



BUSINESS CONDITIONS

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FEDERAL RESERVE BANK OF ST. LOUIS



State Capitol, Nashville, Tenn.

SUMMARY OF EIGHTH DISTRICT

Agriculture:	Nov. 1, 1939, comp. with 1938	Av. 1923-38
Estimated yield of 7 crops.....	- 0.2%	- 3.7%
Live Stock:	Oct., 1939, comp. with Sept., 1939	Oct., 1938
Receipts at National Stock Yards.....	+ 1.0%	+ 0.6%
Shipments from aforesaid Yards.....	- 6.2	- 0-
Production and Distribution:		
Sales by mfrs. and wholesalers.....	- 7.6	+ 16.1
Department store sales.....	+ 2.9	+ 5.2
Car loadings.....	+ 8.9	+ 12.9
Building and Construction:		
Bldg. permits, incl. repairs {	Number + 8.5	+ 18.1
Cost	+ 106.8	+ 112.2
Value construction contracts awarded	- 22.3	- 20.2
Miscellaneous:		
Commercial failures {	Number..... + 46.2	- 9.5
Liabilities.....	- 28.2	- 54.7
Consumption of electricity.....	+ 1.5	+ 12.9
Debits to individual accounts.....	+ 7.9	+ 11.4
Life Insurance Sales.....	+ 21.1	+ 9.1
Member Banks (24):	Nov. 15, '39, comp. with Oct., 18, '39	Nov. 16, '38
Gross deposits.....	+ 3.1%	+ 13.6%
Loans.....	+ 1.6	+ 6.9
Investments.....	+ 0.6	- 4.1

EIGHTH DISTRICT trade and industry generally continued to expand through October and the first half of November, though in the immediate past the rate of improvement has been less pronounced than during the rapid upsurge in September following the outbreak of hostilities in Europe. While the war has had an important part in bringing about the present upswing, orders directly traceable to the war have thus far been of less importance in the expansion in this district than has the increase in domestic demand.

Such slowing down or leveling off as is noticeable has been in the volume of new orders for merchandise. Requirements of both merchants and manufacturers were fairly well covered in the September and early October buying movement, and there is now a disposition to await the effects of nearby developments on accumulated inventories before extending commitments. In many manufacturing lines orders already on hand are of sufficient volume to insure the present rate of operations through the remainder of this year, and in some instances, well into 1940. The generally higher rate of activities at manufactories, at mines and elsewhere has resulted in a marked improvement in the employment situation. Subsequent to the sharp advance in September, commodity prices fluctuated in minor degree only during October and the first half of November.

In October a large majority of measurements and indices used to gauge business trends in this

district showed increases over the preceding month and a year ago. Production of bituminous coal at district mines rose sharply to the highest level since last February, and total tonnage lifted was 18.6 per cent greater than in October, 1938. Reflecting increased industrial activities, consumption of electricity by industrial users in the principal cities in October was 1.5 per cent greater than in September and 13 per cent more than in October last year. Loadings of freight by railroads operating in the district exceeded the expected seasonal gain in October, and the peak for that month was the highest of all fall peaks since 1930. Output of lead and zinc mines increased further, and output of crude oil continued the steady upward trend of the past eighteen months.

Steel ingot production at district mills at mid-November was at 81 per cent of rated capacity, a gain of 24 points since the week of August 15, and the highest since August, 1937. October melt of pig iron and scrap iron and steel at district plants represented the largest aggregate tonnage since 1930. Production of lumber exceeded the September volume by a large margin, and orders again exceeded current output. Flour milling declined somewhat from the high rate in September, but output compared favorably with October, 1938. Activities in the textile industry were well sustained in October, but have receded slightly since the final week of that month.

Distribution in the district continued to increase at a somewhat better than seasonal rate. Volume of retail trade in October, as measured by sales of department stores in the principal cities, was 2.9 per cent greater than in September, and 5.2 per cent larger than in October, 1938; for the first ten months sales exceeded those of the comparable period a year ago by 6 per cent. Combined sales of all wholesaling and jobbing lines investigated by this bank were 7.6 per cent less in October than in September, and 16.1 per cent ahead of the same month in 1938. Retail sales of automobiles in the St. Louis area in October were approximately one-half greater than in September, and 39 per cent in excess of the October total last year.

Commercial failures in the Eighth Federal Reserve District in October, according to Dun and Bradstreet, numbered 38, involving liabilities of \$216,000, as against 26 defaults with liabilities of \$301,000 in September and 42 insolvencies for a total of \$477,000 in October, 1938.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities Data furnished by Bureau of Census, U. S. Dept. of Commerce.	Net Sales		Stocks
	October, 1939, compared with Sept., '39	Oct., '38	Oct. 31, 1939, comp. with Oct. 31, 1938
Automotive Supplies	+15.9%	+17.7%	+33.5%
Boots and Shoes	-11.3	+11.1
Dry Goods	-8.0	+14.7	+13.8
Electrical Supplies	-3.4	+42.8	+9.3
Furniture	-7.7	+34.9	+52.5
Groceries	-22.7	+0.8	+14.6
Hardware	+3.0	+19.4	-6.4
Tobacco and its Products	+0.8	+3.4
Miscellaneous	-10.3	+14.7	+14.6

While falling behind the unusually heavy volume recorded in September, wholesale trade during October and the first two weeks of November continued active, and in all lines whose statistics are available to this bank, increases were recorded in October over a year earlier. Of the decreases from September to October, as recorded in the above table, some were seasonal in character, but in the main they reflected a subsidence in purchasing following the heavy coverages incident to the outbreak of war in Europe. Inventories generally have increased over levels of mid-summer, but except in certain isolated cases, are not above normal for this season. Shoe production moved slightly upward, October output being 1 per cent greater than in September and 2.1 per cent above October, 1938.

Automobiles—Combined passenger car, truck and taxicab production in the United States in October totaled 313,377 as against 188,571 in September and 209,522 in October, 1938.

Iron and Steel Products—Production at district mills, foundries, machine shops and other ferrous metal working plants continued to increase through October and early November. New ordering of finished and raw materials, which had increased at a phenomenally rapid rate in September, following outbreak of the war in Europe, has subsided noticeably during the past three or four weeks. The backlogs of unfinished business created by the heavy volume of purchasing are sufficiently large to insure the present rate of activities to the end of this year, and in numerous instances, well into 1940.

In the case of raw materials, notably pig iron and scrap iron and steel, buying has been virtually at a standstill since mid-October. Shipments of these materials to consumers, however, have continued in heavy volume. October deliveries of pig iron to district melters were greater by approximately 35 per cent than in September, and represented the largest monthly total since the spring of 1937. At the middle of November ingot production at mills in this area had advanced to 81 per cent of rated capacity, the highest since August, 1937, and com-

paring with 57 per cent on August 15, 1939. The melt of pig iron in October was greater by 18 per cent and 38 per cent, respectively, than a month and a year earlier.

Mills report the placement of sizeable orders for first quarter delivery at prices which may prevail at that time. Demand for castings of all descriptions has increased, with manufacturers of railroad freight cars and other equipment figuring prominently in the total. While releases by the automotive industry have increased seasonally, labor difficulties of certain manufacturers have held down shipments. Distribution of steel by warehouse and jobbing interests in October was the largest for any month so far this year and about one-fourth greater than in the same month last year. According to district fabricators, demand for structural steel has failed to keep pace with other commodities.

For the entire country, October production of pig iron, according to the magazine "Steel," reached an all-time high for that month, and was the largest since August, 1929. The total, 3,626,684 tons, compares with 2,874,054 tons in September and 2,067,499 tons in October, 1938. Steel ingot output in the United States in October was 5,393,821 tons, against 4,231,310 tons in September, and 3,105,985 tons in October, 1938.

MINING AND OIL

Coal—At mines in this general area, production of bituminous coal rose sharply in October to the highest level since last February. Consumption also moved upward at a more rapid than seasonal pace, being stimulated by expansion in industrial activities and increased demand for heating sizes incident to colder weather. October output amounted to 12,445,000 tons, as against 10,892,000 tons in September and 10,490,000 tons in October, 1938. United States production of soft coal in October totaled 45,255,000 tons, against 38,150,000 tons in September and 34,989,000 tons in October, 1938; output for the first ten months this year was 308,485,000 tons, against 269,941,000 tons for the same time in 1938.

At Illinois mines production in October was 4,568,586 tons, against 3,476,518 tons in September and 3,529,802 tons in October, 1938. There were 109 mines in operation in October, with 28,615 men on payrolls, which compares with 97 active mines and 27,003 operatives in September.

Petroleum—September output of crude oil in states of the Eighth District was 7.8 per cent more than in August and 162.0 per cent greater than in

September, 1938. Cumulative total for the first nine months this year was 152.4 per cent in excess of the corresponding period in 1938. These increases reflect developments in the new Illinois fields. Stocks on October 1 were 1.7 per cent less and 11.3 per cent greater, respectively, than a month and a year earlier. Detailed production and stocks by states are given in the following table:

(In thousands of barrels)	Production			Cumulative		Stocks	
	Sept., 1939	Aug., 1939	Sept., 1938	1939	1938	Sept., 1939	Sept., 1938
Arkansas.....	1,874	1,419	1,721	14,938	13,530	1,884	2,332
Illinois.....	10,443	9,852	2,558	62,747	14,238	13,881	11,631
Indiana.....	141	136	90	794	732	3,312	3,206
Kentucky.....	423	539	547	4,217	4,258	1,257	1,108
Totals.....	12,881	11,946	4,916	82,696	32,758	20,334	18,277

RETAIL TRADE

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

	Net Sales			Stocks on Hand Oct. 31, 1939 comp. with Oct. 31, 1938	Stock Turnover	
	October, 1939 compared with Sept., 1939	10 mos. 1939 to same period 1938	Oct. 31, 1939 comp. with Oct. 31, 1938		Jan. 1, to Oct. 31, 1939	Oct. 31, 1938
Ft. Smith, Ark.....	+14.6%	-1.2%	-0.7%	+6.3%	2.24	2.27
Little Rock, Ark.....	+4.9	+4.8	+7.5	+7.9	2.59	2.38
Louisville, Ky.....	+9.7	-1.5	+4.8	+9.0	3.35	3.07
Memphis, Tenn.....	+13.6	+3.7	+8.4	+13.0	2.82	2.56
Pine Bluff, Ark.....	+24.2	+4.1	+20.1	+3.4	2.42	1.89
Quincy, Ill.....	+18.6	+3.9	+8.2	-2.1	3.19	2.55
St. Louis, Mo.....	-1.8	+7.1	+5.4	+4.7	3.74	3.35
Springfield, Mo.....	+11.8	+4.7	+6.2	-3.7	2.63	2.37
All Other Cities.....	+23.0	+4.7	+12.6	+5.9	2.67	2.38
8th F. R. District...	+2.9	+5.2	+6.0	+6.6	3.38	3.05

Percentage of accounts and notes receivable outstanding October 1, 1939, collected during October, by cities:

	Installment Accounts	Excl. Instal. Accounts		Installment Accounts	Excl. Instal. Accounts
Fort Smith.....%		39.4%	Quincy.....%		49.1%
Little Rock.....	14.8	35.6	St. Louis.....	18.8	56.0
Louisville.....	15.4	47.4	Other Cities.....	14.1	45.0
Memphis.....	27.8	45.5	8th F. R. Dist....	19.0	50.6

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

	Net Sales			Stocks on Hand Oct. 31, 1939 comp. with Oct. 31, 1938	Stock Turnover	
	October, 1939 compared with Sept., 1939	10 mos. 1939 to same period 1938	Oct. 31, 1939 comp. with Oct. 31, 1938		Jan. 1, to Oct. 31, 1939	Oct. 31, 1938
Men's Furnishings..	+22.3%	+14.5%	+5.1%	+8.9%	2.11	1.92
Boots and Shoes..	-9.4	-4.3	+0.8	+3.6	5.99	5.93

Percentage of accounts and notes receivable outstanding October 1, 1939, collected during October:

Men's Furnishings.....	34.4%	Boots and Shoes.....	39.1%
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TRANSPORTATION

Freight traffic of railroads operating in this district, according to officials of the reporting lines, considerably exceeded the expected seasonal gain in October, and the peak for that month was measurably higher than fall traffic peaks in all years

since 1930. Reflecting expansion in industry, sharp increases since August have taken place in loadings of coal, coke, ore, lumber and other raw materials. A notable increase was also achieved in the miscellaneous freight classification.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 94,454 loads in October, against 86,729 loads in September and 83,681 loads in October, 1938. During the first nine days of November the interchange amounted to 27,244 loads, which compares with 27,102 loads during the corresponding interval in October and 23,216 loads in the first nine days of November, 1938. Passenger traffic of the reporting lines in October showed decreases of 6 per cent and 5 per cent, respectively, in number of passengers carried and revenue, as compared with the same month in 1938.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in October was 177,400 tons, against 150,087 tons in September and 189,542 tons in October, 1938; cumulative tonnage for the first ten months was 1,570,947 tons, as against 2,022,751 tons for the comparable period in 1938. For the entire country, loadings of revenue freight during the first 44 weeks this year, or to November 4, totaled 28,606,472 cars, against 25,654,754 cars for the same period in 1938 and 33,031,248 cars in 1937.

AGRICULTURE

Combined receipts from the sale of principal farm products and Government benefit payments to farmers in states including the Eighth District during the period January-September, 1937, 1938 and 1939, and during September, 1938 and 1939, are given in the following table:

(In thousands of dollars)	September		Cumulative for 9 months		
	1939	1938	1939	1938	1937
Indiana.....	\$ 26,310	\$ 23,794	\$186,196	\$198,396	\$223,592
Illinois.....	35,690	32,174	341,352	337,459	367,653
Missouri.....	24,689	22,542	175,534	175,392	200,350
Kentucky.....	9,988	8,683	97,556	115,175	117,319
Tennessee.....	11,863	9,506	82,465	84,360	88,284
Mississippi.....	31,109	26,694	86,771	82,066	92,419
Arkansas.....	23,195	22,683	70,420	73,636	74,477
Totals.....	\$162,844	\$146,076	\$1,040,294	\$1,066,484	\$1,164,094

Farming Conditions—The U. S. Department of Agriculture's report based on conditions as of November 1, and reports of agricultural departments of the several states, as well as advices from other informed sources, tend to confirm earlier forecasts for abundant to bumper yields for virtually all of the principal Eighth District crops. Taken as a whole, indicated production changed in minor degree only during October and the first half of November. An unusually hot and dry September was succeeded by a prolonged spell of mild weather, with

uneven to deficient rainfall, which conditions tended to rush the maturing and drying out of late field crops. Fall harvests started early and universally have made excellent progress. Crops have been taken from fields and housed or otherwise disposed of earlier than average during the past decade. Planting of winter wheat and other fall-sown grains was delayed by the dry weather, but reports as of mid-November indicate that the condition of the growing crops is generally fair to good.

In the main, fall weather has been auspicious for all descriptions of livestock operations, and scattered reports indicate that the condition of herds as of mid-November maintained the high average which has marked the past eighteen months or more. Pastures, which deteriorated under the late summer drouth, have developed moderate improvement, but as of November 1 average condition was the lowest in a number of years. Quite generally farmers have been feeding from their abundant stores of hay and forage supplies. Milk production in states of this district on November 1 appears to have been about the same as a year earlier, but 2 per cent greater than the 10-year (1928-1937) average for that date.

Prices of farm products lost part of the sharp advance scored following outbreak of the European war, but continued well above the depressed levels obtaining in the late summer. As of November 4, the U. S. Bureau of Labor Statistics index stood at 67.5 per cent of the 1926 average, which compares with 66.8 per cent on October 7, 69.7 per cent on September 16 and 67.2 per cent on November 5, 1938.

Corn—Yields of corn are running above earlier expectations. While in past years none of the important corn-producing states secured an average of more than 48 bushels to the acre, preliminary reports this year indicate yields of 51 and 51½ bushels in Indiana and Illinois. Factors contributing to these record yields were: A favorable season from planting time; ideal weather for harvesting, with no spoilage from considerable down corn; a high percentage of hybrid corn; high quality of seed; late frost dates; intensive cultivation and improvement in mechanical equipment which permitted of timely and thorough tillage. Eighth District yield is estimated by the U. S. Department of Agriculture at 337,888,000 bushels, as against 332,179,000 bushels in 1938 and the 16-year (1923-1938) average of 330,136,000 bushels.

Cotton—Prospects for cotton in the Eighth District underwent practically no change during October and the first half of November. In its re-

port based on conditions as of November 1, the U. S. Department of Agriculture estimates the crop at 3,381,000 bales, which compares with 3,386,000 bales harvested in 1938, and the 16-year (1923-1938) average of 2,924,000 bales. Weather during September and most of October was unseasonably warm and dry, which conditions were responsible for some deterioration, but were ideal for picking and moving the crop, which operations were performed with a minimum of loss to quantity and quality.

Demand for spot cotton continued active, despite a moderate decline in volume of exports. Domestic mill activity remained high during early November, and prices were well sustained, with the trend markedly upward in the second week of the month. In the St. Louis market the price of the middling grade ranged from 8.25¢ to 9.40¢ per pound between October 16 and November 15, closing at 9.30¢ on the latter date, which compares with 8.70¢ on October 16 and 8.78¢ on November 15, 1938. On November 7 the Government announced a loan of 8.70¢ per pound on middling cotton, 7/8-inch (net weight), with differentials for location, grade and staple.

In states of this district 3,343,943 bales of cotton had been ginned from the 1939 crop prior to November 1, as against 3,490,108 bales and 3,743,936 bales, respectively, for the same period a year and two years earlier. Combined receipts at Arkansas and Missouri compresses from August 1 to November 10 totaled 1,424,708 bales, as against 1,406,777 bales for the corresponding period a year ago. Shipments during the same period amounted to 707,494 bales, as against 444,305 bales during the same interval in 1938. Stocks on hand as of November 10 totaled 2,073,749 bales, which compares with 1,779,890 bales on the corresponding date in 1938.

Rice—Production in Arkansas has turned out better than had been expected and is now estimated at 9,180,000 bushels, compared with 9,450,000 bushels in 1938 and the 10-year (1928-1937) average of 8,178,000 bushels. All rice has been cut and the greater part of the crop threshed.

Livestock—There were scattered complaints of scarcity of stock water and heavy damage to pasturage, incident to the late summer drouth which affected virtually the entire district. Otherwise, however, the general condition of herds maintained the unusually high position which has marked the past eighteen months or more. Feed and forage supplies are universally abundant, and fully ample to carry the increased numbers of farm animals

through until the next crop. Combined marketings of cattle, hogs and swine in October were measurably larger than a month and a year earlier.

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

	Receipts			Shipments		
	Oct., 1939	Sept., 1939	Oct., 1938	Oct., 1939	Sept., 1939	Oct., 1938
Cattle and Calves.....	151,946	160,437	160,639	96,088	112,858	108,440
Hogs.....	216,555	194,583	193,694	134,848	119,841	112,253
Horses and Mules.....	1,728	1,479	2,376	1,736	1,520	2,114
Sheep.....	91,608	100,550	102,500	31,022	46,803	40,888
Totals.....	461,837	457,049	450,209	263,694	281,022	263,695

Tobacco—The U. S. Department of Agriculture in its November 1 report estimates the Eighth District tobacco yield of all types at 256,432,000 pounds, a decrease of 1,470,000 pounds from the October 1 forecast, and comparing with 241,254,000 pounds harvested in 1938 and the 16-year (1923-1938) average of 285,704,000 pounds. In the opinion of experts, the markets for selling the 1939 burley crop will open on December 11, possibly as early as December 4, at Lexington, Kentucky. Efforts are being made to expedite opening, and so far as can be learned, lack of moisture to permit proper stripping seems the only factor to delay free movement of burley leaf to the loose-leaf floors.

Owing to abnormally dry weather, very little burley tobacco has been stripped. In other tobacco districts heavy, warm rains are also needed to enable growers to prepare their crops for market. Preliminary reports indicate that this year's crop will include a wide variety of grades—poor, mediocre and good. At this time there appears to be a minimum of damage from houseburn. Active sales are reported in the old crop, with a scarcity of firm leaf and tips in current offerings.

COMMODITY PRICES

Range of prices in the St. Louis market between October 16, 1939, and November 15, 1939, with closing quotations on the latter date and on November 15, 1938, follows:

	High	Low	Close	
			Nov. 15, 1939	Nov. 15, 1938
Wheat				
*Dec..... per bu... \$.85	\$.80½	\$.83¼	\$.61½
*May..... " "	.83½	.80½	.82	.64
*July..... " "	.82	.78½	.80	.63½
No. 2 red winter..... " "	.93¼	.89½	.93	.68½
No. 2 hard " " " "	.90¼	.87	.90¼	.68
Corn				
*Dec..... " "	.48½	.46	.47½	.44½
*May..... " "	.51¼	.48½	.49½	.48
*July..... " "	.52½	.49½	.49½	.48½
No. 2 mixed..... " "	.55	.47	.48½	.48½
No. 2 white..... " "	.61¼	.58	.59½	.49½
Oats				
*Dec..... " "	.36¼	.34½	.35½	.24½
*May..... " "	.35	.33½	.34½	.25½
*July..... " "	.32½	.31¼	.31¼	.25½
No. 2 white..... " "	.41	.38	.40	.28½
Flour				
Soft patent..... per bbl..	6.25	5.85	5.95 @ 6.25	3.65 @ 5.00
Spring..... " "	6.65	6.15	6.35 @ 6.65	5.05 @ 5.35
Middling Cotton..... per lb..	.0940	.0825	.0930	.0878
Hogs on Hoof..... per cwt..	7.28	6.14	6.20	7.64
*Nominal quotations.				

WHISKEY

Twenty-two of the 60 distilleries in Kentucky are at present in operation, an increase of four as compared with a month ago. Prices generally hold steady at levels obtaining in the early fall. Encouragement is felt among manufacturers from the steady upward trend in consumption of bottled-in-bond goods. Consumption in Kentucky, according to trade sources, was 10 per cent greater in October than in the same month last year. Reports from the same sources indicate that the war in Europe has had no appreciable effect on the whiskey business.

A recent report of the Bureau of Internal Revenue indicates that Kentucky continues to lead all states in production of whiskey by a considerable margin. In the last fiscal year Kentucky produced 38 per cent of the national total. Illinois was second in the list, followed in order by Indiana, Maryland and Ohio.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in October was 144.5 per cent greater than in September and 163.7 per cent in excess of October, 1938. The increase in both comparisons represents Government housing projects in Memphis. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in October amounted to \$16,523,000, which compares with \$21,274,000 in September and \$20,716,000 in October, 1938. Building figures for October follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1939	1938	1939	1938	1939	1938	1939	1938
Evansville.....	29	21	\$ 131	\$ 202	122	84	\$ 50	\$ 54
Little Rock.....	37	34	334	103	90	77	30	24
Louisville.....	124	112	412	342	31	51	57	31
Memphis.....	297	234	2,461*	341	207	196	68	396
St. Louis.....	265	278	684	537	218	115	252	81
Oct. Totals.....	752	679	4,022	1,525	668	523	457	586
Sept. ".....	719	663	1,645	1,729	590	553	521	726
Aug. ".....	757	702	3,451	2,031	709	531	886	377

*Includes two housing projects.

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in October as being 1.5 per cent more than in September and 12.9 per cent greater than in October, 1938. Detailed figures follow:

(K. W. H. in thous.)	No. of Customers	Oct., 1939	Sept., 1939	Oct., 1938	October, 1939 compared with	
		K. W. H.	K. W. H.	K. W. H.	Sept., 1939	Oct., 1938
Evansville.....	40	2,979	2,455	2,540	+21.3%	+17.3%
Little Rock.....	35	2,252	2,443	2,195	-7.8	+2.6
Louisville.....	82	10,317	10,279	8,903	+0.4	+15.9
Memphis.....	31	2,544	2,470	2,124	+3.0	+19.8
Pine Bluff.....	20	980	689	1,213	+42.2	-19.2
St. Louis.....	214	27,617	27,672	24,381	-0.2	+13.3
Totals.....	422	46,689	46,008	41,356	+1.5	+12.9

BANKING AND FINANCE

Eighth District banking and financial conditions during the past thirty days continued the general trends which have been in effect since the late summer. Both city and country bankers report increased demand for credit, coming mainly from customers in the mercantile and industrial fields. Total volume of loans as of mid-November was measurably higher than at the same time during the preceding several years. Requirements for financing agricultural operations of all descriptions, including conditioning of livestock for market, have also broadened. Owing to earliness of the rice and tobacco crops, inquiries for funds for moving these products are more strongly in evidence than has been the case at this particular time in more than a decade. There has been a fair volume of liquidation of bank loans by grain handling and flour milling interests, but owing to higher prices and heavier inventories, total commitments in this category are still measurably higher than a year ago.

Member Banks—In the four-week period ending November 15, total loans and investments of reporting member banks in the principal cities continued the steady rise of recent months. The loan item moved upward to the highest point since the spring of 1932, and as of November 15 was approximately 7 per cent above a year ago. Gross deposits also continued upward, and as of mid-November represented an all-time high.

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

(In thousands of dollars)	Change from		
	Nov. 15, 1939	Oct. 18, 1939	Nov. 16, 1938
Commercial, industrial, and agricultural loans	\$203,849	+ 4,347	+10,954
Open market paper	7,821	+ 514	+ 4,356
Loans to brokers and dealers	4,248	+ 151	+ 1,432
Other loans to purchase and carry securities	13,237	+ 192	+ 384
Real estate loans	51,492	+ 72	+ 2,952
Loans to banks	2,758	+ 23	+ 4,805
Other loans	53,679	+ 911	+ 9,347
Treasury bills	3,096	+ 5,400	
Treasury notes	54,881	+ 2,805	
U. S. bonds	137,844	+ 2,079	-25,223
Obligations guaranteed by U. S. Government	70,214	+ 5,483	+ 8,745
Other securities	100,215	+ 1,399	+ 868
Balances with domestic banks	189,915	+ 4,228	+57,670
Demand deposits—adjusted*	478,585	+ 3,338	+36,748
Time deposits	190,564	+ 548	+ 4,121
U. S. Government deposits	18,998	+ 789	+ 2,556
Inter-bank deposits	362,249	+22,755	+78,011
Borrowings			

*Other than inter-bank and Government deposits, less cash items on hand or in process of collection.

Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 62.0% of the resources of all member banks in this district.

The aggregate amount of savings deposits held by selected member banks on November 1 was slightly greater than on October 4 and 2.4 per cent more than on November 2, 1938.

Interest rates were nominally unchanged as compared with the preceding thirty days. At downtown St. Louis banks as of the week ended November 15, rates charged were as follows: Cus-

tomers' prime commercial paper, 1 $\frac{3}{4}$ to 5 $\frac{3}{4}$ per cent; collateral loans, 2 $\frac{3}{4}$ to 6 per cent; loans secured by warehouse receipts, 2 to 5 $\frac{1}{2}$ per cent, and interbank loans, 2 $\frac{1}{2}$ to 5 $\frac{3}{4}$ per cent.

Federal Reserve Operations—The volume of the major operations of the Federal Reserve Bank of St. Louis, during October, 1939, is indicated below:

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled	5,771,926	\$1,284,653,004
Collections (non-cash items) handled	128,342	32,175,569
Transfers of funds	5,023	336,910,418
Currency received and counted	8,991,378	29,214,103
Coin received and counted	9,447,574	1,179,670
Rediscounts, advances and commitments	16	519,750
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc.	13,557	30,286,895
Bills and securities in custody—coupons clipped	10,781	

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

(In thousands of dollars)	Nov. 18, 1939	Change from	
		Oct. 18, 1939	Nov. 18, 1938
Industrial advances under Sec. 13b	\$ 22	—0—	— 38
Other advances and rediscounts	241	+ 35	— 57
Bills bought (including participations)		+ 2	— 2
U. S. securities	88,575	— 3,427	—18,216
Total earning assets	88,338	— 3,394	—18,313
Total reserves	442,325	+16,885	+98,781
Total deposits	339,024	+12,976	+74,348
F. R. Notes in circulation	189,669	+ 2,501	+ 8,062
Industrial commitments under Sec. 13b	410	— 5	— 164
Ratio of reserve to deposit and F. R. Note liabilities	83.7%	+ 0.8%	+ 6.7%

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

Advances to banks, secured by direct obligations of the United States, under paragraph 13 of Section 13	1	% per annum
Advances to member banks, under paragraph 8 of Section 13, secured by direct obligations of the United States or by such Government guaranteed obligations as are eligible for collateral thereunder	1	% per annum
Rediscounts and other advances to member banks under Sections 13 and 13a	1 $\frac{1}{2}$	% per annum
Advances to member banks under Section 10b	2	% per annum
Advances to individuals, firms, and corporations, other than banks, secured by direct obligations of the United States, under paragraph 13 of Section 13	4	% per annum
Rediscounts, purchases, and advances to member banks, nonmember banks, and other financing institutions, under Section 13b:		
(a) On portion for which such institution is obligated	3 $\frac{1}{2}$	% per annum
(b) On remaining portion	4	% per annum
Commitments, not exceeding 6 months, to member banks, nonmember banks, and other financing institutions, to rediscout, purchase, or make advances, under Section 13b	1 $\frac{1}{2}$	% flat
Advances to established industrial or commercial businesses under Section 13b	4	% to 5 $\frac{1}{2}$ % per annum

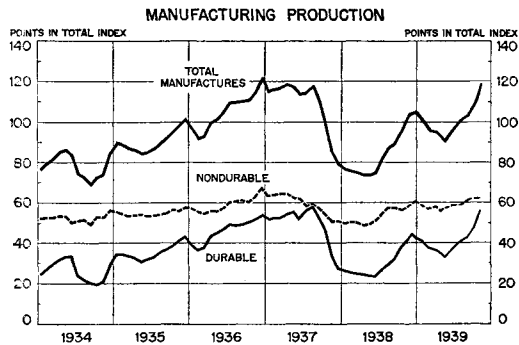
The Farmers Bank & Trust Co., Bardstown, Ky., became a member of the Federal Reserve System on November 25.

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

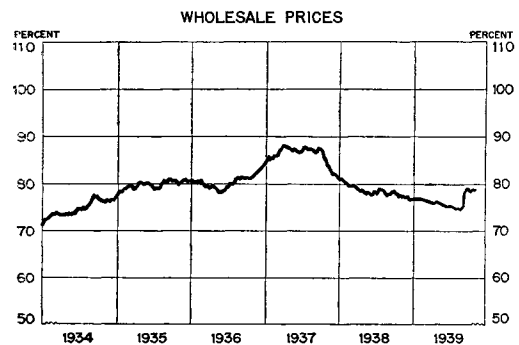
(In thousands of dollars)	Oct., 1939	Sept., 1939	Oct., 1938	Oct., 1939, comp. with Sept., 1939	Oct., 1938
East St. Louis and Nat'l Stock Yards, Ill.	\$ 41,629	\$ 41,103	\$ 36,814	+ 1.3%	+12.8%
El Dorado, Ark.	5,812	5,469	5,979	+ 6.3	— 2.8
Evansville, Ind.	32,587	30,907	27,020	+ 5.4	+20.6
Fort Smith, Ark.	13,494	12,575	13,210	+ 7.3	+ 1.5
Greenville, Miss.	7,043	6,173	6,397	+14.1	+10.1
Helena, Ark.	3,446	2,412	3,431	+42.9	+ 0.4
Little Rock, Ark.	46,802	40,396	43,158	+16.1	+ 8.7
Louisville, Ky.	159,869	154,517	151,806	+ 3.5	+ 5.3
Memphis, Tenn.	199,689	161,911	164,194	+23.3	+21.6
Owensboro, Ky.	6,402	8,943	6,704	—28.4	— 3.2
Pine Bluff, Ark.	10,617	10,599	12,604	+ 0.2	—15.8
Quincy, Ill.	9,075	8,218	7,449	+10.4	+21.8
St. Louis, Mo.	600,917	569,110	542,800	+ 5.6	+10.7
Sedalia, Mo.	2,081	2,167	1,852	— 4.0	+12.4
Springfield, Mo.	15,307	15,276	13,462	+ 0.2	+13.7
Texarkana, Ark.-Tex.	8,531	8,393	7,406	+ 1.6	+15.2
Totals	1,163,391	1,078,169	1,044,286	+ 7.9	+11.4

NATIONAL SUMMARY OF BUSINESS CONDITIONS

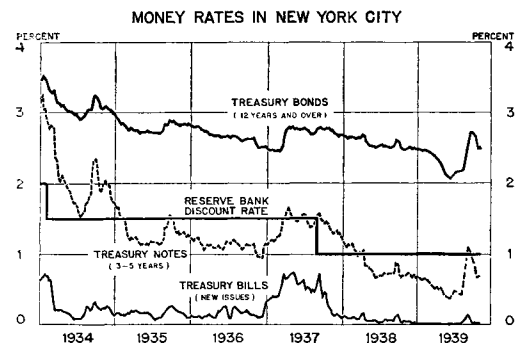
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



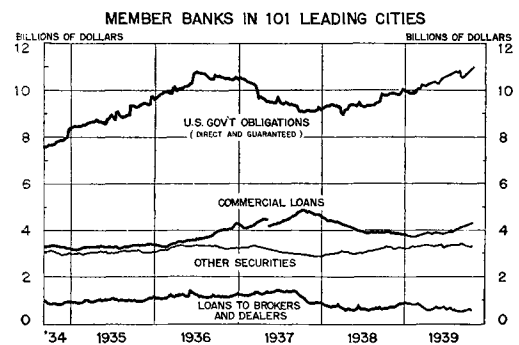
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. Durable and nondurable series expressed in terms of points in the total index. By months, January, 1934, to October, 1939.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending November 11, 1939. Latest figure 79.3.



For weeks ending January 6, 1934, to November 11, 1939.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to November 8, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Rapid expansion of industrial output continued in October, and employment and payrolls increased considerably. Distribution of commodities to consumers, which had increased in September, was maintained at the higher level in October. In the first half of November industrial activity increased further but, with production in many industries approaching capacity, the advance was less rapid than in earlier months. Commodity prices generally showed little change during October and the first half of November, following the sharp rise in September.

Production—Volume of industrial production showed a further sharp rise in October and the Board's seasonally adjusted index advanced from 111 to 120 per cent of the 1923-1925 average. Marked increases in activity were reported in the steel and steel-consuming industries and at mines. In the steel industry ingot production in October was at a rate of 90 per cent of capacity and actual volume of output was the greatest for any month on record. Some further increase in the rate of output was reported in the first half of November. Pig iron production also advanced sharply and lake shipments of iron ore, which had increased considerably in September, continued in exceptionally large volume. Activity in the machinery and shipbuilding industries and in most other steel-consuming lines rose in October but by a considerably smaller amount than output of steel. In the automobile industry, however, output showed less than the marked rise usual at this season. This was due to the fact that plants of one large producer were closed during most of the month by an industrial dispute. Mineral production in October was at record levels owing chiefly to a high rate of crude petroleum output.

In the nondurable goods industries activity was generally maintained at the high levels reached in August and September. Flour production declined sharply, however, following an exceptionally large volume of output in September.

Value of construction contracts, as reported by the F. W. Dodge Corporation, decreased considerably in October, reflecting principally a reduction in awards for public construction. Private residential contracts continued in substantial volume while awards for commercial and industrial building declined somewhat following increases in the previous month.

Employment—Reports from leading industrial states indicate that factory employment and payrolls increased sharply between the middle of September and the middle of October. Increases were particularly large at steel mills and in related industries. There was also a considerable increase in employment on the railroads in October.

Distribution—Retail distribution of general merchandise in October showed about the usual seasonal rise from the advanced September level. In the early part of November department store sales increased considerably. Freight-car loadings rose further from September to October, reflecting a large increase in shipments of miscellaneous freight, which includes most manufactured products, and smaller increases in loadings of coal, forest products, and ore.

Commodity Prices—Price changes that have occurred since the general sharp rise in September have reflected largely particular developments in individual commodities. From the middle of October to the middle of November prices of a number of foodstuffs continued to decline and there were also decreases in some industrial materials, such as print cloths, wool, tin, and steel scrap. Wheat, cotton, and burlap advanced somewhat while prices of most other commodities, including finished industrial products, showed little change.

Government Security Prices—Following a sharp recovery from the low of September 21, prices of United States Government bonds showed irregular changes during the period from October 24 through the first half of November. On November 15 yields on long-term Treasury bonds were at 2.47 per cent as compared with 2.79 per cent on September 21.

Bank Credit—Total loans and investments at reporting member banks in 101 leading cities increased substantially during the six weeks ending November 8, reflecting largely purchases of Treasury bills by New York City banks. Commercial loans continued to show moderate increases. Deposits at these banks rose to new high levels.