Monthly Review

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1953 Survey of Deposit Ownership

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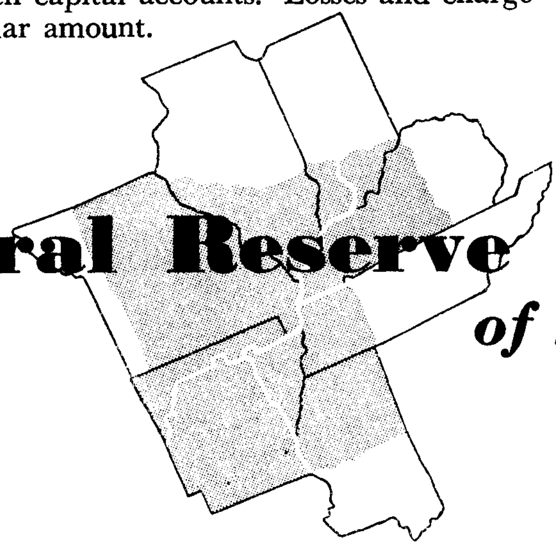
On the basis of geographic divisions, deposit growth year-end to year-end was shared in by all but two of the thirteen survey areas — Springfield and an Indiana-Kentucky area. Substantial growth was recorded for Evansville and in the area around Paducah. Over-all, there was little difference between metropolitan and rural deposit growth rates.

Member Bank Earnings and Expenses

1952 was a year of all-time highs for Eighth District member banks in earnings, expenses, and net current earnings from operations. Total incoming funds subject to disposition by bank management (net current earnings plus recoveries and reserve adjustments) reached $70.5 million. Income taxes took the biggest share of these incoming funds. Stockholders received a lesser proportion and a smaller amount remained to strengthen capital accounts. Losses and charge-offs were high in dollar amount.



Federal Reserve Bank

of St. Louis

The 1953 Survey of Deposit Ownership in the Eighth District shows significant increases in demand deposits of (1) individuals, . . .

DEPOSITS in the Eighth Federal Reserve District have undergone significant changes in ownership and volume during the past year. These changes reflect many of the trends felt by business and agriculture and thus shed further light on the district economy and its relationship to the banking community.

The 1953 Survey of Deposit Ownership was conducted by the Federal Reserve System with the cooperation of member and nonmember banks. It covers demand deposit holdings of individuals, partnerships, and corporations (about three-fifths of all demand and time deposits) within the Eighth District.

The most significant change in deposit ownership disclosed by the 1953 Survey was the growth in personal deposits, other than farmers'. Individuals had more "cash in the bank" and a larger share of the demand deposits surveyed than last year. Growth in these deposits exceeded $100 million and amounted to 7 per cent in the year period. During the previous survey year these deposits increased much less and lost ground relative to the total. Generally, personal savings channeled into the banking system take the form of time deposits. This year's expansion suggests that a part of the continued high level of personal saving in the district took the form of additions to demand, as well as to time, deposits. In fact the percentage increase in personal demand deposits (other than farmers') at all banks in the district exceeded slightly the percentage gain in time deposits at all district member banks—7 per cent as compared with 6 per cent.

. . . (2) financial concerns, . . .

Deposits of financial concerns increased about $33 million (12 per cent) over the survey year and accounted for a somewhat larger proportion of the total in the 1953 pattern than in 1952. This growth, like that of individuals' demand deposits, is probably related to the continued high level of personal saving, particularly in the form of life insurance payments (net) and purchases of shares in savings and loan companies and credit unions. It also reflects increased activity on the part of sales finance companies.

. . . and (3) nonprofit organizations.

Nonprofit organizations, such as hospitals, community chests, and religious organizations, expanded their deposit holdings, absolutely and as a share of the total of surveyed deposits. The increase in these deposits, amounting to $18 million (about 10 per cent), reflects the growth in personal incomes and, to some extent, the higher effective tax rates in 1952 over 1951, which encouraged giving.

On the other hand, it shows that farmers drew down bank balances . . .

Counter-balancing these expansions in deposit holdings and in the proportionate shares of the total of deposits, there were two important downward movements over the survey period. The more important of the two came in farmers' deposits.

Farmers had less money on deposit with banks January 31, 1953, than they did a year earlier. The 1953 estimates show a decline in farmers' deposits of $9 million over the year period, and a shrinkage of nearly one full percentage point in farmers' share of the total.

The decline in farmers' deposits is not surprising in view of the drop in prices received and the price-cost squeeze suffered by agriculture during 1952. The moderateness of the decline—a little over one per cent—suggests that greater output on district farms helped alleviate the burden in many cases despite flood and drouth damage in certain areas.

. . . and business concerns lost ground relative to the total of surveyed deposits.

Deposits of nonfinancial business concerns were off with regard to the pattern of ownership, although up from the level of the previous survey by some $45 million. The significant contraction in relation to the total of deposits came in the trade category and appeared to be influenced by the less-than-usual volume of cotton financing by banks at Memphis during the last quarter of 1952. Net repayments of trade loans, particularly in the wholesale field were probably influential too. The decline in the percentage share of manufacturing and mining concerns is larger than that shown for trade accounts but is partly the result of changes in the sample of reporting banks.

The broad changes in patterns of ownership of deposits shown by the 1953 Survey contrast with those indicated by the previous one. Then, the increase in deposits over the year period favored business and farmers. During the 1953 Survey year, as has been noted, the growth in deposits flowed chiefly to individuals and financial institutions. Business concerns got some of the increase, but lost ground in terms of their share of total deposits. And farmers' deposits were actually reduced. The patterns of ownership established by the survey for January 31, 1953, and January 31, 1952, together with the change between these two dates and those of a year ago are shown in Table I.

TABLE I

OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS

All Banks in Eighth Federal Reserve District

(Dollar amounts in millions)	January, 1953		January, 1952		Change Jan. '52 - Jan. '53		Change Jan. '51 - Jan. '52	
	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent	Amount	Per Cent
Corporate business	$1,479.3	30.1%	$1,403.2	29.8%	$+ 76.1	+ 5%	$+ 38.7	+ 3%
Noncorporate business	839.5	17.1	837.0	17.7	+ 2.5	-0-	+116.4	+ 16
Total business	2,318.8	47.2	2,240.2	47.5	+ 78.6	+ 4	+155.1	+ 7
Nonfinancial	2,006.4	40.8	1,960.5	41.6	+ 45.9	+ 2	+133.8	+ 7
Manufacturing and mining	644.4	13.1	645.4	13.7	— 1.0	-0-	+ 23.8	+ 4
Public utilities	219.5	4.4	203.0	4.3	+ 16.5	+ 8	+ 4.9	+ 2
Trade	868.6	17.7	851.6	18.1	+ 17.0	+ 2	+ 82.2	+ 11
Other nonfinancial	273.9	5.6	260.5	5.5	+ 13.4	+ 5	+ 22.9	+ 10
Financial	312.4	6.4	279.7	5.9	+ 32.7	+ 12	+ 21.3	+ 8
Insurance companies	80.7	1.7	64.5	1.4	+ 16.2	+ 25	— 0.8	— 1
All other financial	231.7	4.7	215.2	4.5	+ 16.5	+ 8	+ 22.1	+ 11
Trust funds of banks	56.2	1.1	54.9	1.2	+ 1.3	+ 2	— 0.1	-0-
Foreign	**	*	0.1	*	**	....	— 0.2	....
Nonprofit	201.2	4.1	183.5	3.9	+ 17.7	+ 10	+ 14.1	+ 8
Personal	2,337.5	47.6	2,234.0	47.4	+103.5	+ 5	+101.2	+ 5
Farmers	659.2	13.4	668.5	14.2	— 9.3	— 1	+ 43.4	+ 7
Other	1,678.3	34.2	1,565.5	33.2	+112.8	+ 7	+ 57.8	+ 4
Total	$4,913.7	100.0%	$4,712.7	100.0%	$+201.0	+ 4%	$+270.1	+ 6%

*Less than 0.05%
**Less than $100,000

On the basis of geographic divisions, deposit growth year-end to year-end was shared in by all but two of the thirteen survey areas—Springfield and an Indiana-Kentucky area.

Another way in which the data have been analyzed in this and previous surveys is in terms of geographic areas.[1] The growth in deposit volume during 1952 was shared by all but two of the thirteen survey areas comprising the Eighth District and was about equally divided between the group of metropolitan and the group of rural areas. The two areas with virtually no deposit growth from year-end 1951 to year-end 1952 were Area VI, metropolitan Springfield, and Area IX, southeastern Indiana and eastern district-Kentucky. Springfield, the new addition to metropolitan areas in the district according to Census definition, has the lowest proportion of income payments to individuals arising from labor and the highest proportion arising from farm proprietorship of any of the district's six metropolitan areas. Area IX, designated the Tobacco and Livestock Area, has relatively little industrial development except along the Ohio River and was hit by the agricultural price decline and by the drouth in 1952.

TABLE II

CHANGES IN DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS

All Banks in Eighth Federal Reserve District By Areas*

(Dollar amounts in millions)	Change from 1945 to 1952		Change from 1951 to 1952	
	Amount	Per Cent	Amount	Per Cent
I St. Louis	$+ 570.0	+64%	$+ 64.2	+ 5%
II Louisville	+ 127.3	+47	+ 16.1	+ 4
III Memphis	+ 114.4	+59	+ 10.2	+ 3
IV Little Rock	+ 36.3	+49	+ 8.0	+ 8
V Evansville	+ 40.2	+62	+ 17.1	+20
VI Springfield	+ 11.8	+28	+ 0.2	-0-
Total—Metropolitan Areas	$+ 900.0	+59%	$+ 115.8	+ 5%
VII Corn Belt Farming	$+ 167.2	+35%	$+ 21.7	+ 3%
VIII Coal, Chemicals and Oil	+ 111.4	+28	+ 37.9	+ 8
IX Tobacco and Livestock	+ 53.0	+20	+ 1.2	-0-
X Ozark Region	+ 40.7	+13	+ 12.5	+ 4
XI Lumber and Oil	+ 31.3	+23	+ 8.1	+ 5
XII Delta Cotton and Rice	+ 97.8	+39	+ 11.4	+ 3
XIII Cotton and Livestock	+ 37.8	+14	+ 17.2	+ 6
Total—Rural Areas	$+ 539.2	+26%	$+ 110.0	+ 4%
Total—District	$+1,439.2	+39%	$+ 225.8	+ 5%

*Areas are newly defined as described in the text.

Substantial growth was recorded for Evansville and in the area around Paducah.

The sharpest rate of increase occurred in metropolitan Evansville and reflected improved industrial activity and employment levels there in 1952 as compared with a year earlier. The top rate of growth (8 per cent) among non-metropolitan areas came in Area VIII, the coal and oil producing region of Illinois, Indiana, and Kentucky which embraces the large industrial development along the Ohio River centering around Paducah.

Over-all, there was little difference between metropolitan and rural deposit growth rates.

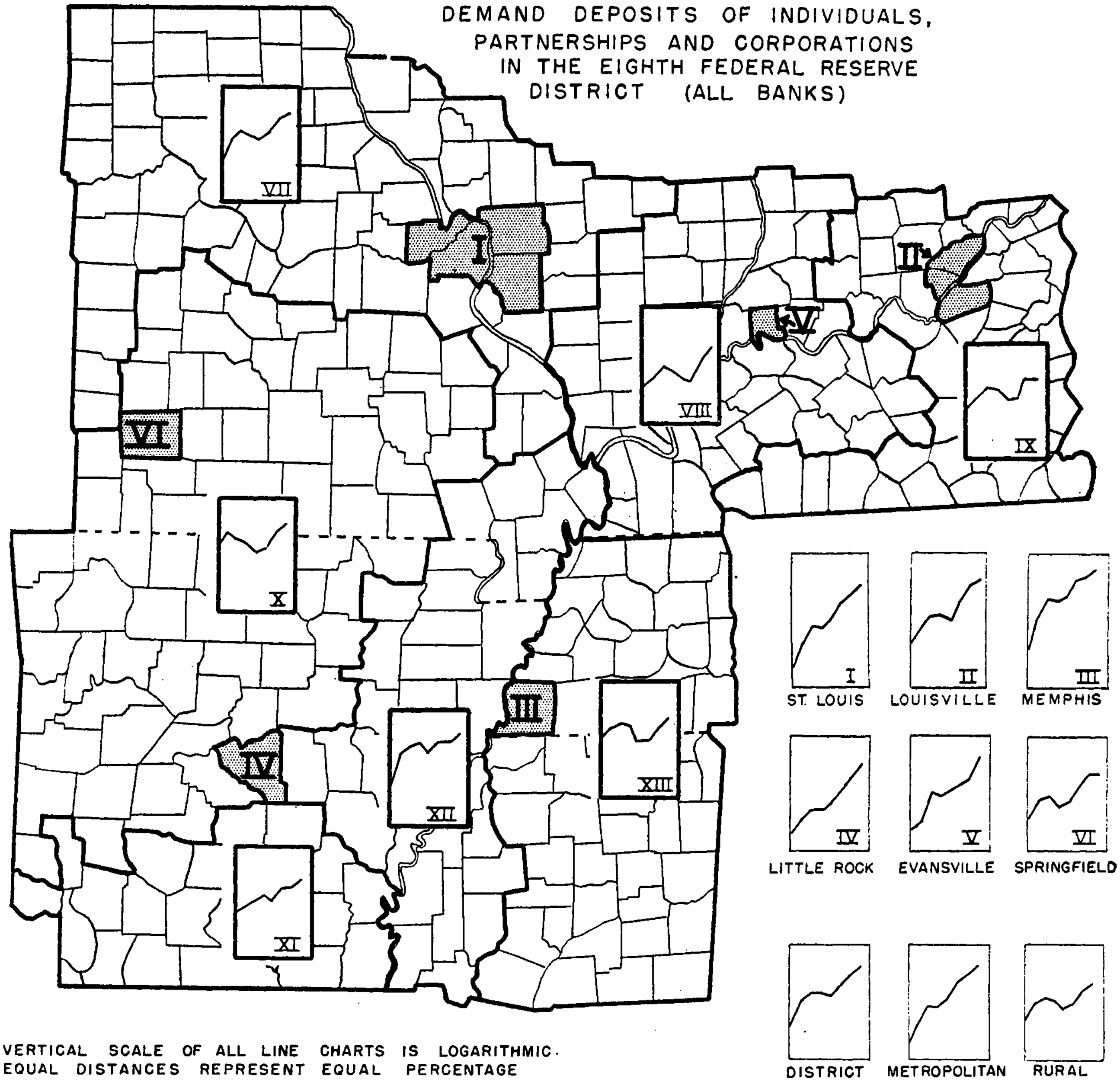
Notwithstanding the variations in percentage gains over the year 1952 as between areas, the rural areas as a group gained 4 per cent, very close to the 5 per cent gain for metropolitan areas, with the slight decline in farmers' deposits helping explain the secondary position of rural area growth. The

[1] The deposit areas are now combinations of economic areas of the Bureau of the Census. At the same time, the new areas are closely related to those previously used, which combined counties partly by similarity in deposit growth from 1941-43, partly by trade channels, and partly by production characteristics. The new deposit areas are also related to production regions and revised income areas defined by this Bank (September, 1952, *Monthly Review*).

The 13 deposit areas are now composed of 6 metropolitan and 7 other areas. The metropolitan areas are: St. Louis, Louisville, Memphis, Little Rock, Evansville, and Springfield. The other 7 can be identified according to the following brief and broadly descriptive names:

Area VII	Corn Belt Farming
Area VIII	Coal, Chemicals, and Oil
Area IX	Tobacco and Livestock
Area X	Ozark Region
Area XI	Lumber and Oil
Area XII	Delta Cotton and Rice
Area XIII	Cotton and Livestock

TREND OF DEPOSITS, 1945-1952, BY AREAS



VERTICAL SCALE OF ALL LINE CHARTS IS LOGARITHMIC. EQUAL DISTANCES REPRESENT EQUAL PERCENTAGE CHANGES IN DEPOSITS

TABLE III—DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS AND CORPORATIONS

All Banks in Eighth Federal Reserve District By Areas*

	(Dollar amounts in millions)	Dec. 31, 1945	Dec. 31, 1946	Dec. 31, 1947	Dec. 31, 1948	Dec. 31, 1949	Dec. 31, 1950	Dec. 31, 1951	Dec. 31, 1952
I	St. Louis	$ 891.2	$1,034.8	$1,142.0	$1,138.3	$1,180.9	$1,324.6	$1,397.0	$1,461.2
II	Louisville	271.1	301.8	320.4	323.9	311.6	351.9	382.3	398.4
III	Memphis	194.0	234.2	261.8	258.8	264.8	295.6	298.2	308.4
IV	Little Rock	74.6	80.1	84.1	84.8	88.0	95.7	102.9	110.9
V	Evansville	64.5	68.3	81.0	79.5	80.9	84.1	87.6	104.7
VI	Springfield	41.8	46.2	46.5	43.7	45.0	50.0	53.4	53.6
	Total—Metropolitan Areas	$1,537.2	$1,765.4	$1,935.8	$1,929.0	$1,971.2	$2,201.9	$2,321.4	$2,437.2
VII	Corn Belt Farming	$ 482.3	$ 552.8	$ 578.2	$ 565.7	$ 558.8	$ 585.6	$ 627.8	$ 649.5
VIII	Coal, Chemicals and Oil	400.9	430.9	452.2	445.8	430.5	426.2	474.4	512.3
IX	Tobacco and Livestock	270.7	292.2	309.8	306.8	289.0	287.1	322.5	323.7
X	Ozark Region	301.7	327.7	311.5	300.2	287.4	297.9	329.9	342.4
XI	Lumber and Oil	133.4	138.1	143.3	149.8	144.2	154.1	156.6	164.7
XII	Delta Cotton and Rice	247.6	304.7	321.7	330.1	310.9	333.4	334.0	345.4
XIII	Cotton and Livestock	273.5	294.6	300.0	298.3	271.3	271.8	294.1	311.3
	Total—Rural Areas	$2,110.1	$2,341.0	$2,416.7	$2,396.7	$2,292.1	$2,356.1	$2,539.3	$2,649.3
	Total—District	$3,647.3	$4,106.4	$4,352.5	$4,325.7	$4,263.3	$4,558.0	$4,860.7	$5,086.5

*Areas are newly defined as described in the text.

nearly uniform rate of growth for metropolitan and rural areas is in contrast with the change over the full seven-year period from 1945 to 1952. Over the longer period, as Table III and the small insert charts in connection with the map show, growth in deposit volume has been considerably faster at the metropolitan areas than at the rural ones, measuring the return flow of funds to the cities after the scattering that took place during World War II years. The nearly uniform growth during 1952 suggests that this war-time geographical disturbance of deposit holdings has been adjusted.

WILLIAM J. ABBOTT, JR.
NORMA B. LYNCH

Member Bank Earnings and Expenses

1952 was a year of all-time highs for Eighth District member banks in earnings . . .

INCOME of Eighth District member banks moved up in 1952 to the highest level in history. The growth in income resulted from enlarged resources and higher rates of return.

Resources continued to expand in 1952 and at the end of the year amounted to $6.3 billion. Compared with the $5.9 billion of total resources at the close of 1951, this was an increase of almost 6 per cent. In the use of these funds district member bankers followed rather closely the pattern of the previous year. They invested 38.8 per cent of total assets in United States Government securities and 7.3 per cent in other securities, the same percentages as in 1951. They made loans equalling 27.7 per cent of total assets, just a shade less than last year.[1]

In addition to enlarged resources, higher rates obtained on both investments and loans were an important factor in the increase in earnings. The average interest rate rose on Government securities from 1.79 per cent in 1951 to 1.92 per cent in 1952, on other securities from 2.49 per cent to 2.60 per cent, and on loans from 5.64 to 5.82 per cent.

The larger dollar volume of earning assets, coupled with higher rates of return, brought district member bankers the largest earnings of record, $153 million. This total topped by $16 million the previous high reached in 1951.

[1] Ratios used in this article are from the annual study of operating ratios made by this Bank. Asset and liability volumes used as bases or denominators in computing the ratios are averages of items reported in the December 31, 1951, June 30, 1952, and September 5, 1952, reports of condition. Earnings and expense items were for the calendar year 1952. Ratios are arithmetic averages of individual ratios of 489 member banks. Ratios computed in this way differ in some instances from ratios computed from aggregate dollar amounts. Averages of individual ratios are useful primarily to those interested in studying the financial results of operations of individual banks. Copies of the operating ratio report may be obtained from the Research Department of the Federal Reserve Bank of St. Louis.

. . . expenses, . . .

At the same time, rising operating costs pushed expenses to a new peak of $90 million in 1952, an increase of $9 million over the year before. Thus, over half of the $16 million gain in operating earnings went to pay mounting expenses.

Interest paid on time deposits during 1952 absorbed a larger percentage of earnings than in 1951, while salaries and other expenses accounted for a smaller share. The average interest rate paid to depositors of time money was increased from the .98 per cent paid in 1951 to 1.02 per cent.

. . . and net current earnings from operations.

As a result of the expansion of earnings and the lesser increase in expenses, net current earnings for 1952 also increased, reaching $63 million—the highest of record. Net current earnings represented 1.11 per cent of total assets of district member banks in 1952 compared with 1.06 per cent in the previous year. Measured against capital accounts these earnings were 15.7 per cent in 1952 and 15.0 per cent the year before.

Total incoming funds subject to disposition by bank management (net current earnings plus recoveries and reserve adjustments) reached $70.5 million.

Analysis of bank earnings and expenses over a year period is not complete with consideration of the factors affecting net current earnings alone. Certain charge-offs and recoveries, as well as additions to reserve accounts and withdrawals from previously established reserves, should be taken into account in determining the amount of funds that bank managements had at their disposal. A picture of the gross sources and uses of district member bank funds for the years 1949 through 1952 is presented in the table on the next page.

BANK MANAGEMENT OF NET CURRENT EARNINGS PLUS OTHER INCOMING FUNDS AND PREVIOUSLY SET-ASIDE RESERVES*

(Eighth District Member Banks)

	(Thousands of Dollars)	1949	1950	1951	1952
	Sources of Incoming Funds				
1.	Earnings	$113,500	$124,528	$137,126	$152,900
2.	Less Expenses	69,109	74,339	81,052	89,919
3.	Net Current Earnings	44,391	50,189	56,074	63,081
4.	Recoveries and Profits Credited to Income	5,160	4,374	3,601	3,255
5.	Recoveries Credited to Reserves	632	556	540	974
6.	Transfers from Reserves to Income (Release of reserves previously set aside to cover possible losses)	1,200	678	825	806
7.	Portion of Reserves called into Use during Year (Net reduction in previously set-aside reserves: line 10 minus line 5	1,217	979	2,271	2,444
8.	Total Incoming Funds	$ 52,600	$ 56,776	$ 63,311	$ 70,560
	Uses of Funds				
9.	Losses and Charge-offs Made against Income	$ 6,010	$ 5,103	$ 8,733	$ 9,446
10.	Losses Charged to Reserves	1,849	1,535	2,811	3,418
11.	Additions to Reserves from Income	6,755	5,484	5,202	4,928
12.	Additions to Capital Accounts	17,256	19,658	16,816	17,809
13.	Dividends	10,703	11,275	11,850	12,942
14.	Taxes on Net Income	10,027	13,721	17,899	22,017
15.	Total Uses of Funds	$ 52,600	$ 56,776	$ 63,311	$ 70,560

* Includes only reserves for bad debt losses on loans, and valuation reserves on loans and securities.

Item 3 of the table shows net current earnings, and items 4 through 7 the additional sources of income.

As indicated in items 4 and 5, profits and recoveries of previous losses and charge-offs were $4.2 million. Of this amount, $3.3 million was credited to income (item 4), and less than $1 million was credited directly to reserves (item 5). Transfers of $800,000 were made from reserves to income (item 6) and there was a net reduction in previously set-aside reserves of $2.4 million (item 7). With these additions incoming funds totaled $70.5 million in 1952, about 10 per cent more than in the year before.

Income taxes took the biggest share of these incoming funds.

Income taxes paid by district member banks took the biggest share of incoming funds in 1952. This was also true in 1951, but was not the case in prior years. In 1949 income taxes of $10 million (item 14) were smaller than the amounts of either dividends or additions to capital. In 1950 income taxes of $13.7 million exceeded dividends but were still less than the amount added to capital accounts. By 1951 income taxes of $17.9 million exceeded by $1 million the additions made to capital, surpassing by $6 million the amount of cash dividends. In 1952 the $22 million tax bill was $4.2 million more than the amount added to capital and $9.1 million above dividends.

When 1952 totals are compared with those of the prewar year of 1939, the increase in income taxes stands out even more. Additions to capital in 1952 were two and one-half times those of 1939, dividends were just over two times, but income taxes were more than ten times their prewar amount.

Stockholders received a lesser proportion . . .

There has been a steady though small decline in the percentage of total funds going to stockholders as cash dividends. In 1949 and 1950, cash dividends were 20 per cent of total incoming funds, in 1951 they were 19 per cent, and in 1952 they were 18 per cent. While dividends were losing ground percentagewise, they were increasing in dollar amount. Stockholders received $12.9 million in cash dividends in 1952, an increase of $1 million over 1951, and a gain of $2 million over 1949 (item 13). Dividends computed against total capital accounts reflected an earning rate of 3.0 per cent in 1952, down slightly from the 3.1 per cent in 1951.

. . . and a smaller amount remained to strengthen capital accounts.

As deposits increase, good banking practice requires that capital structures backing these deposits be increased also. Capital structures were increased in 1952 by $17.8 million (item 12). This amount just maintained relative proportions. Capital accounts were 7.3 per cent of total assets in both 1952 and 1951, and 8.0 per cent of total deposits in both years.

Losses and charge-offs were high in dollar amount.

Two other uses of funds are shown in the table, actual losses and charge-offs, and additions to reserves to cover potential bad debt losses. Actual losses and charge-offs are made against income or against previously established reserves. In 1952 district member banks charged the largest dollar volume of losses in the four-year period directly against income—$9.4 million (item 9). Losses charged against reserves were $3.4 million, also the highest in the period shown in the table (item 10).

As a protection against potential losses and for income tax purposes district member banks transferred $4.9 million to reserves (item 11).[1]

E. Francis DeVos
Catherine Passiglia

[1] The building in reserves for potential losses has been most marked since the income tax law was clarified in 1947. Under the law banks are allowed for tax purposes to use an average experience factor for the determination of the ratio of losses to outstanding loans. The ratios of losses (or recoveries) for each of the last twenty years, including the taxable year, are averaged to obtain the experience factor. The percentage so obtained, applied to loans outstanding at the close of the taxable year, determines the amount which may be taken as a deduction in the bank's income tax return for that year. Continued deductions from taxable income will be allowed only in such amounts as will bring the accumulated total of the reserve account at the close of any taxable year to an amount not exceeding three times the moving average loss-ratio applied to outstanding loans.

For all member banks in the Eighth District the twenty-year average loss-ratio (1931-1950, the latest dates for which all-bank experience is available) was 0.51 per cent of outstanding loans. On this basis and excluding certain recovery credits, the maximum amount of reserves that district banks could carry would be 1.53 per cent (three times 0.51 per cent) of outstanding loans. This percentage is larger than the loss-ratio in 18 of the 20 years. In 1933 the ratio was 3.17 per cent and in 1934 it was 2.60 per cent.

Survey of Current Conditions

TAKING income tax settlement problems in its stride, the Eighth District economy increased its activity slightly during February and the first half of March (after allowance for expected seasonal differences). Manufacturing activity and employment increased in February over the previous month and both were substantially larger than a year earlier. Construction activity continued at a high level, although contracts awarded for the first two months failed to show as much improvement over a year ago as nationally. Consumers, generally in a confident frame of mind as to their own financial prospects, purchased more goods in February than in January, taking seasonal experience into account. Bank loans to individuals and business, after shrinking some in February, increased in the first week of March. Deposits (except interbank) increased, with time deposits gaining nearly twice their average increase in February, and the rate of turnover of deposits expanded.

The moderateness and direction of price changes in this period were significant. Price controls were removed during February and early March, but only a few prices increased. Retail food prices, in fact, continued to decline in February, dropping 1 per cent between January 26 and March 2 largely as a result of the decline in beef prices. Over-all living costs also declined in the month. At the same time, the long-term downward trend of wholesale and basic commodity prices was halted at least temporarily. Nearly all categories of wholesale prices showed strength after early February and the index as a whole moved upward slightly from mid-February to the week ended March 17. Farm products prices, which have been among the weakest in recent months, recovered, while commodities other than farm and food products remained relatively stable.

Nationally, as in the Eighth District, the over-all rate of economic activity inched upward. The Federal Reserve index of industrial production was estimated at 239 per cent of the 1935-39 average, 0.8 per cent higher than in January and 7.7 per cent greater than a year earlier. As in January, both durable and nondurable output increased, while mineral production decreased slightly. The automobile industry paced the nation as output rose from an annual rate of 5.5 million passenger cars in January to 6.2 million. Production of major household goods, which had increased more than seasonally in January, continued at high rates. Steel ingot production held close to the record rate achieved in January. And shoe plants and paper board mills both operated at substantially higher rates than in February, 1952.

However, mineral production continued to decline in February, primarily as a result of a further curtailment of coal output to a level about one-sixth below that of February last year. Lead and zinc output was curtailed in the month as prices dropped, reflecting lagging demand and the availability of lower-priced foreign supplies. Crude oil production held steady at a rate slightly above a year earlier.

Reflecting the rising level of economic activity, nonfarm employment in the nation increased slightly between January and February although little change is usually expected. Unemployment was little changed from the seasonally advanced January level, but was substantially less than a year earlier.

Construction activity was also a strengthening factor during the period. The physical volume of work put in place decreased less than seasonally from January and contracts awarded during the month continued substantially larger than a year ago. The substantial increase in industrial and commercial building contracts awarded so far this year over the comparable period of 1952, together with the expansion in machine tool orders since

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1947-49=100)	Feb.,'53	Jan.,'53	Feb.,'52	February, 1953 compared with Jan.,'53	Feb.,'52
All Commodities	109.6	109.9	112.6	-0-%	— 3%
Farm Products	97.9	99.6	107.8	— 2	— 9
Foods	105.1	105.5	109.7	-0-	— 4
Other	113.1	113.1	114.3	-0-	— 1

CONSUMER PRICE INDEX*

Bureau of Labor Statistics (1947-49=100)	Feb.,'53	Jan.,'53	Feb.,'52	February, 1953 compared with Jan.,'53	Feb.,'52
United States	113.4	113.9	112.4	— 1%	+ 1%

RETAIL FOOD*

Bureau of Labor Statistics (1947-49=100)	Feb.,'53	Jan.,'53	Feb.,'52	February, 1953 compared with Jan.,'53	Feb.,'52
U.S. (51 cities)	111.5	113.1	112.6	— 2%	— 1%
St. Louis	112.8	113.5	114.0	— 1	— 1

* New series.

relaxation of priorities in November, suggests that private investment is an important element in the high level of business activity. Much of the business investment in plant and equipment is for civilian uses rather than a result of defense mobilization.

Consumers, too, were purchasing goods at a rapid rate and a recent survey conducted by the Federal Reserve System indicated they expected to purchase a large volume of durable goods and homes this year. More consumers reported plans to buy new cars this year than had so indicated in early 1952 or 1951. Plans to purchase major household goods, especially television sets and furniture, are more numerous than a year earlier. Intentions to buy refrigerators appear little changed from last year. Plans to purchase new and used houses in 1953 appear to be slightly more numerous than a year ago.

With substantial Government purchases of defense and civilian goods and services, with an indicated high level of business investment in plant and equipment, and with consumers' confident attitudes toward their financial positions and expectations to purchase durable goods and houses in large volume, the underpinnings of economic activity in the near future seem firmly based.

Employment

Nonfarm employment in the nation, which usually changes little at this time of year, increased substantially in February to reach a record high for the month of 55.6 million, about 1.9 million higher than a year earlier. Agricultural employment declined somewhat and was well under the level of a year ago. Unemployment after a seasonal rise in January, reflecting curtailment of construction and other outdoor activities, declined slightly to 1.9 million. The unemployed represented about 2.9 per cent of all civilian workers this February, compared with 3.4 per cent a year earlier.

In the St. Louis area, nonfarm employment increased substantially in February and early March, largely as a result of the addition of a second shift at the two automobile assembly plants. Some other industries, primarily those manufacturing machinery, electrical equipment and transportation equipment, also added workers in the period. Offsetting these increases to a minor extent was the layoff of about 400 workers at one defense plant and other scattered layoffs in retail trade and construction.

Seasonal layoffs in large Louisville industries, primarily food processing, distilled liquors and tobacco manufacturing, as well as in retail trade and transportation, caused total employment in that area to drop from January to February. Expansions at ordnance, explosives, and electrical equipment plants only partially offset these seasonal influences. Nonfarm employment in the Louisville area was still substantially above year earlier levels with gains centered in defense industries, machinery and equipment manufacturing, and construction.

Defense demands, combined with seasonal strength shown in the consumer durable markets for automobiles and refrigerators, were reflected in the high level of employment and manufacturing activity in Evansville. Refrigerator plants, as in the past several months, increased employment during February as a result of both their civilian and defense manufacturing activities. Automobile assembly employment moved upward slightly; other industries showed little change from January. The number at work in fabricated metal production increased following settlement of a labor dispute.

CONSUMPTION OF ELECTRICITY—DAILY AVERAGE*

(K.W.H. in thous.)	Feb., 1953 K.W.H.	Jan., 1953 K.W.H.	Feb., 1952 K.W.H.	February, 1953 compared with Jan.,'53	Feb.,'52
Evansville	998	977	759	+ 2%	+31%
Little Rock	211	218	187	— 3	+13
Louisville	4,241	4,117	3,753	+ 3	+13
Memphis	1,620	1,569	1,526	+ 3	+ 6
Pine Bluff	464	452	507	+ 3	— 9
St. Louis	5,370	5,219	4,735	+ 3	+13
Totals	12,904	12,552	11,467	+ 3%	+13%

* Selected Manufacturing Firms.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Feb.,'53	Jan.,'53	Feb.,'52	First Nine Days Mar.,'53	Mar.,'52	2 mos. '53	2 mos. '52
107,130	109,490	112,784	34,863	32,049	216,620	223,368

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Feb., 1953	Jan., 1953	Feb., 1952	Feb., 1953 compared with Jan.,'53	Feb.,'52
Arkansas	77.7	76.2	76.2	+ 2%	+ 2%
Illinois	165.8	164.0	163.7	+ 1	+ 1
Indiana	34.0	33.6	30.0	+ 1	+13
Kentucky	29.8	30.1	34.5	— 1	—14
Total	307.3	303.9	304.3	+ 1%	+ 1%

COAL PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Feb., '53	Jan., '53	Feb., '52	Feb., '53	Jan., '53	Feb., '52
139.3 P	158.5 P	164.9	122.2 P	136.6 P	144.6

SHOE PRODUCTION INDEX

1935-39=100

Unadjusted			Adjusted		
Jan., '53	Dec., '52	Jan., '52	Jan., '53	Dec., '52	Jan., '52
169.9 P	151.1	143.9	166.6 P	154.2	141.1

P—Preliminary

Industry

Industrial activity in the Eighth District in February and early March continued at a high level, with a number of factories expanding their output. The steel ingot production rate at St. Louis, however, fell off slightly and livestock slaughter declined seasonally.

Manufacturing—In February, most manufacturers in the district were operating their plants at a rate as high as or better than that of January (after allowing for the shorter number of working days) according to the reported use of electricity at selected firms in six district cities. Textile, lumber and wood-products manufacturers showed absolute gains in use of power over the month of 12 and 15 per cent, respectively, more than the usual spring pickup. Fabricated metals and transportation equipment producers also used substantially more power. One large shoe manufacturer (with factories in four district states) reported that from December 1 to February 15 output increased 22 per cent over the comparable period a year ago.

Steel ingot production fell off slightly, however. In the St. Louis area, the rate was 94 per cent of capacity in February, down 3 points from January. And the drop continued in the first three weeks of March which averaged 90 per cent. However, district output will be increased in the near future with the opening of a new steel mill at Owensboro, Kentucky. This mill will add 198,000 tons potential capacity to the district, an increase of about 12 per cent.

The number of livestock slaughtered in the St. Louis area was down 17 per cent from January (on a weekly average basis), the drop being in large part seasonal. Compared with February, 1952, the number slaughtered was off 6 per cent, largely reflecting a decline in pig marketings over the nation. A larger number of cattle and calves were processed.

Whiskey production held even over the month with 28 Kentucky distilleries in operation, the same as a month earlier, but six less than a year ago. The continued low rate of production is beginning to be more than offset by withdrawals, making some dent in the large accumulated stocks.

Lumber production increased during February with activity in hardwoods continuing to be greater than that in softwoods.

Further cutbacks in the output of the district zinc and lead industry resulted from the shutdown of a zinc smelter at Fort Smith, Arkansas, during the month.

Coal and Petroleum Output—With the continuation of mild weather, district coal production in February dropped even more, 16 per cent below both January and year-ago figures, according to preliminary estimates. However, crude oil production in district states recovered from the slight decline experienced in January.

Construction

As in recent months, construction activity in the nation continued strong during February. Outlays for new construction were at a record level for the month and construction contracts awarded continued larger than year earlier levels. Costs remained stable although higher than a year earlier.

Outlays for new construction put in place declined less than seasonally to a total of $2.2 billion during the month. In the first two months of the year, such expenditures were 6 per cent larger than in the comparable period of 1952, with most major types of construction showing dollar increases. However, the physical volume of work put in place was only slightly larger than a year earlier.

Contracts awarded for new construction during the short month of February declined somewhat from the January total but were about 16 per cent larger than a year earlier. The latter increase was primarily due to larger amounts of commercial, industrial, and private residential building projects. Public contracts for highways and bridges were also substantially larger than a year earlier.

The number of new housing starts increased 8 per cent from January to 77,000 units in February, a seasonally adjusted rate of 1.2 million units continuing the high level of the two preceding months.

In the Eighth Federal Reserve District construction contracts awarded during February increased slightly from January to a total of $57 million, as reported by the F. W. Dodge Corporation. This increase contrasted to a 5 per cent drop nationally. However, total contracts, both in the district and in the United States, were substantially larger in

BUILDING PERMITS

Month of February, 1953

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1953	1952	1953	1952	1953	1952	1953	1952
Evansville	29	36	$ 384	$ 72	75	48	$ 68	$ 31
Little Rock	53	62	606	557	166	164	109	107
Louisville	101	197	1,776	892	108	78	145	111
Memphis	1,356	1,404	2,178	2,770	198	171	190	133
St. Louis	265	215	2,607	1,448	212	208	644	601
Feb. Totals	1,804	1,914	$ 7,551	$ 5,739	759	669	$ 1,156	$ 983
Jan. Totals	1,727	1,975	$ 6,485	$ 5,287	544	569	$ 963	$ 842

DEPARTMENT STORES

	Net Sales			Stocks on Hand	Stock Turnover	
	Feb., 1953 compared with		2 mos. '53 to same period '52	Feb. 28,'53 comp. with Feb. 29,'52	Jan. 1 to Feb. 28,	
	Jan.,'53	Feb.,'52			1953	1952
8th F. R. District Total	— 2%	+ 4%	+ 2%	+ 3%	.55	.56
Ft. Smith, Ark.[1]	– 0 –	– 0 –	— 1	– 0 –	.51	.51
Little Rock Area, Ark.[2]	+ 5	+ 3	+ 2	+ 6	.51	.53
Quincy, Ill.	+ 3	+ 1	— 3	+15	.48	.54
Evansville Area, Ind.[2]	+ 5	+17	+18	....	....	....
Louisville Area, Ky., Ind.[2]	+ 6	+ 6	+ 3	+ 5	.52	.56
St. Louis Area, Mo., Ill.[2]	— 7	+ 3	+ 2	+ 1	.57	.57
Springfield Area, Mo.[2]	+ 4	— 1	— 4	+ 4	.43	.45
Memphis Area, Tenn.[2]	+ 4	+ 5	– 0 –	+ 2	.62	.59
All Other Cities[3]	+ 3	+10	+14	+11	.39	.43

[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] The sample for these areas is unchanged from the sample previously reported for the principal cities in these areas. The area designations follow the definition of Standard Metropolitan Areas established by the Bureau of the Budget on October 17, 1950. The areas consist of the following counties: Little Rock Area—Pulaski County, Arkansas; Evansville Area—Vanderburgh County, Indiana; Louisville Area—Jefferson County, Kentucky, Clark and Floyd counties, Indiana; St. Louis Area—St. Louis City, St. Charles and St. Louis counties, Missouri, Madison and St. Clair counties, Illinois; Springfield Area—Greene County, Missouri; Memphis Area—Shelby County, Tennessee.

[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 February, 1953, were 15 per cent larger than on the corresponding date a year ago.

PERCENTAGE OF ACCOUNTS AND NOTES RECEIVABLE

Outstanding Feb. 1, 1953, collected during February:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith	....%	42%	Quincy	19%	55%
Little Rock	14	43	St. Louis	20	51
Louisville	18	44	Other Cities	11	44
Memphis	19	34	8th F.R. Dist.	19	46

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Feb., 1953	Jan., 1953	Dec., 1952	Feb., 1952
Sales (daily average), unadjusted[4]	85	79	179	80
Sales (daily average), seasonally adjusted[4]	106	108	113	100
Stocks, unadjusted[5]	122	113	112	109
Stocks, seasonally adjusted[5]	125	130	128	112

[4] Daily average 1947-49=100.
[5] End of month average 1947-49=100.
Trading days: Feb., 1953—24; Jan., 1953—26; Feb., 1952—25.

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	Feb., 1953 compared with		Feb., 1953 compared with			
	Jan.,'53	Feb.,'52	Jan.,'53	Feb.,'52	Feb.,'53	Feb.,'52
8th Dist. Total[1]	+15%	+12%	+ 6%	+ 3%	22%	24%
St. Louis	+17	+14	+ 5	+11	60	56
Louisville Area[2]	+22	+ 8	+ 5	— 7	11	13
Louisville	+26	+ 8	+ 5	— 7	11	12
Memphis	+11	+11	*	*	12	13
Little Rock	+ 8	+11	+ 2	+11	15	19
Springfield	+ 8	+17	+11	+ 2	14	16
Fort Smith	+18	+18	*	*	*	*

* 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; and Evansville, Indiana.

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

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Feb., '53	Jan., '53	Feb., '52
Cash Sales	16%	18%	14%
Credit Sales	84	82	86
Total Sales	100%	100%	100%

February than a year earlier. All of the increase in district awards from January to February was due to a greater value of residential contracts awarded. Data for the first two months of the year suggest that the district construction industry is not moving ahead as fast as nationally. Total contracts awarded in the district during the first two months of 1953 showed little change from the same period in 1952, whereas nationally contracts awarded have totaled approximately 17 per cent more. Most of this disparity is in the lower value of nonresidential construction activity started so far this year in the district.

Trade

During February, sales at reporting district retail stores moved seasonally from January and compared favorably with those in February, 1952. Both durable and nondurable lines recorded increases. Homefurnishing sales, a usual February feature, were termed satisfactory. And a somewhat earlier date of Easter in 1953 than in 1952 signaled the start of spring merchandise promotions toward the end of the month.

At district department stores February sales totaled slightly under those in January but were 4 per cent above those a year ago. But with fewer trading days in February, 1953, than in either the previous month or the comparable month in 1952, seasonally adjusted daily sales averaged 106 per cent of the 1947-49 period in comparison to 108 per cent in January and 100 per cent in February, 1952. Cumulative sales in the first two months of 1953 were 2 per cent larger than in 1952.

At women's specialty stores in the district the sales level during February was not much changed from that in January and was somewhat higher than that in February, 1952. Men's wear store sales volume in the month dropped substantially below that in January and was slightly less than a year ago.

Furniture sales volume at reporting district outlets totaled somewhat larger than in both January, and February, 1952.

WHOLESALE TRADE

Line of Commodities	Net Sales		Stocks
Data furnished by Bureau of Census U.S. Dept. of Commerce*	Feb., '53 compared with		February 28, 1953 compared with February 28, 1952
	Jan., '53	Feb., '52	
Automotive Supplies	—18%	— 2%	— %
Drugs and Chemicals	—15	— 2	—
Dry Goods	— 3	+ 6	+19
Groceries	— 6	+ 2	+ 1
Hardware	+13	—11	—13
Tobacco and its Products	+ 2	+ 4	+ 7
Miscellaneous	— 4	+ 3	—13
** Total All Lines	+ 1%	— 2%	— 3%

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

Banking and Finance

During February and early March the money market remained tight as it has during most of the past twelve months. Reflecting the pressure, banks sold securities and continued to borrow heavily. Business and consumer loans declined during February but showed some expansion in early March. Real estate loans continued to decline.

Banking—Loans at district member banks rose $7 million during February, primarily because of a growth in loans by the larger city banks to other banks. Normally loans decline at this time. Both the larger and smaller banks reported a moderate expansion offset in part by a net contraction at the medium-sized banks. The increase at the smaller banks reflected loans to farmers. Commercial, real estate, and consumer loans declined during the month. However, in early March business loans rose contraseasonally and consumer borrowing increased at the weekly reporting banks.

Investment holdings were reduced $63 million during February at district member banks. Two-thirds of the reduction was in Government securities (largely Treasury bills) at the larger urban banks.

Individuals and businesses increased their deposits, both demand and time, during the month. The gain in time deposits was about double the average February growth in the postwar years. Nevertheless, total deposits declined moderately due to a reduction in correspondent bank accounts.

The amount of checks cashed was at a high level in February. Debits to deposit accounts (except interbank) at 22 centers in the Eighth District were $3.9 billion. On a seasonally adjusted basis this was up somewhat from the levels of recent months and only slightly below the peak reached last October.

Gold Movements—Since December 10 there has been a net drain on the nation's gold. From that date through March 16, the United States Treasury gold stock has declined by $725 million. This outflow of gold, although it represents only 3 per cent of the monetary gold stock of the United States, has been one of the important factors maintaining pressure on bank reserves.

DEBITS TO DEPOSIT ACCOUNTS

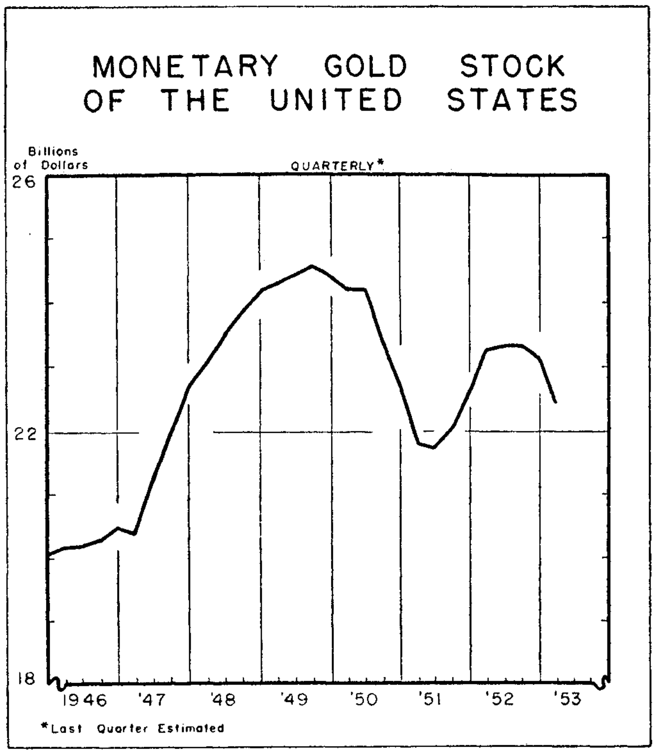
(In thousands of dollars)	Feb., 1953	Jan., 1953	Feb., 1952	Feb., 1953 compared with Jan.,53	Feb., 1953 compared with Feb.,'52
El Dorado, Ark.	$ 22,955	$ 30,683	$ 27,447	— 25%	— 16%
Fort Smith, Ark.	43,417	51,230	43,828	— 15	— 1
Helena, Ark.	8,880	10,454	7,594	— 15	+ 17
Little Rock, Ark.	138,422	161,400	136,263	— 14	+ 2
Pine Bluff, Ark.	36,530	40,183	32,749	— 9	+ 12
Texarkana, Ark.*	16,162	19,148	15,540	— 16	+ 4
Alton, Ill.	30,102	33,339	28,874	— 10	+ 4
E.St.L.-Nat.S.Y.,Ill.	113,018	136,192	119,147	— 17	— 5
Quincy, Ill.	32,297	36,951	33,134	— 13	— 3
Evansville, Ind.	156,730	171,578	129,667	— 9	+ 21
Louisville, Ky.	675,213	725,928	645,512	— 7	+ 5
Owensboro, Ky.	42,766	49,867	37,124	— 14	+ 15
Paducah, Ky.	42,047	45,118	34,868	— 7	+ 21
Greenville, Miss.	24,104	30,281	21,964	— 20	+ 10
Cape Girardeau, Mo.	12,246	16,096	12,272	— 24	-0-
Hannibal, Mo.	8,508	10,173	9,035	— 16	— 6
Jefferson City, Mo.	49,747	112,810	51,428	— 56	— 3
St. Louis, Mo.	1,765,348	2,026,184	1,714,146	— 13	+ 3
Sedalia, Mo.	11,475	11,709	11,113	— 2	+ 3
Springfield, Mo.	59,925	69,288	62,256	— 14	— 4
Jackson, Tenn.	19,937	22,357	19,772	— 11	+ 1
Memphis, Tenn.	629,943	730,157	607,935	— 14	+ 4
Totals	$3,939,772	$4,541,126	$3,801,688	— 13%	+ 4%

* These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to $34,640.

EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

(In Millions of Dollars)	All Member			Large City Banks[1]			Smaller Banks[2]		
		Change from:			Change from:			Change from:	
Assets	Feb., 1953	Jan., 1953 to Feb., 1953	Feb., 1952 to Feb., 1953	Feb., 1953	Jan., 1953 to Feb., 1953	Feb., 1952 to Feb., 1953	Feb., 1953	Jan., 1953 to Feb., 1953	Feb., 1952 to Feb., 1953
1. Loans and Investments	$4,557	$— 56	$+365	$2,664	$— 44	$+237	$1,893	$— 12	$+128
a. Loans	2,080	+ 7	+190	1,398	+ 5	+130	682	+ 2	+ 60
b. U.S. Government Obligations	2,091	— 56	+168	1,085	— 42	+105	1,006	— 14	+ 63
c. Other Securities	386	— 7	+ 7	181	— 7	+ 2	205	-0-	+ 5
2. Reserves and Other Cash Balances	1,493	+ 42	+ 78	926	+ 44	+ 42	567	— 2	+ 36
a. Reserves with the F. R. bank	727	— 22	+ 15	466	— 17	+ 4	261	— 5	+ 11
b. Other Cash Balances[3]	766	+ 64	+ 63	460	+ 61	+ 38	306	+ 3	+ 25
3. Other Assets	56	+ 2	+ 4	34	+ 2	+ 1	22	-0-	+ 3
4. Total Assets	$6,106	$— 12	$+447	$3,624	$+ 2	$+280	$2,482	$— 14	$+167
Liabilities and Capital									
5. Gross Demand Deposits	$4,505	$— 5	$+281	$2,763	$+ 16	$+177	$1,742	$— 21	$+104
a. Deposits of Banks	756	— 27	+ 38	714	— 23	+ 37	42	— 4	+ 1
b. Other Demand Deposits	3,749	+ 22	+243	2,049	+ 39	+140	1,700	— 17	+103
6. Time Deposits	1,066	+ 9	+ 62	509	+ 5	+ 21	557	+ 4	+ 41
7. Borrowings and Other Liabilities	139	— 17	+ 74	126	— 19	+ 71	13	+ 2	+ 3
8. Total Capital Accounts	396	+ 1	+ 30	226	-0-	+ 11	170	+ 1	+ 19
9. Total Liabilities and Capital Accounts	$6,106	$— 12	$+447	$3,624	$+ 2	$+280	$2,482	$— 14	$+167

[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.



MONETARY GOLD STOCK OF THE UNITED STATES

Movement of gold between countries is one of the ultimate means by which international balances are settled. On the one side of the ledger are payments received for goods, services, and securities the United States sells to other countries, and on the other side are payments due for goods, services, and securities the United States buys from others. In addition, there are other payments that must be taken into account, such as government aid, private remittances and tourist expenditures abroad. If, after all items have been taken into account, there is a balance due to one country from the other, it can be met by one of several methods: by borrowing in the foreign market, by deposit changes in foreign banks, or by the movement of gold.

For four years after the end of World War II, foreigners purchased a sizable amount of goods from us on balance. These net purchases were paid for, in part, by shipping us gold. However, in late 1949, the gold flow reversed, caused in great part by the devaluation of many foreign currencies to more realistic levels and by large strides toward economic recovery over the whole period on the part of European nations. Thus, foreign governments were able to buy back a little of the gold they had previously sold us. After Korea, the gold outflow increased as the United States made heavier purchases of raw materials driving the prices of these commodities up sharply.

Early in 1951, United States exports rose, as foreigners with larger dollar earnings and less import restrictions found it easier to buy our goods. As a result, the United States gold flow again reversed about mid-1951. From mid-1951 through mid-1952 the inflow of gold amounted to over $1.5 billion.

In consequence, the monetary reserves of many countries declined again. Many countries such as the British Commonwealth countries, the Scandinavian countries and Belgium, stiffened import restrictions. In addition, several countries, such as France, Germany, Holland, and Denmark, were able to expand their exports by the so-called export bonus system. Also there were large military and economic aid grants and some increased offshore military procurement by this country. Thus, the gold inflow halted and since December 10 gold has again begun to flow out.

At the present time, the country's gold stock stands at roughly $22.5 billion. This amount is presently adequate for monetary purposes and comprises about two-thirds of the world's monetary gold supply outside the U.S.S.R.

Agriculture

Crop prospects in the Eighth District remained favorable throughout February and early March, with winter wheat continuing its satisfactory condition and mild weather permitting some field work, particularly in the mid-South. The open weather was also quite favorable for winter forage, thus benefiting the many farmers who were short of hay due to the 1952 drouth.

Farm Income—Despite lower agricultural prices, farm income for the nation during January and February was estimated at $4.7 billion, about the same as for the first two months of 1952. Increased receipts from crops about offset the lower income from livestock.

CASH FARM INCOME

(In thousands of dollars)	Jan., 1953	January, 1953 compared with Dec., 1952	January, 1953 compared with Jan., 1952
Arkansas	$ 28,417	—52%	—33%
Illinois	179,939	— 3	+12
Indiana	86,226	— 9	-0-
Kentucky	126,969	—14	+21
Mississippi	32,476	—46	+ 8
Missouri	79,079	—22	— 5
Tennessee	54,520	—12	+13
7-States Totals	$587,626	—17%	+ 6%
8th Dist. Totals	265,801	—24	+ 2

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Feb., 1953	February, 1953 compared with Jan.,'53	Feb.,'52	Feb., 1953	February, 1953 compared with Jan.,'53	Feb.,'52
Cattle and calves	91,865	—16%	+35%	30,073	—29%	+ 1%
Hogs	224,445	—20	—21	45,495	—13	—46
Sheep	28,151	—29	—25	6,557	—33	—60
Totals	344,461	—20%	—11%	82,125	—22%	—37%