



# BUSINESS CONDITIONS

*Monthly Review of Agriculture, Industry, Trade and Finance*

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FEDERAL RESERVE BANK OF ST. LOUIS



*State Capitol, Jackson, Miss.*

## SUMMARY OF EIGHTH DISTRICT

<b>Agriculture:</b>	Dec. 1, 1939, comp. with 1938	Av. 1923-38
Estimated yield of 7 crops.....	+ 2.2%	— 1.2%
<b>Live Stock:</b>	Nov., 1939, comp. with Oct., 1939	Nov., 1938
Receipts at National Stock Yards.....	— 9.5%	— 7.7%
Shipments from aforesaid Yards.....	— 11.0	— 4.1
<b>Production and Distribution:</b>		
Sales by mfrs. and wholesalers.....	— 8.4	+ 10.2
Department store sales.....	+ 1.8	+ 6.9
Car loadings.....	— 8.1	+ 14.0
<b>Building and Construction:</b>		
Bldg. permits, incl. repairs { Number.....	— 17.6	+ 15.2
Cost.....	— 49.2	— 5.3
Value construction contracts awarded....	+ 10.7	— 22.7
<b>Miscellaneous:</b>		
Commercial failures { Number.....	— 21.1	+ 3.4
Liabilities.....	+ 118.5	+ 212.6
Consumption of electricity.....	— 2.8	+ 14.4
Debits to individual accounts.....	— 4.4	+ 16.9
Life Insurance Sales.....	+ 1.2	— 5.7
<b>Member Banks (24):</b>	Dec. 13, '39, comp. with Nov. 15, '39	Dec. 14, '38
Gross deposits.....	— 0.9%	+ 13.6%
Loans.....	+ 1.6	+ 7.6
Investments.....	+ 1.5	— 4.2

**I**NDUSTRY and TRADE in the Eighth District during November and the first half of December continued the upward movement which began last summer and was given marked impetus by the outbreak of war in Europe. As of mid-December the situation as a whole was the most favorable since the inception of the recovery period. A large majority of the measurements usually employed to gauge the status of business indicate that betterment is widespread, extending to both production and distribution of commodities and to compensation for volume of services performed. Manufacturing of durable and non-durable goods was maintained at a high level throughout November, and since the end of that month certain lines which ordinarily curtail activities at this time of year showed less than the usual contraction. In the case of iron and steel and some other important classifications, there has been a recession in new orders, but the seasonal let-down in production was absent. A number of leading interests have signified they will shorten or omit year-end closing for inventorying, repairs, etc., pressure of customers for deliveries necessitating uninterrupted operations.

As usual at this season, interest centered to a great extent in retail distribution. Holiday trade got under way somewhat earlier than in recent seasons, and available reports from scattered sections of the district covering the past thirty days indicate a larger volume of sales than in any like period since 1929. While record mild weather tended to hold down sales of certain winter merchandise, it furnished ideal Christmas shopping

conditions. Demand for merchandise was stimulated by improved employment and payrolls in the large cities and larger agricultural incomes in the country. Particularly heavy gains in retail sales were noted in the south, where the recent advance in cotton has served to bolster purchasing power and morale. Quite generally retailers report that a broader variety and higher grade of goods is being purchased than during the preceding several years.

November production of bituminous coal at mines in this general area declined in about the expected seasonal amount from October to November, but total tonnage lifted was 9.4 per cent greater than in November, 1938. Output and shipments of lead and zinc at district mines maintained the high levels of the preceding three months. At mid-December steel ingot production at mills in this area was at 85 per cent of rated capacity, an increase of four points over a month earlier and comparing with 51.5 per cent a year ago. There was a slight recession in lumber production and new orders as contrasted with the preceding three months, but shipments continue substantially larger than current output. Activities at cotton mills increased slightly in November over October contrary to the seasonal trend. Production of petroleum continued the steady and sharp increases of recent months, being affected by developments in the new Illinois fields.

Sales of department stores in the principal cities increased in considerably more than the expected seasonal volume, and variety store sales also gained more than seasonally. Department store volume in November was 1.8 per cent greater than in October and 6.9 per cent more than in November, 1938; cumulative sales for the eleven months this year were greater by 6.1 per cent than in the comparable period in 1938. Combined sales in November of all wholesaling and jobbing firms whose statistics are available to this bank were 8.4 per cent less than in October but 10.2 per cent greater than in November last year. Retail sales of automobiles in the St. Louis area in November showed a small contra-seasonal increase from October and a gain of 39 per cent over November, 1938. Freight traffic recorded less than the usual decrease in November from October and volume was measurably greater than a year ago.

Commercial failures in the Eighth Federal Reserve District during November, according to Dun and Bradstreet, numbered 30, involving liabilities of \$472,000, as against 38 insolvencies in October with liabilities of \$216,000 and 29 defaults for a total of \$151,000 in November, 1938.

## DETAILED SURVEY OF DISTRICT

### MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	November, 1939 compared with		Nov. 30, 1939 comp. with
	Oct., '39	Nov., '38	Nov. 30, 1938
Automotive Supplies.....	-16.1%	+18.9%	+29.8%
Dry Goods.....	-15.1	+0.3	+16.6
Electrical Supplies.....	-1.9	+28.5	+25.8
Furniture.....	-13.9	+23.0	+35.6
Groceries.....	-5.7	+5.3	+8.4
Hardware.....	-9.9	+13.1	+1.4
Tobacco and its Products.....	+6.1	+5.2	.....
Miscellaneous.....	+5.5	+21.5	+0.5

Decreases in sales in the various lines from October to November, shown in the above table, are seasonal in character and with the exception of dry goods, are considerably less than average during the past decade. The small increases over a year ago in dry goods and groceries, as contrasted with relatively heavy gains in other lines, are ascribed to the unprecedented mild weather which has prevailed over the entire trade territory this fall. Grocery, electrical supply and hardware interests report the heaviest sales of typical holiday goods this season since 1930. The ratio of collections during November to outstanding accounts at the beginning of the month for all firms combined was the highest for any month this year. Production of boots and shoes in November declined from the unusually high rate in October, but was about 10 per cent greater than in November, 1938.

**Automobiles**—Combined passenger car, truck and taxicab production in the United States in November totaled 357,782 as against 313,377 in October and 372,358 in November, 1938.

**Iron and Steel Products**—Activities in the iron and steel industry in this district during November and early December were maintained at or about the relatively high levels which obtained during the two preceding months. New ordering receded perceptibly in certain lines, but production and shipments continued in heavy volume under urgent pressure from customers for deliveries. Producers have reaffirmed current base prices on most grades of finished and semi-finished steel for shipment through the first quarter of 1940. This action was not unexpected and has had little effect on demand for either prompt or future shipment.

Owing to the advent of the inventorying period and the fact that needs were quite thoroughly covered in the fall buying movement, purchasing of pig iron, coke, scrap and other raw materials was in relatively small volume. As in the case of finished products, however, shipments continued at the highest rate in many months. November pig iron deliveries to district melters exceeded the volume

of the month before by approximately 5.5 per cent, and were the largest since the spring of 1937. The melt of pig iron in November also increased over October, despite fewer working days in the later month. As of mid-December, ingot production by mills in this area was at 85 per cent of rated capacity, the best since August, 1937, and comparing with 81 per cent on November 15, and 51.5 per cent on December 15, 1938.

Reflecting large equipment orders in recent weeks, steel releases to the railroad shops and car builders have developed noticeable improvement. Expansion in releases of steel to the automotive industry was reported and shipments to miscellaneous consumers reached the highest point of the present movement in late November. Demand for structural steel and concrete reinforcing material was less active, both awards and inquiries being in smaller volume than heretofore. Operations at fabricating yards decreased about 5 per cent from October to November. November sales of steel warehouse and jobbing interests were slightly ahead of October and about 8.5 per cent larger than in November, 1938. Sharp advances in scrap iron and steel prices, following the outbreak of war in Europe, have been heavily reduced, the average for selected grades at mid-December being about at the pre-September level.

For the entire country, production of pig iron in November established a new high for the month, and was the largest since August, 1929. Total output, according to the magazine "Steel", was 3,726,021 tons, against 3,627,384 tons in October and 2,286,661 tons in November, 1938. Steel ingot production in the United States in November totaled 5,462,616 tons, against 5,393,821 tons in October and 3,558,363 tons in November, 1938.

### MINING AND OIL

**Coal**—Production of bituminous coal at mines in this general area during November decreased in less than the usual seasonal amount from October, and total tonnage lifted was measurably higher than a year ago. Consumption by industrial users has maintained the high levels of earlier months this year, but owing to unprecedented mild weather generally through the district, demand for heating coal during November and early December was much below the seasonal average. Deliveries by retail yards to householders during November were reported in smaller volume for the month than in more than a decade.

November output of district mines was 11,460,000 tons, which compares with 12,445,000 tons in Octo-

ber and 10,472,000 tons in November, 1938. United States production of soft coal in November totaled 42,835,000 tons, against 45,950,000 tons in October and 35,925,000 tons in November last year.

At Illinois mines 4,228,066 tons were lifted in November, against 4,568,586 tons in October and 3,976,278 tons in November, 1938. There were 116 mines in operation in November, with 29,997 men on payrolls, which compares with 109 active mines and 28,615 operatives in October.

**Petroleum**—October output of crude oil in states of the Eighth District was 2.6 per cent more than in September and 164.1 per cent greater than in October, 1938. Cumulative total for the first ten months this year was 153.9 per cent in excess of the corresponding period in 1938. These increases reflect developments in the new Illinois fields. Stocks on November 1 were 1.5 per cent less and 10.3 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	
	Oct., 1939	Sept., 1939	Oct., 1938	1939	1938	Oct., 1939	Oct., 1938
Arkansas.....	1,993	1,874	1,624	16,931	15,154	1,826	2,278
Illinois.....	10,601	10,443	2,773	73,348	17,011	13,824	11,598
Indiana.....	180	141	88	974	820	2,917	3,133
Kentucky.....	443	423	526	4,660	4,784	1,467	1,156
Totals.....	13,217	12,881	5,011	95,913	37,769	20,034	18,165

### TRANSPORTATION

The seasonal decline in freight traffic of railroads operating in this district during November and the first half of December, according to officials of reporting lines, was considerably smaller in extent than average during the past several years. As has been the case since last spring, a particularly favorable showing was made by the movement of miscellaneous freight, coal and lumber.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 86,821 loads in November, as against 94,454 loads in October and 76,188 loads in November, 1938. During the first nine days of December the interchange amounted to 25,768 loads, which compares with 27,244 loads during the corresponding interval in November and 23,159 loads during the first nine days of December, 1938. Passenger traffic of the reporting lines in November showed a decrease of 2.0 per cent in number of passengers carried and of 3.5 per cent in revenue as compared with the same month in 1938.

### WHISKEY

Of the 60 distilleries in Kentucky, 30 are in operation currently, an increase of eight as compared with a month earlier. According to trade sources,

a new record high has been reached in consumption of Kentucky Bourbon since September 1. The increase is ascribed to a number of causes, among them improved economic conditions and the placing of high quality liquor on the market at reasonable prices. A sharp upturn in prices of Scotch whiskey and other foreign liquors as a result of the European war is mentioned as another contributing cause for heavier consumption of domestic whiskies. Most Kentucky distillers report sales since mid-October in excess of the expected seasonal expansion. Most manufacturers are at the moment producing for replacement purposes only. Prices of leading bottled-in-bond goods show little change as contrasted with thirty days ago.

### 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		Stock Turnover	
	November, 1939 compared with Oct., '39	11 mos. '39 compared with Nov., '38	to same period '38	Nov. 30, '39 comp. with Nov. 30, '38	Jan. 1, to Nov. 30 1939	Nov. 30 1938	
Ft. Smith, Ark....	— 6.0%	+ 0.1%	— 0.6%	+ 8.8%	2.50	2.54	
Little Rock, Ark....	+12.0	+ 6.3	+ 7.3	+ 8.4	2.92	2.70	
Louisville, Ky....	+12.2	+16.2	+ 6.1	+ 2.1	3.73	3.39	
Memphis, Tenn....	+ 5.4	+ 8.7	+ 8.4	+14.6	3.13	2.88	
Pine Bluff, Ark....	—20.9	— 7.5	+16.8	+ 0.1	2.63	2.13	
Quincy, Ill.....	— 8.6	+ 4.4	+ 7.8	— 2.3	3.51	2.84	
St. Louis, Mo.....	+ 1.6	+ 5.4	+ 5.4	+10.6	4.10	3.73	
Springfield, Mo....	+ 4.3	+ 2.4	+ 5.8	+10.9	2.92	2.68	
All Other Cities....	+10.0	+ 7.4	+11.9	+ 7.6	3.00	2.71	
8th F. R. District..	+ 1.8	+ 6.9	+ 6.1	+ 9.8	3.72	3.41	

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

Installment Accounts		Excl. Instal. Accounts	Installment Accounts		Excl. Instal. Accounts
Fort Smith.....	41.2%		Quincy.....	48.8%	
Little Rock....	16.4	40.0	St. Louis.....	19.8	58.1
Louisville....	14.9	50.6	Other Cities....	16.3	46.8
Memphis.....	23.3	44.4	8th F. R. District	19.1	52.1

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

	Net Sales			Stocks on Hand		Stock Turnover	
	November, 1939 compared with Oct., '39	11 mos. 1939 compared with Nov., '38	to same period 1938	Nov. 30, '39 comp. with Nov. 30, '38	Jan. 1, to Nov. 30 1939	Nov. 30 1938	
Men's Furnishings..	— 1.6%	+ 6.5%	+ 5.2%	+ 7.6%	2.36	2.17	
Boots and Shoes...	—16.3	+ 0.8	+ 0.8	+ 3.7	6.46	6.46	

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

Men's Furnishings.....	36.8%	Boots and Shoes.....	40.4%
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### AGRICULTURE

**Farming Conditions**—The U. S. Department of Agriculture's December 1 report, which gives final estimates of production of 1939 crops, confirmed in the main official forecasts contained in the November report and earlier bulletins this fall. The late

summer and autumn drouth slightly reduced prospects for certain late crops, but on the other hand supplied ideal conditions for garnering, housing and moving the principal productions, and these operations were accomplished with a minimum of loss to quality and quantity. This was true particularly of cotton, corn, legumes and potatoes. Dry weather has had the effect in some sections of retarding fall plowing and general preparations for next season's crops. Lack of moisture has also been detrimental to growing winter wheat and pastures.

As a result of adverse crop reports, broadening of the war zones in Europe and heavy exports, prices of wheat in December advanced to the highest levels since January, 1938. There were also sharp advances in cotton, corn and some other farm products. As of December 9, the farm products group of the U. S. Bureau of Labor Statistics index stood at 67.4 per cent of the 1926 average. This represented an increase of 10.3 per cent as compared with August 26, but was 0.6 per cent below December 10 a year ago.

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-October, 1937, 1938 and 1939, and during October, 1938 and 1939, are given in the following table:

(In thousands of dollars)	October		Cumulative for 10 months		
	1939	1938	1939	1938	1937
Indiana.....	\$ 24,937	\$ 20,332	\$211,133	\$218,728	\$244,520
Illinois.....	40,134	32,410	381,486	369,869	402,969
Missouri.....	29,330	25,263	204,864	200,655	227,516
Kentucky.....	9,312	8,075	106,868	123,250	124,532
Tennessee.....	15,991	16,249	98,456	100,609	103,202
Mississippi.....	35,273	37,118	122,044	119,184	124,679
Arkansas.....	31,416	34,867	101,836	108,503	100,567
Totals.....	\$186,393	\$174,314	\$1,226,687	\$1,240,798	\$1,327,985

**Cotton**—The late summer and autumn this year were the most favorable ever experienced for picking and ginning cotton in this district. As of December 1 the crop had been practically all taken from the fields, and ginning was rapidly nearing completion. The season as a whole was in the main auspicious for culture of the staple, and in addition to exceptionally high yields per acre in many important growing sections, much cotton of high quality was produced. In Arkansas average yield of 318 pounds per acre was the highest of record with the exception of 1937, when 328 pounds per acre were realized. The yield per acre in 1938 was 304 pounds and the ten-year (1928-1937) average yield, 212 pounds.

In its report based on December 1 conditions, the U. S. Department of Agriculture estimates the Eighth District crop at 3,431,000 bales, about the same as the November 1 forecast and comparing with 3,386,000 bales harvested in 1938 and the 16-

year (1923-1938) average of 2,924,000 bales. As contrasted with recent seasons, an unusually large portion of the crop had been sold by the middle of December. According to trade reports, not more than one-fourth of the crop will go into the Government loan.

The spot cotton market continued active, stimulated by brisk demand of both domestic users and exporters. Prices in the second week of December advanced to the highest levels in well over two years. In the St. Louis market the middling grade ranged from 9.10c to 11.00c per pound between November 15 and December 15, closing at 10.60c on the latter date, which compares with 9.30c on November 15, and 8.18c on December 15, 1938.

As illustrating the rapidity with which the current crop is moving, combined receipts at Arkansas and Missouri compresses from August 1 to December 15 totaled 1,604,499 bales, as against 1,501,547 bales in the corresponding interval a year ago. Shipments during the same period totaled 1,108,614 bales against 596,098 bales a year earlier. Stocks on hand as of December 15 amounted to 1,867,371 bales, which compares with 1,723,972 bales on the corresponding date in 1938. On December 11 the Department of Agriculture announced a third cut in the export cotton subsidy rate to 0.20 cents per pound. The first reduction was from 1.50 cents to 0.75 cents and the second to 0.40 cents per pound.

**Livestock**—Most recent reports from scattered sections of the district, notably from Illinois, Missouri and Indiana, indicate that the high average condition of livestock which marked earlier months this year was well maintained through the first weeks of December. The mild, open winter has resulted in a minimum of disease among herds. The condition of pastures is below average, reflecting the late summer and early fall drouth, but this handicap has been offset by abundant supplies of feed grain, forage and hay. Tame hay production in the Eighth District is estimated by the Government at 7,103,000 tons, as against 6,825,000 tons in 1938 and the 16-year (1923-1938) average of 6,504,000 tons.

This year milk production during November was better maintained than usual as a result of the mild, open weather, together with relatively heavy feeding of supplementary grains and concentrates to milch cows. On December 1 milk produced per cow in states of this district was 9.5 pounds, an increase of 1.5 per cent and 2.8 per cent, respectively, over a year ago and the 10-year (1928-1937) average.

Information available in early December indicates that cattle feeding operations in states of this dis-

strict during the 1939-1940 season will be on a considerably larger scale than in the preceding season. The number of lambs to be fed in the Corn Belt states will also be considerably larger than last season. Shipments of feeder lambs into these states in November were well above a year ago.

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

	Receipts			Shipments		
	Nov., 1939	Oct., 1939	Nov., 1938	Nov., 1939	Oct., 1939	Nov., 1938
Cattle and Calves....	115,856	151,946	126,838	77,223	96,088	86,476
Hogs.....	237,943	216,555	246,378	143,042	134,848	132,372
Horses and Mules....	1,876	1,728	2,174	1,402	1,736	2,219
Sheep.....	62,307	91,608	77,403	12,897	31,022	23,605
Totals.....	417,982	461,837	452,793	234,564	263,694	244,672

**Tobacco**—The burley tobacco market at Lexington, Kentucky, opened on December 11 and initial sales amounted to about 3,000,000 pounds at an average price of \$17 per cwt. This compares with 900,000 pounds sold at the opening last season, at an average of \$21 per cwt. On December 12 the twelve other burley markets opened and reports indicate that prices ranged from a low of \$4 to a high of \$27 per cwt., with average around \$17. Immediately following the opening day, prices reacted downward to an average of \$16.17. On December 18, however, following what appeared to be concrete proposals by Government representatives for better burley prices to farmers, sales on all markets moved upward, and the average advanced to \$17.11.

Since the openings tobacco has moved to markets in large volume and it was estimated that one-third of the crop would be sold by Christmas. While average prices were below a year ago, few rejections were reported. Opinion among market authorities is that the war has had little or no effect on burley prices.

In the Green River and stemming district small initial sales were held in the week of December 16, with average prices under last year. On the other hand, averages in the one sucker market were higher than last year, under an active demand for all grades of leaf, mainly from domestic buyers. With only a small portion of the dark fired crop placed in bulk, markets are expected to open early in January. This crop is reported of mainly good quality, and somewhat larger than in 1938.

Eighth District production of all types, according to the December 1 report of the U. S. Department of Agriculture, is 263,010,000 pounds, which compares with 239,729,000 pounds in 1938 and the 16-year (1923-1938) average of 285,704,000 pounds. Stocks of tobacco owned by manufacturers and dealers in the United States and Puerto Rico on

October 1 totaled 2,215,561,000 pounds compared with 2,227,029,000 pounds on the same date in 1938.

## COMMODITY PRICES

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

		High	Low	Close	
				Dec. 15, 1939	Dec. 15, 1938
Wheat					
*Dec.....	per bu.	\$1.00¾	\$.84	\$ 1.00¾	\$.61
*May.....	"	.98¾	.81¾	.98¾	.63½
*July.....	"	.96¾	.79¾	.96¾	.63½
No. 2 red winter	"	1.05	.92	1.05	.71
No. 2 hard	"	1.04½	.91½	1.04½	.70½
Corn					
*Dec.....	"	.53	.47½	.53	.46¼
*May.....	"	.54¾	.49¾	.54¾	.48½
*July.....	"	.55¾	.50¾	.54¾	.49¾
No. 2 mixed	"	.57¾	.48½	.56¾	.52
No. 2 white	"	.62½	.59¾	.61¾	.53
Oats					
*Dec.....	"	.40¾	.35¾	.40	.27¾
*May.....	"	.38¾	.34¾	.38	.27¾
*July.....	"	.34¾	.31	.33¾	.26¾
No. 2 white	"	.43	.40	.42½	.32½
Flour					
Soft patent.....	per bbl.	6.70	5.70	5.90 @ 6.70	3.85 @ 5.20
Spring ".....	"	6.65	5.75	5.90 @ 6.15	5.15 @ 5.45
Middling Cotton.....	per lb.	.1100	.0910	.1060	.0818
Hogs on Hoof.....	per cwt.	6.06	5.25	5.25	7.37

\*Nominal quotations.

## BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in November was 62.4 per cent less than in October and 25.6 per cent under November, 1938. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in November amounted to \$18,297,000, which compares with \$16,523,000 in October and \$23,665,000 in November, 1938. Building figures for November follow:

	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
(Cost in thousands)	1939	1938	1939	1938	1939	1938	1939	1938
Evansville.....	29	25	\$ 144	\$ 77	79	59	\$ 34	\$ 25
Little Rock.....	39	19	226	67	104	62	59	25
Louisville.....	117	83	193	245	28	36	152	18
Memphis.....	223	254	284	724	163	119	77	187
St. Louis.....	223	241	667	922	165	118	439	112
Nov. Totals.....	631	622	1,514	2,035	539	394	761	367
Oct. ".....	752	679	4,022*	1,525	668	523	457	586
Sept. ".....	719	663	1,645	1,729	590	553	521	726

\*Includes two housing projects in Memphis.

## CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in November as being 2.8 per cent less than in October and 14.4 per cent greater than in November, 1938. Detailed figures follow:

(K. W. H. in thous.)	No. of Custom-ers	Nov., 1939		Nov., 1938		November, 1939 compared with	
		K.W.H.	K.W.H.	K.W.H.	K.W.H.	Oct., 1939	Nov., 1938
Evansville.....	40	3,505	2,979	2,562	2,562	+17.7%	+36.8%
Little Rock.....	35	2,184	2,252	2,027	2,027	+ 3.0	+ 7.7
Louisville.....	82	9,697	10,317	8,355	8,355	+ 6.0	+16.1
Memphis.....	31	2,439	2,544	2,192	2,192	+ 4.1	+11.3
Pine Bluff.....	20	1,068	980	1,166	1,166	+ 9.0	+ 8.4
St. Louis.....	216	26,599	27,713	23,458	23,458	+ 4.0	+13.4
Totals.....	424	45,492	46,785	39,760	39,760	+ 2.8	+14.4

## BANKING AND FINANCE

Eighth District demand for credit during the past thirty days continued the steady upward trend which began last summer. While the improvement extended to most classes of borrowers, it was most outstanding among interests whose requirements are influenced by seasonal factors. Generally heavier inventories than a year ago held by manufacturers and certain mercantile concerns are partly responsible for the recent expansion in commercial and industrial loans. Routine liquidation at the large city banks was in considerable volume. With opening of markets for the 1939 tobacco crop in early December, demand for funds to finance this commodity has resulted in increased volume of loans at both country and city banks in the typical tobacco areas. Influenced by the holiday season and improved employment situation, demand for currency is reported the largest of record.

**Member Banks**—Total loans of the reporting member banks in the principal cities increased 1.6 per cent between November 15 and December 13, and on the latter date were 7.6 per cent greater than a year ago. Deposits, which had reached an all-time high at mid-November, turned downward during the last half of that month, but later regained most of the earlier loss and on December 13 were only 0.9 per cent less than a month earlier and 13.6 per cent higher than a year ago. Reserve bank balances declined 9.4 per cent in the four-week period, but at its close were 32.1 per cent above a year ago.

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

(In thousands of dollars)	Dec. 13, 1939	Nov. 15, 1939	Dec. 14, 1938
Commercial, industrial, agricultural loans...	\$205,495	+1,646	+11,621
Open market paper.....	8,378	+ 557	+ 5,375
Loans to brokers and dealers.....	4,884	+ 636	+ 1,217
Other loans to purchase and carry securities.....	13,240	+ 3	+ 289
Real Estate loans.....	51,405	+ 87	+ 3,066
Loans to banks.....	2,935	+ 177	+ 4,740
Other loans.....	56,176	+2,497	+ 9,878
Treasury bills.....	6,390	+3,294	
Treasury notes.....	55,077	+ 196	-29,028
U. S. bonds.....	136,068	-1,776	
Obligations guaranteed by U.S. Government	71,074	+ 860	+10,312
Other securities.....	102,967	+2,752	+ 2,575
Balances with domestic banks.....	195,844	+5,929	+70,275
Demand deposits—adjusted*.....	485,587	+7,002	+38,423
Time deposits.....	188,709	-1,855	+ 4,173
U. S. Government deposits.....	18,069	- 929	+1,550
Inter-bank deposits.....	355,316	-6,933	+79,608
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 in selected member banks on December 6 was 0.5 per cent greater than on November 1 and 2.7 per cent more than on December 7, 1938.

At downtown St. Louis banks interest rates charged as of the week ended December 15 were as

follows: Customers' prime commercial paper, 1¼ to 5¼ per cent; collateral loans, 2½ to 6 per cent; loans secured by warehouse receipts, 1¼ to 5¼ per cent, and interbank loans, 2½ to 5¼ per cent.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,426,465	\$1,285,758,406
Collections (non-cash items) handled.....	84,222	30,166,439
Transfers of funds.....	4,595	310,618,909
Currency received and counted.....	9,586,852	31,106,757
Coin received and counted.....	8,120,595	913,338
Rediscounts, advances and commitments.....	16	375,900
New issues, redemptions, and exchanges of securities as fiscal agent of U.S. Gov't, etc.....	13,611	34,315,555
Bills and securities in custody—coupons clipped.....	11,378	

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

(In thousands of dollars)	Dec. 18, 1939	Nov. 18, 1939	Dec. 17, 1938
Industrial advances under Sec. 13b.....	\$ 21	— 1	— 38
Other advances and rediscounts.....	355	+ 114	+ 457
Bills bought (including participations).....			2
U. S. securities.....	84,927	— 3,648	— 21,864
Total earning assets.....	85,303	— 3,535	— 22,361
Total reserves.....	439,506	— 2,819	+101,470
Total deposits.....	327,125	—11,899	+ 69,626
F. R. Notes in circulation.....	193,296	+ 3,627	+ 9,526
Industrial commitments under Sec. 13b..	388	— 22	— 137
Ratio of reserve to deposit and F. R. Note liabilities.....	84.5%	+ 0.8%	+ 7.9%

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.....	1½	% 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	3½	% per annum
(b) On remaining portion.....	4	% per annum
Commitments, not exceeding 6 months, to member banks, nonmember banks, and other financing institutions, to rediscount, purchase, or make advances, under Section 13b.....	½	% flat
Advances to established industrial or commercial businesses under Section 13b.....	4	% to 5½ % per annum

The Citizens Bank & Trust Co., Campbellsville, Ky., became a member of the Federal Reserve System on December 8.

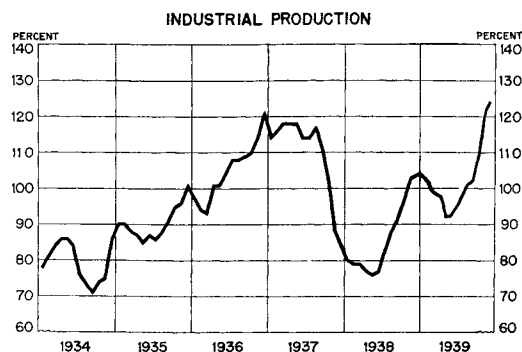
**Debits to Individual Accounts**—The following comparative table of debits to individual accounts reflects spending trends in this district:

(In thousands of dollars)	Nov., 1939	Oct., 1939	Nov., 1938	Nov., '39, comp. with Oct., '39	Nov., '38
East St. Louis and Nat'l Stock Yards, Ill....	\$ 36,526	\$ 41,629	\$ 34,008	-12.3%	+ 7.4%
El Dorado, Ark.....	5,237	5,812	5,428	- 9.9	- 3.5
Evansville, Ind.....	29,832	32,587	26,314	- 8.5	+13.4
Fort Smith, Ark.....	11,997	13,494	12,222	-11.1	- 1.8
Greenville, Miss.....	7,071	7,043	5,807	+ 0.4	+21.8
Helena, Ark.....	2,959	3,446	2,565	-14.1	+15.4
Little Rock, Ark.....	39,150	46,892	34,524	-16.5	+13.4
Louisville, Ky.....	154,697	159,869	145,791	- 3.2	+ 6.1
Memphis, Tenn.....	170,511	199,689	127,356	-14.6	+33.9
Owensboro, Ky.....	6,205	6,402	6,621	- 3.1	- 6.3
Pine Bluff, Ark.....	9,666	10,617	8,957	- 9.0	+ 7.9
Quincy, Ill.....	8,791	9,075	7,829	- 3.1	+12.3
St. Louis, Mo.....	605,600	600,917	512,200	+ 0.8	+18.2
Sedalia, Mo.....	2,201	2,081	1,808	+ 5.8	+21.7
Springfield, Mo.....	13,875	15,307	12,831	- 9.4	+ 8.1
Texarkana, Ark.-Tex.	7,304	8,531	6,544	-14.4	+11.6
Totals.....	1,111,622	1,163,391	950,805	- 4.4	+16.9

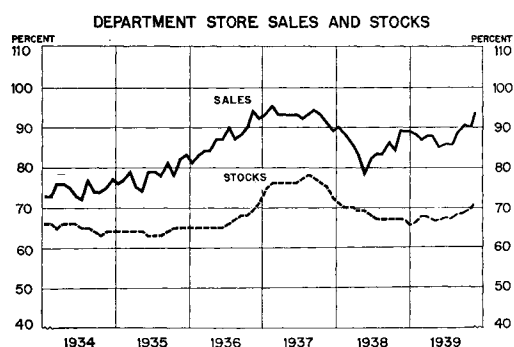


# NATIONAL SUMMARY OF BUSINESS CONDITIONS

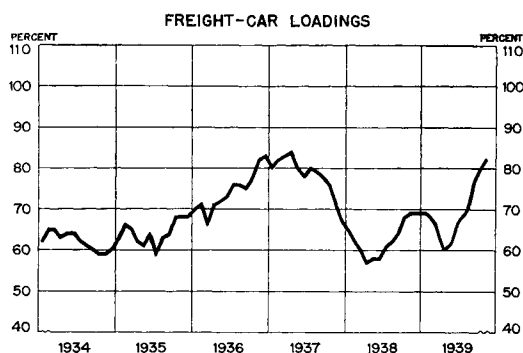
## BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



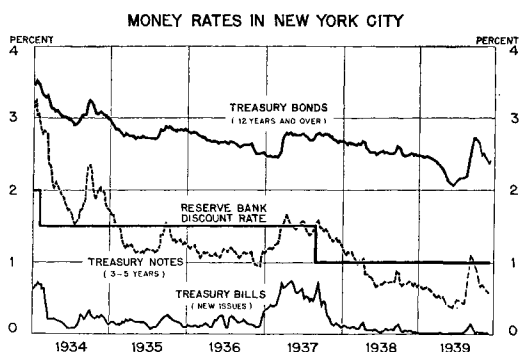
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to November, 1939. Latest figure 124.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to November, 1939.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to November, 1939. Latest figure 82.



For weeks ending January 6, 1934, to December 9, 1939.

Following a rapid rise after the outbreak of the European war industrial activity continued at a high level in November and the first half of December. There was a considerable increase in distribution of commodities to consumers while prices of basic commodities, which had been steady during November, rose somewhat in the first two weeks of December.

**Production**—The Board's seasonally adjusted index of industrial production advanced from 121 to 124 per cent in November, reflecting sustained activity at a period of the year when a decline is usual. Production of durable goods, which had advanced rapidly for several months, showed a further expansion. Record production of steel ingots continued in November and was followed by a less than seasonal decline in the first half of December. Automobile production increased in November, notwithstanding the fact that plants of one important company remained closed pending settlement of an industrial dispute. After this was settled at the end of November assemblies rose sharply. Retail sales of new automobiles were in large volume in November and at the end of the month dealers' stocks of new cars apparently were smaller than at the corresponding time in other recent years. Lumber production declined less than seasonally in November but plate glass production, which had reached a high level in October, showed a reduction.

Output of nondurable goods continued at high level in November. At cotton and woolen mills activity increased somewhat further and was close to the record levels reached three years ago. Rayon production advanced to new high levels, but at silk mills there was a sharp decline following substantial increases earlier this fall. Output of flour and sugar declined further from the levels reached in September while changes in activity at shoe factories and meat-packing establishments were largely seasonal in character. Coal production in November declined somewhat from the high level reached in October. Output of crude petroleum increased further and iron ore shipments continued in exceptionally large volume until the Great Lakes' shipping season closed in the latter part of the month.

Value of construction contracts, as reported by the F. W. Dodge Corporation, increased in November following a sharp decline in October. In both months changes in total awards reflected principally fluctuations in the volume of contracts for public construction. Private residential awards declined somewhat less than seasonally in November, while awards for other private projects showed little change. Contracts for private work, both residential and nonresidential, were larger than a year ago, while those for public projects were below the high level of that time when contracts under the Public Works Administration program were being awarded in large volume.

**Employment**—Factory employment and pay rolls continued to increase in November, reflecting chiefly further sharp advances in industries producing steel, machinery, and other durable goods.

**Distribution**—In November distribution of commodities to consumers increased considerably. The Board's seasonally adjusted index of department store sales, which had been around 90 in the three preceding months, advanced to 94, a level about the same as at the peak in 1937 when prices of commodities sold at department stores were generally somewhat higher than at present. Freight-car loadings showed less than the usual seasonal decrease from October to November and the Board's adjusted index increased from 80 to 82, which was only slightly under the recovery peak reached in the early part of 1937. Shipments of ore and miscellaneous freight declined less than is usual in November, while loadings of coal decreased more than seasonally from the relatively high October level.

**Commodity Prices**—Prices of both industrial materials and foodstuffs advanced from the latter part of November to the middle of December. Wheat and silk prices rose considerably and there were smaller increases in cotton and hides. Prices of steel scrap and nonferrous metals, on the other hand, showed declines.

**Government Security Market**—Prices of United States Treasury bonds advanced sharply during the last half of November to a level not far below the all-time high point of last June and remained steady during the first half of December.

**Bank Credit**—Total loans and investments at reporting member banks in 101 leading cities rose substantially during November and the first half of December, reflecting largely purchases of new United States Government securities. Commercial loans, which had been increasing since August, continued to rise until the third week in November. Deposits increased further.