and mines in both district and nation had two predominant features: 1) a big dip at mid-year due to the steel mill shutdown and 2) a new peak of output reached at year's end. This contrasted with a much more stable production level in 1951. Also, total industrial production in 1952 failed to quite reach that of 1951, which thus remained the best year in this respect since 1943, the World War II peak. The narrow margin of difference was shown by the Federal Reserve Board index of industrial production which averaged 219 during 1952 compared with 220 in the previous year. In some other respects, however, the two years were similar. Durable goods production was stronger than nondurable in both years, and defense orders, which increased in 1952, supplied much of the drive behind the factory wheels.

The production record of manufacturers in the district closely followed national experience. This is illustrated by the chart showing the consumption of electric power at a sample of industrial firms at six cities in the district. A reduction in activity is shown during mid-summer and a spurt in activity thereafter, in the unique pattern typical of 1952.



CONSUMPTION OF ELECTRICITY—DAILY AVERAGE*

(K.W.H. in thous.)	Dec., 1952 K.W.H.	Nov., 1952 K.W.H.	Dec., 1951 K.W.H.	Dec., 1952 compared with Nov.,'52	Dec., 1952 compared with Dec.,'51
Evansville	919	923	718	— 1%	+28%
Little Rock	204	263	238	—23	+14
Louisville	3,977	4,237	4,246	— 6	— 6
Memphis	1,429	1,625	1,539	—12	— 7
Pine Bluff	323	367	564	—12	—43
St. Louis	5,105	5,385	4,945	— 5	+ 3
Total	11,957	12,800	12,250	— 7%	— 2%

* Selected manufacturing firms.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Dec.,'52	Nov.,'52	Dec.,'51	First Nine Days Jan.,'53	First Nine Days Jan.,'52	12 mos.'52	12 mos.'51
106,130	111,420	105,332	27,924	28,258	1,326,783	1,386,148

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Dec., 1952	Nov., 1952	Dec., 1951	December, 1952 compared with Nov.,'52	December, 1952 compared with Dec.,'51
Arkansas	76.4	74.0	76.9	+ 3%	— 1%
Illinois	169.5	167.0	168.8	+ 1	- 0 -
Indiana	33.2	34.1	32.0	— 3	+ 4
Kentucky	30.9	31.2	34.9	— 1	—12
Total	310.0	306.3	312.6	+ 1%	— 1%

COAL PRODUCTION INDEX

1935-39=100

Unadjusted Dec.,'52	Unadjusted Nov.,'52	Unadjusted Dec.,'51	Adjusted Dec.,'52	Adjusted Nov.,'52	Adjusted Dec.,'51
172.2 P	147.5 P	176.3	165.6 P	134.1 P	169.5

SHOE PRODUCTION INDEX

1935-39=100

Unadjusted Nov.,'52	Unadjusted Oct.,'52	Unadjusted Nov.,'51	Adjusted Nov.,'52	Adjusted Oct.,'52	Adjusted Nov.,'51
150.0 P	152.6	102.1	151.5 P	157.3	103.1

P=Preliminary.

The use of power by selected industries in these cities showed no particular gain in 1952 over 1951 in comparison with an 11 per cent gain from 1950 to 1951.

The shoe industry, with the district accounting for about 20 per cent of national production, increased output about 12 per cent above that of a year earlier. While production during 1951 was considered rather poor, the gain in 1952 represented a substantial recovery from the previous year's low, and was achieved despite a large reduction in military orders.

Numbers of livestock slaughtered in the St. Louis area increased about 2 per cent over those of 1951 as a decrease in the number of hogs from the big 1951 total was more than offset by increased supplies of cattle, calves and lambs.

Crude oil production, both in the district and nation, exceeded 1951's record. Preliminary estimates showed district production (which is about 5 per cent of national output) running 2 per cent ahead of the prior year. Drilling operations in the district were down slightly in contrast to a slight gain nationally.

WHOLESALE TRADE

Line of Commodities Data furnished by Bureau of Census, U.S. Department of Commerce*	Net Sales Dec., 1952 compared with Nov.,'52	Dec.,'51	Stocks Dec. 31, 1952 compared with Dec. 31, 1951
Automotive Supplies	—24%	—27%	+ 2%
Drugs and Chemicals	+ 8	+19	+ 6
Dry Goods	+36	+47	....
Groceries	+ 1	+ 9	+ 2
Hardware	+ 5	+14	—11
Tobacco and its Products	+22	+21	— 3
Miscellaneous	- 0 -	+11	+14
**Total All Lines	+12%	+17%	+ 1%

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

DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Dec., 1952	Nov., 1952	Dec., 1951	December, 1952 compared with Nov.,'52	Dec.,'51
El Dorado, Ark.	$ 29,737	$ 24,188	$ 28,953	+23%	+ 3%
Fort Smith, Ark.	51,429	50,609	47,746	+ 2	+ 8
Helena, Ark.	10,532	13,222	12,751	—20	—18
Little Rock, Ark.	173,814	154,688	154,434	+12	+13
Pine Bluff, Ark.	43,909	47,945	44,986	— 9	— 2
Texarkana, Ark.*	19,112	17,391	17,997	+10	+ 6
Alton, Ill.	36,490	31,302	32,129	+17	+14
E.St.L.-Nat.S.Y., Ill.	151,200	121,768	130,087	+24	+16
Quincy, Ill.	36,433	34,849	33,784	+ 5	+ 8
Evansville, Ind.	169,227	151,322	140,771	+12	+20
Louisville, Ky.	808,412	668,021	726,019	+21	+11
Owensboro, Ky.	51,569	45,987	45,404	+12	+14
Paducah, Ky.	52,139	43,253	35,659	+21	+46
Greenville, Miss.	29,585	26,115	28,990	+13	+ 2
Cape Girardeau, Mo.	14,658	13,476	13,527	+ 9	+ 8
Hannibal, Mo.	10,349	9,569	9,364	+ 8	+11
Jefferson City, Mo.	51,486	61,105	44,224	—16	+16
St. Louis, Mo.	2,322,108	1,830,428	1,947,797	+27	+19
Sedalia, Mo.	13,257	11,685	12,173	+13	+ 9
Springfield, Mo.	70,545	61,714	69,384	+14	+ 2
Jackson, Tenn.	23,497	24,087	23,415	— 3	- 0 -
Memphis, Tenn.	768,824	708,647	747,248	+ 8	+ 3
Totals	$4,938,312	$4,151,371	$4,346,842	+19%	+14%

* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to $39,308.

Most exploratory activity in 1952 continued to be in the tri-state area of Illinois, Indiana, and Kentucky and in southern Arkansas. During the year oil companies leased land previously undeveloped in the Arkansas River basin, from the Oklahoma border to east of Little Rock, and drilled several exploratory wells for oil. The western section of this area is in close proximity to proven gas fields.

Reflecting the relatively high construction levels, the lumber industry in the district, as nationally, operated at high rates of production during 1952. But, while the Southern pine rate of operations was 2 per cent better than in 1951, the rate for Southern hardwoods dropped 6 per cent.

Whiskey distilling was low all during the year. Through the third quarter, distilling of spirits in Kentucky was about one-half the volume in 1951. Large stocks acted as a brake on production.

Coal production also ran well below year-earlier levels except during October, when the strike situation resulted in some pickup by district producers.

Steel ingot production in the St. Louis area, affected by the mid-year work stoppage, dropped from 98 per cent of capacity in 1951 to 83 per cent in 1952.

Lead mines in southeast Missouri, the major lead-producing area in the nation, maintained production throughout the year, despite declining lead prices after May. Production in the last half of the year declined 2 per cent from the first half in southeast Missouri, compared with a 20 per cent drop in the tri-state area of Missouri, Kansas and Oklahoma.

Monetary and credit policies played their part in the growth and stability that characterized the Eighth District economy in 1952, . . .

Over the year 1952, monetary and credit policies also played a significant part in the economy. Federal Reserve policy was directed toward holding bank credit expansion to an amount consistent with the triple goals of growth in production, high level employment, and stable values. This was not an easy task since there was a heavy underlying demand for credit from governments, businesses, and consumers. In addition, two of the selective credit controls, Regulations X and W, were removed and the Voluntary Credit Restraint Committee terminated its operations during the year.

In general, Federal Reserve policy was one of resisting additions to reserves and bank credit in excess of seasonal and growth requirements. The heavy demands for funds by governments, businesses, and consumers translated this policy into one of restraint through market action. Banks became more selective in screening credit risks, and interest rates, including yields on Government securities, became more flexible, and continued to work up moderately during the year.

Partly as a result of the monetary policy followed during the year, a relatively large share of the increase in demand for funds that developed was supplied by savings of individuals and businesses, a noninflationary source. However, some expansion in bank credit was needed and additional central bank credit was made available for this purpose. Some additional reserves were made available to commercial banks through net Federal Reserve purchases of government securities, a large share of which were under repurchase agreements. But most of the additional needs for reserves throughout the year were met by means of an increase in the volume of loans to member institutions.

Since only a part of the commercial banks' needs for reserves were met by System open market operations, member banks were obliged to rediscount in substantial volume to maintain the reserves required by law. Borrowings of all member banks from the Reserve System reached $2.4 billion on December 27—the highest level since 1921. This level of borrowings was in sharp contrast to both the 1930's, when banks made adjustments primarily through excess reserves, and during World War II and the immediate postwar years, when banks made adjustments primarily through selling (or purchasing) Government securities at supported prices.

. . . *limiting bank credit expansion* . . .

Despite general tightness of reserves, the year 1952 was a profitable one for district banks. According to preliminary reports, gross earnings reached an all-time peak. And despite higher costs, net earnings were apparently at a high level also. The increased gross earnings reflected several factors—greater loan volumes, enlarged investment portfolios, and a higher average rate of return on bank earning assets.

Earning assets of district banks rose about 6 per cent during 1952—roughly the same as in 1951. The growth was about equally divided between loans and investments. Expansion of loans was greatest, percentagewise, at the smaller banks, while the increase in investments was largest at the urban banks. The growth in investments was mostly in Government securities.

A substantial portion of the district loan growth during 1952 went to consumers. Increases in instalment credit for all commercial banks in the district amounted to an estimated $70 million. By comparison, in 1951 consumer instalment credit outstanding was virtually unchanged. These loans rose only slightly in the early months of 1952, but,

EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)

	All Member		
		Change from: Nov., 1952 to Dec., 1952	Change from: Dec., 1951 to Dec., 1952
Assets	Dec., 1952		
1. Loans and Investments	$4,569	$— 37	$+246
a. Loans	2,070	— 38	+106
b. U. S. Government Obligations	2,103	+ 7	+123
c. Other Securities	396	— 6	+ 17
2. Reserves and Other Cash Balances	1,602	+ 68	+ 58
a. Reserves with the F. R. Bank	728	— 38	— 20
b. Other Cash Balances [3]	874	+106	+ 78
3. Other Assets	54	+ 3	+ 6
4. Total Assets	$6,225	$+ 34	$+310
Liabilities and Capital			
5. Gross Demand Deposits	$4,737	$+161	$+250
a. Deposits of Banks	872	+ 94	+ 32
b. Other Demand Deposits	3,865	+ 67	+218
6. Time Deposits	1,055	+ 6	+ 65
7. Borrowings and Other Liabilities	42	—134	— 33
8. Total Capital Accounts	391	+ 1	+ 28
9. Total Liabilities and Capital Accounts	$6,225	$+ 34	$+310

	Large City Banks [1]		
		Change from: Nov., 1952 to Dec., 1952	Change from: Dec., 1951 to Dec., 1952
Assets	Dec., 1952		
1. Loans and Investments	$2,676	$— 43	$+121
a. Loans	1,386	— 37	+ 39
b. U. S. Government Obligations	1,102	+ 1	+ 70
c. Other Securities	188	— 7	+ 12
2. Reserves and Other Cash Balances	1,005	+ 61	+ 43
a. Reserves with the F. R. Bank	467	— 33	— 22
b. Other Cash Balances [3]	538	+ 94	+ 65
3. Other Assets	32	— 1	+ 2
4. Total Assets	$3,713	$+ 17	$+166
Liabilities and Capital			
5. Gross Demand Deposits	$2,947	$+137	$+162
a. Deposits of Banks	824	+ 96	+ 32
b. Other Demand Deposits	2,123	+ 41	+130
6. Time Deposits	506	+ 2	+ 24
7. Borrowings and Other Liabilities	36	—124	— 32
8. Total Capital Accounts	224	+ 2	+ 12
9. Total Liabilities and Capital Accounts	$3,713	$+ 17	$+166

	Smaller Banks [2]		
		Change from: Nov., 1952 to Dec., 1952	Change from: Dec., 1951 to Dec., 1952
Assets	Dec., 1952		
1. Loans and Investments	$1,893	$+ 6	$+125
a. Loans	684	— 1	+ 67
b. U. S. Government Obligations	1,001	+ 6	+ 53
c. Other Securities	208	+ 1	+ 5
2. Reserves and Other Cash Balances	597	+ 7	+ 15
a. Reserves with the F. R. Bank	261	— 5	+ 2
b. Other Cash Balances [3]	336	+ 12	+ 13
3. Other Assets	22	+ 4	+ 4
4. Total Assets	$2,512	$+ 17	$+144
Liabilities and Capital			
5. Gross Demand Deposits	$1,790	$+ 24	$+ 88
a. Deposits of Banks	48	— 2	-0-
b. Other Demand Deposits	1,742	+ 26	+ 88
6. Time Deposits	549	+ 4	+ 41
7. Borrowings and Other Liabilities	6	— 10	— 1
8. Total Capital Accounts	167	— 1	+ 16
9. Total Liabilities and Capital Accounts	$2,512	$+ 17	$+144

[1] Includes 13 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock, and 4 East St. Louis-National Stock Yards, Illinois, banks.

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

[3] Includes vault cash, balances with other banks in the United States, and cash items reported in process of collection.

after the suspension of Regulation W in May, increased sharply with all categories of consumer loans sharing in the expansion.

Real estate owners also increased their borrowing at district banks during 1952. The growth, although moderate, was about half again as much as in 1951.

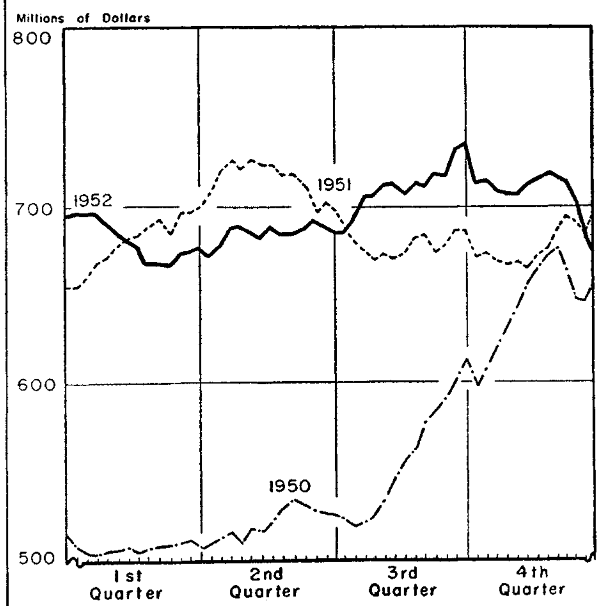
Agricultural loans, both real and non-real estate, continued their postwar climb in 1952, as a result, among other things, of higher farm real estate price levels, but also because of greatly expanded capital requirements and narrowing profit margins in agriculture.

District bank non-real estate agricultural loans in June, 1952, were 16 per cent higher than a year earlier and 42 per cent above the 1950 level.

On the other hand, district member bank loans to businesses declined slightly over the year. In the first quarter these loans declined more than seasonally and in the fourth quarter rose less than seasonally. During the rest of the year, they rose slightly more than usual for the period. Commodity dealers reduced their borrowings substantially on balance over the year—the decline in the first half year being much larger than the gain in the second half. Food manufacturers also reduced their indebtedness sharply. On the other hand, contractors, public utilities, and metal manufacturers increased their borrowings.

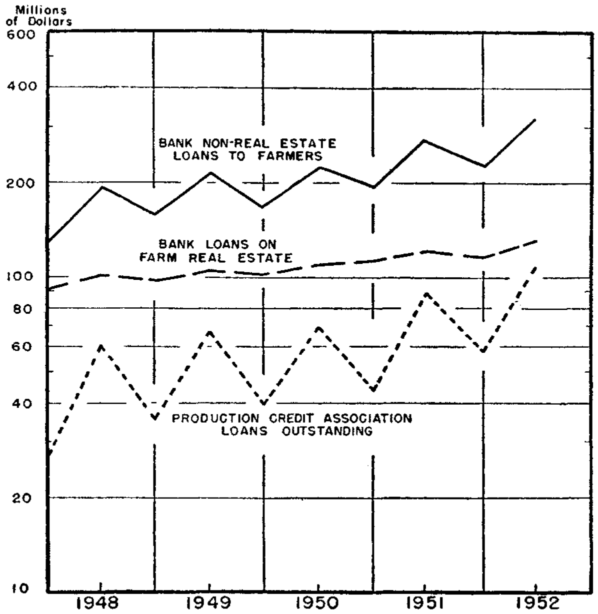
Nationally, growth in total bank credit was at about the same rate as in the district, but a larger portion of the increase was in loans. Also, in contrast with the district, a major portion of the loan expansion went to businesses, with the largest borrowers, by type of business, being metal and metal products manufacturers. Consumer loans also rose substantially; borrowing to purchase real estate and securities increased moderately. Chiefly reflecting the bank credit expansion, the money supply of individuals and businesses rose about $9 billion during 1952—about the same as in 1951.

Business loans were off slightly in 1952.



8th DISTRICT WEEKLY REPORTING MEMBER BANKS
Seasonally Adjusted (preliminary)

Agricultural loans have increased in the Eighth District since 1947.*



*Amount of loans outstanding June, 30 and December, 31
SOURCE: Compiled by Board of Governors, Federal Reserve System

. . . and encouraging savings.

An unusually large share of this growth in the money supply took the form of relatively inactive savings deposits. The increase in demand deposits and currency—active elements in the money supply—amounted to about 4 per cent for the year, a somewhat smaller percentage increase than in the previous year. At the same time, the velocity of the use of money was about the same as in 1951.

In summary, monetary and credit policies contributed in 1952 to both growth and stability of the economy. Growth was aided by a moderate expansion in the money supply. Relative price stability was attained, in part, because of the more cautious attitude of lenders, largely brought about by the more flexible interest rate policy. Also, the restraint on the part of lenders, plus the generally higher level of interest rates, encouraged a greater accumulation (a noninflationary method) rather than credit expansion (an inflationary method) to finance the expanded consumer, business, and Government credit demands.