



BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
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FEDERAL RESERVE BANK OF ST. LOUIS



Burley loose-leaf tobacco on the floor of a warehouse near Louisville, Ky.

SUMMARY OF EIGHTH DISTRICT

		Dec., 1939	comp. with
		Nov., 1939	Dec., 1938
Live Stock:			
Receipts at National Stock Yards.....	+	2.1%	+ 5.0%
Shipments from aforesaid Yards.....	—	6.5	— 3.0
Production and Distribution:			
Sales by mfrs. and wholesalers.....	—	7.2	+ 4.9
Department store sales.....	+	52.6	+ 4.6
Car loadings.....	—	2.9	+ 7.6
Building and Construction:			
Bldg. permits, incl. repairs {	Number....	— 32.0	+ 12.1
	Cost.....	— 7.1	+ 14.8
Value construction contracts awarded....	+	622.3	+ 381.3
Miscellaneous:			
Commercial failures {	Number.....	+ 26.7	+ 15.2
	Liabilities.....	— 17.2	— 21.6
Consumption of electricity.....	—	4.1	+ 11.8
Debits to individual accounts.....	+	16.0	+ 10.2
Life Insurance Sales.....	+	7.2	— 34.3
Member Banks (24):			
		Jan. 17, '40	comp. with
		Dec. 20, '39	Jan. 18, '39
Gross deposits.....	+	0.5%	+ 12.2%
Loans.....	—	2.0	+ 7.7
Investments.....	—	3.8	— 7.6

GENERAL business in the Eighth District during December carried further forward the notable improvement which began last summer. After allowing for the customary seasonal changes, industrial activity reached the highest level in recent years. In virtually all the principal lines, production showed less than the expected contraction, and in a number of instances was maintained at or about the best rate of the year. Bolstered by the heaviest holiday trade since the predepression era, retail distribution in December expanded to the highest volume for the year. The prolonged spell of extremely low temperatures, accompanied by heavy snows and ice, since the first of this year has served to slow down retail buying in both the large cities and the country. Weather handicaps have also interfered with activities in the building and some other industries.

Taken as a whole, 1939 was the most favorable year for business experienced in this area since 1929, and in several lines all-time high records were established. While there were gains during the first six months over the relatively low levels obtaining in the similar period a year earlier, substantial upswing took place in the final half and was given marked impetus by the outbreak of the war in Europe. Increased production occurred in virtually all classifications of commodities, but was most pronounced in the durable goods industries, particularly iron and steel and their products. Reflecting the heavy volume of distribution, freight traffic of railroads operating in the district was measurably greater than a year earlier.

Revival in the building industry during the year

was reflected in notable expansion in demand for all descriptions of building materials. There were sharp increases in production of lumber, cement, glass, fire clay products, builders hardware, paints and kindred products. Activities in the iron and steel industry increased steadily throughout the year until mid-December, when seasonal influences, such as repairs, inventorying, vacations, etc., caused a temporary slowing down. Recovery from the holiday lull, however, has been more rapid and complete than is ordinarily the case. Production of bituminous coal at mines in this general area exceeded that of the preceding year by a considerable amount. Owing to the extensive development in new Illinois oil fields, production of petroleum in the district in 1939 was more than twice as large as that in any preceding year.

Weather conditions throughout the district in late December and the first half of January were in the main favorable for fall sown cereal crops and agricultural operations generally. Heavy snows afforded needed moisture and protection for the growing winter wheat crop. The open fall permitted of uninterrupted outdoor work, and more plowing for spring plantings has been accomplished than in any recent season. From the standpoint of yields per acre of the principal crops, 1939 was an exceptional year in this area. Generally production was large, particularly of food and feed crops.

December sales of department stores in the principal cities increased more than seasonally from November and the same was true of variety store sales. Department store volume in December was 52.6 per cent greater than in November and 4.6 per cent more than in December, 1938; for the year the total was larger by 5.9 per cent than during the preceding 12 months. Combined sales of all wholesaling and jobbing firms whose statistics are available to this bank were 7.2 per cent less in December than in the preceding month and 4.9 per cent greater than a year earlier. Retail sales of passenger automobiles in the St. Louis area in December were 2.0 per cent and 13.7 per cent greater, respectively, than a month and a year earlier.

Commercial failures in the Eighth Federal Reserve District in December, according to Dun and Bradstreet, numbered 38, involving liabilities of \$391,000, against 30 defaults with liabilities of \$472,000 in November and 33 insolvencies for a total of \$499,000 in December, 1938. In 1939 there were 397 failures with liabilities of \$6,100,000, compared with 499 defaults for a total of \$6,401,000 in 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
	December, 1939 compared with		Dec. 31, 1939 comp. with
	Nov., '39	Dec., '38	Dec. 31, 1938
Automotive Supplies.....	- 0.7 %	+ 5.6 % %
Boots and Shoes.....	- 0.7	+ 9.4
Dry Goods.....	-30.5	- 0.4	+14.2
Electrical Supplies.....	+ 7.1	+33.3
Furniture.....	-20.5	+ 8.4	+41.2
Groceries.....	- 8.1	- 4.2	+26.3
Hardware.....	- 8.3	+ 4.9	+22.3
Tobacco and its Products.....	+10.5	+ 6.1	+12.7
Miscellaneous.....	- 0.6	+ 6.8	+ 6.5

In December all lines of wholesaling whose statistics are available to this bank, excepting dry goods, continued to show a larger volume of business than during the corresponding period in 1938. Combined sales of all groups were approximately 5 per cent larger than a year earlier. Decreases from November to December shown in the above table were for the most part seasonal in character, and with the exception of dry goods were somewhat smaller than average during the past decade. Inventories at the close of the year were larger in all lines than a year earlier, with the heaviest increase being in furniture. Changes from the preceding month were negligible in a majority of lines. Preliminary figures indicate an increase of about 3.6 per cent in district shoe production from November to December.

Automobiles—Combined passenger car, truck and taxicab production in the United States in December totaled 452,024 as against 357,782 in November and 388,346 in December, 1938. In 1939 production amounted to 3,574,678 vehicles which compares with 2,489,555 in 1938 and 4,809,515 in 1937.

Iron and Steel Products—Activities in the iron and steel industry in this area have recovered more rapidly than usual from the holiday interruption. Strong resistance was opposed to the seasonal trends by the industry as a whole, and in certain lines operations were maintained at or about the best rate recorded in recent months. This was true particularly of specialty makers, such as heating apparatus, engines and some other types of machinery. Backlogs held by mills and a majority of foundries, while below the levels of early December, are measurably greater than at the corresponding period a year ago. New purchasing has receded noticeably from the peak last fall, but this is attributed to prior heavy coverage and the fact that many consumers have not completed their annual inventories.

Demand for structural steel, including reinforcing concrete bars, is more active than usual at mid-winter and pending projects, mainly State and

Government, indicate an increased volume of buying during the next four to six weeks. December sales of warehouse and jobbing interests reporting to this bank were slightly higher than in November, and about one-fifth greater than in December, 1938. Reflecting the taking off of several open-hearth furnaces for repairs, ingot production in this district in late December declined from the year's peak of 85 per cent to 70 per cent, but by mid-January the rate had recovered to 83 per cent, which compares with 40 per cent a year ago.

For the entire country, production of pig iron in December, according to the magazine "Steel", was 3,767,605 tons, best for any month since July, 1929, and comparing with 3,720,100 tons in November and 2,212,718 tons in December, 1938. Steel ingot production in the United States in December amounted to 5,164,420 tons, against 5,462,616 tons in November and 3,130,746 tons in December, 1938. Production for all of 1939 totaled 45,768,899 tons, an increase of 18,026,674 tons over the preceding twelve months.

WHISKEY

As of mid-January 28 of the 60 distilleries in Kentucky were in operation, two less than a month earlier. The decrease is of little significance as the distillers have well defined programs for 1940, and several plants will shortly be placed in production. According to trade sources consumption of Bourbon whiskey in November was the highest for that month of record, and the upward trend continued through December. An increase in holiday sales of bottled-in-bond goods of approximately 10 per cent over the 1938 season was reported.

Whiskey production in Kentucky during 1939, with December output estimated, is placed at approximately 37,500,000 gallons, an increase of 4,000,000 gallons, or 11.9 per cent, over 1938. Taxpaid withdrawals totaled about 24,400,000 gallons, an increase of 3,000,000 gallons over 1938.

MINING AND OIL

Coal—Soft coal production at mines in this general area in December totaled 11,371,000 tons, as against 11,460,000 tons in November and 12,123,000 tons in December, 1938. December production in the United States totaled 37,283,000 tons, which compares with 42,835,000 tons in November and 36,541,000 tons in December, 1938. Output for the year 1939 totaled 389,298,000 tons against 342,317,000 tons in 1938.

At Illinois mines 4,318,953 tons were lifted in December, as against 4,228,066 tons in November

and 4,562,573 tons in December, 1938. There were 108 mines in operation in December with 27,345 men on payrolls, against 116 active mines and 29,997 operatives in November.

Petroleum—November output of crude oil in states of the Eighth District was 1.7 per cent less than in October and 152.6 per cent greater than in November, 1938. Cumulative total for the eleven months of 1939 exceeded that of the like period in 1938 by 153.8 per cent. These increases reflect developments in the new Illinois fields. Stocks on December 1 were 2.2 per cent less and 9.1 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	
	Nov., 1939	Oct., 1939	Nov., 1938	1939	1938	Nov., 1939	Nov., 1938
Arkansas.....	2,071	1,993	1,470	19,002	16,624	1,896	2,291
Illinois.....	10,222	10,601	3,072	83,570	20,083	13,123	11,311
Indiana.....	222	180	85	1,196	905	3,209	3,198
Kentucky.....	472	443	514	5,132	5,298	1,361	1,147
Totals.....	12,987	13,217	5,141	108,900	42,910	19,589	17,947

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 Dec. 31, '39 comp. with Dec. 31, '38	Stock Turnover Jan. 1, to Dec. 31, 1939 1938
	December, 1939 compared with Nov., '39	Dec., '38	12 mos. '39 to same period '38		
Ft. Smith, Ark....	+58.6%	+6.0%	+0.4%	+9.2%	2.99 3.03
Little Rock, Ark...	+43.0	+3.6	+6.7	+9.1	3.47 3.25
Louisville, Ky....	+67.4	+5.0	+5.9	+1.6	4.48 4.10
Memphis, Tenn....	+62.4	+5.8	+8.0	+8.9	3.75 3.49
Pine Bluff, Ark....	+94.7	+3.3	+14.4	+17.2	3.14 2.64
Quincy, Ill.....	+72.2	+5.9	+7.5	+5.8	4.15 3.40
St. Louis, Mo....	+47.7	+4.0	+5.2	+4.9	4.76 4.36
Springfield, Mo....	+47.1	+5.5	+5.7	+11.7	3.41 3.16
All Other Cities...	+61.5	+8.6	+11.3	+0.1	3.64 3.30
8th F. R. District..	+52.6	+4.6	+5.9	+5.5	4.38 4.03

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

	Installment Accounts			Installment Accounts	
	Excl. Instal. Accounts	%		Excl. Instal. Accounts	%
Fort Smith.....	45.2%	17.1	Quincy.....	52.3%	20.4
Little Rock.....	37.3	15.6	St. Louis.....	60.4	15.9
Louisville.....	44.3	32.8	Other Cities.....	46.6	21.0
Memphis.....	48.6		8th F. R. District	53.0	

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

	Net Sales			Stocks on Hand Dec. 31, '39 comp. with Dec. 31, '38	Stock Turnover Jan. 1, to Dec. 31, 1939 1938
	December, 1939 compared with Nov., '39	Dec., '38	12 mos. '39 to same period '38		
Men's Furnishings..	+46.9%	+2.5%	+4.8%	+9.9%	2.80 2.61
Boots and Shoes...	+45.4	+2.5	+1.0	+7.8	7.36 7.38

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

Men's Furnishings.....	35.6%	Boots and Shoes.....	38.8%
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TRANSPORTATION

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 84,309 loads in December, as against 86,821 loads in November and 78,358 loads in December, 1938. In 1939 the interchange amounted to 982,081 loads, which compares with 904,081 loads in 1938, 1,109,147 loads in 1937 and 1,066,898 loads in 1936. During the first nine days of January 23,321 loads were interchanged, as against 21,376 loads during the same interval in 1939. Passenger traffic of the reporting roads in December showed a decrease of 1.0 per cent in number of passengers carried and an increase of 0.4 per cent in revenue as compared with the same month a year ago. For the entire country loadings of revenue freight in 1939 totaled 34,102,759 cars, against 30,457,078 cars in 1938 and 37,670,464 cars in 1937.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in December was 129,400 tons, against 192,435 tons in November and 171,244 tons in December, 1938. In the twelve months of 1939 the Barge Line carried 1,896,483 tons, as against 2,408,943 tons in 1938 and 1,831,055 tons in 1937. The decline from 1938 was attributable mainly to labor difficulties experienced last spring which temporarily halted the service.

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

(In thousands of dollars)	November		Cumulative for 11 months		
	1939	1938	1939	1938	1937
Indiana.....	\$ 23,919	\$ 20,824	\$ 235,052	\$ 239,552	\$ 266,009
Illinois.....	41,393	36,582	422,879	406,451	439,257
Missouri.....	30,929	26,480	235,793	227,135	251,194
Kentucky.....	7,175	5,888	114,043	129,138	130,222
Tennessee.....	12,070	12,228	110,526	112,837	115,940
Arkansas.....	21,572	20,375	123,408	128,878	122,508
Mississippi.....	18,218	21,579	140,262	140,763	145,227
Totals.....	\$155,276	\$143,956	\$1,381,963	\$1,384,754	\$1,470,357

Farming Conditions—The U. S. Department of Agriculture's end-of-the-season survey shows that from the standpoint of yields per acre and production of the principal crops, 1939 was an exceptional year in Eighth District agriculture. With the exception of wheat, oats and potatoes, output of all the principal productions was higher than a year earlier, and in the case of wheat, cotton, corn, hay, legumes and some lesser crops, exceeded the average of the preceding 16 years. Fruit and vegetable crops were large and mainly of high quality, with prices generally favorable. An exception to satisfactory returns to producers was apples, heavy production and demoralization of the export market

caused by the European war resulting in prices during the fall and winter so low that profits were negligible or entirely absent.

A favorable development during the season was the replenishment of farm supplies, which had been lowered by recent years of drouth, with abundant feed, forage and hay crops. Stocks of corn on farms as of January 1, 1940, were 4.6 per cent higher than a year earlier and 43.5 per cent above the 10-year (1929-1938) average. Hay production in the district in 1939 was approximately 17 per cent above average, and output of legumes, including soy beans, the largest of record. Taken as a whole the status of the livestock industry underwent distinct betterment during the year. Throughout the period the condition of herds was high, and numerically all species were greater than since the pre-drouth era. Progress was made in dairying and poultry raising.

During December prices of grains, cotton, livestock and poultry, and some lesser products moved upward. Wheat reached the highest levels in a number of years, being influenced by the war in Europe and unfavorable conditions for the growing crop in this country. As of December 30 the farm products group of the U. S. Bureau of Labor Statistics index stood at 68.5 per cent of the 1926 average. This represented an increase of 12.1 per cent over last August 26, and compared with 68.3 per cent on December 31, 1938.

Cotton—From the beginning of the marketing season the crop has moved rapidly, owing to active domestic and export demand for the staple and sharp upturn in prices. As illustrating the unusually rapid movement, combined receipts at Arkansas and Missouri compresses from August 1, 1939, to January 12, 1940, totaled 1,716,840 bales, as against 1,526,244 bales during the same interval a year earlier. Shipments during the period amounted to 1,454,051 bales as against 665,202 bales in the previous season. Stocks on hand as of January 12, were 1,619,348 bales compared with 1,678,656 bales on the corresponding date in 1939.

In the St. Louis market middling cotton ranged in price from 10.25c to 10.65c per pound between December 15 and January 15, closing at 10.50c on the latter date, which compares with 10.60c on December 15 and 8.90c on January 16, 1939. The open fall was ideal for field work, and generally more plowing and preparation of the soil for the 1940 crop than usual is reported.

Livestock—In all sections of the district fall and early winter conditions were ideal for livestock operations and the status of herds at mid-January was exceptionally high. Movement to market of

cattle, hogs and sheep combined in December was measurable larger than a year and two years ago.

The rapid upswing in hog production, that started in the spring of 1938, continued through the fall of 1939. The number of sheep and lambs on feed as of January 1 in states of the Eighth District was approximately 3 per cent larger than on the same date in 1939. Because of the rather early movement of lambs into the Corn Belt this season, it is expected that marketings of fed lambs from the Corn Belt in January and early February will be relatively large.

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

	Receipts			Shipments		
	Dec., 1939	Nov., 1939	Dec., 1938	Dec., 1939	Nov., 1939	Dec., 1938
Cattle and Calves....	84,372	115,856	92,315	51,630	77,223	63,007
Hogs.....	292,512	237,943	252,825	159,269	143,042	143,034
Horses and Mules....	2,735	1,876	2,349	1,570	1,402	2,143
Sheep.....	46,959	62,307	58,955	6,926	12,897	17,883
Totals.....	426,578	417,982	406,444	219,395	234,564	226,067

The following table shows comparative receipts and shipments for the years 1937, 1938 and 1939:

(In thousands)	Receipts			Shipments		
	1939	1938	1937	1939	1938	1937
Cattle and Calves.....	1,294	1,403	1,589	812	893	995
Hogs.....	2,626	2,412	2,265	1,608	1,435	1,308
Horses and Mules....	29	40	52	27	39	52
Sheep.....	820	988	1,050	265	330	382
Totals.....	4,769	4,843	4,956	2,712	2,697	2,737

Tobacco—Total gross sales of burley leaf to the holiday recess, December 22, was 183,000,000 pounds at an average of \$16.09 per cwt. Considerable colory thin tobacco is noted in offerings thus far, with red grades of good body relatively scarce. Good to fine grades, the latter quite scarce, are somewhat cheaper than last year. The markets reopened on January 8, and a new season high average of \$18.69 was recorded, which compares with the previous high of \$17.11 on December 18. Subsequent sales were slightly under the peak average. Owing to severe weather the crop has not moved as rapidly or in as large volume as before Christmas.

In the dark fired district unfavorable weather conditions have held back stripping and preparing the crop, and as a result opening of the markets for this type has been delayed. Two floors did open on January 10, however, with light sales at an average of \$7.47 per cwt., \$2.00 above the 1939 opening average. Indications point to a crop of good, average quality and useful style.

Only two markets in the Green River and stemming area were reported operating when sales were resumed January 2. Previously only 2,000,000 pounds were sold at approximately \$7.10 per cwt. The crop is generally reported disappointing, the leaf showing a tinge of grayish color.

Offerings of the one sucker type were light and of common to medium grades, totaling 4,998,000 pounds, with an average price of \$7.10 per cwt. Volume of sales is expected to be limited until more favorable weather conditions for handling.

Winter Wheat—According to estimates of the U. S. Department of Agriculture, the area of winter wheat seeded in states of the Eighth District last fall was 5,963,000 acres, which compares with 6,317,000 acres in 1938, 8,054,000 acres in 1937 and 6,862,000 acres for the fall planting average in the 10-year period 1927-1936. Owing principally to the fall and winter drouth, the condition of the growing crop as of December 1 in all states of the district was considerably below a year earlier and the December 1 average during the 10-year period. Smaller plantings are attributed to a number of causes, among them the large world stocks, conforming with the AAA program, and low prices prevailing during the early marketing season of the 1939 crop. Farm stocks of winter wheat in states of this district as of January 1 were 17,712,000 bushels, against 25,446,000 bushels on the same date in 1939 and the 10-year (1929-1938) January 1 average of 22,634,000 bushels.

COMMODITY PRICES

Range of prices in the St. Louis market between December 15, 1939 and January 15, 1940, with closing quotations on the latter date and on January 16, 1939, follows:

	High	Low	Close	
			Jan. 15, 1940	Jan. 16, 1939
Wheat				
*May..... per bu.	\$1.05½	\$.95	\$.97½	\$.65½
*July..... "	1.04	.92½	.94½	.65½
*Sept..... "	1.00¾	.92½	.94½	.66¾
No. 2 red winter "	1.11¾	1.03	1.03	.72
No. 2 hard " "	1.11¾	1.02½	1.02½	.72
Corn				
*May..... "	.57	.54¾	.55¾	.49½
*July..... "	.57½	.55½	.56¾	.50¼
*Sept..... "	.58½	.55½	.56¾	.51
No. 2 mixed.... "	.60½	.56	.60½	.52
No. 2 white.... "	.64	.62	.64	.52½
Oats				
*May..... "	.39½	.37½	.39	.28½
*July..... "	.34¾	.33¾	.33¾	.27½
*Sept..... "	.32½	.31¾	.31¾	.26¾
No. 2 white.... "	.45	.42	.45	.33½
Flour				
Soft patent.... per bbl.	7.10	6.00	6.00@6.70	4.00@5.35
Spring "..... "	6.55	5.85	5.85@6.10	5.25@5.55
Middling Cotton per lb.	.1065	.1025	.1050	.0890
Hogs on Hoof... per cwt.	5.80	5.30	5.71	7.58
*Nominal quotations.				

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in December was 12.9 per cent more than in November and 14.1 per cent greater than in December, 1938. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in December amounted to \$132,164,000, which compares with \$18,297,000 in November

and \$27,458,000 in December, 1938. The large December, 1939, total includes figures for a dam under construction by the Tennessee Valley Authority. For the year, construction contracts totaled \$336,323,000, as against \$208,735,000 for 1938. Building figures for December follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1939	1938	1939	1938	1939	1938	1939	1938
Evansville....	9	4	\$ 258	\$ 11	47	35	\$ 35	\$ 23
Little Rock....	18	10	52	24	47	53	9	16
Louisville....	58	42	126	90	18	23	19	87
Memphis.....	233	133	591	212	105	103	46	52
St. Louis.....	162	189	682	1,161	99	118	296	165
Dec. Totals....	480	378	1,709	1,498	316	332	405	343
Nov. ".....	631	622	1,514	2,035	539	394	761	367
Oct. ".....	752	679	4,022	1,525	668	523	457	586
Year ".....	8,206	6,865	26,149	17,309	7,200	6,567	5,986	5,063

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase of 27.0 per cent in combined postal receipts for the final quarter of 1939 over the preceding three months, and of 5.8 per cent over the last quarter of 1938. Detailed figures follow:

	Quarter ending: Dec. 31, 1939	Sept. 30, 1939	Dec. 31, 1938	Comp. last Qtrs. '39 and '38
Evansville.....	\$ 202,823	\$ 175,268	\$ 189,998	+ 6.8%
Little Rock.....	246,022	216,560	243,070	+ 1.2
Louisville.....	849,013	687,714	796,254	+ 6.6
Memphis.....	870,703	648,666	847,158	+ 2.8
St. Louis.....	3,055,954	2,526,044	3,032,588	+ 0.8
Totals.....	\$5,404,515	\$4,254,252	\$5,109,068	+ 5.8

The following table shows the comparative totals for the years 1937, 1938 and 1939:

	1939	1938	1937	1939 comp. with 1938	1937
Totals.....	\$18,591,947	\$17,840,176	\$17,739,649	+ 4.2%	+ 4.8%

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in December as being 4.1 per cent less than in November and 11.8 per cent greater than in December, 1938. Total consumption in 1939 was 12.1 per cent greater than in 1938. Detailed figures follow:

(K. W. H. in thous.)	No. of Custom-ers	Dec., 1939	Nov., 1939	Dec., 1938	December, 1939 compared with	
		K.W.H.	K.W.H.	K.W.H.	Nov., 1939	Dec., 1938
Evansville.....	40	3,778	3,505	2,922	+ 7.8%	+29.3%
Little Rock.....	35	2,055	2,184	1,918	— 5.9	+ 7.1
Louisville.....	82	9,285	9,697	7,987	— 4.2	+16.3
Memphis.....	31	2,369	2,439	2,404	— 2.9	— 1.5
Pine Bluff.....	20	1,268	1,068	1,035	+18.7	+22.5
St. Louis.....	216	24,887	26,605	22,759	— 6.5	+ 9.4
Totals.....	424	43,642	45,498	39,025	— 4.1	+11.8

The following table shows comparative figures of consumption of electric current by selected industrial customers, for the years 1938 and 1939:

	1939 K.W.H.	1938 K.W.H.	1939 compared with 1938
Evansville, Indiana.....	38,398,000	28,430,000	+35.1%
Little Rock, Arkansas.....	25,487,000	24,178,000	+ 5.4
Louisville, Kentucky.....	109,182,000	96,676,000	+12.9
Memphis, Tennessee.....	27,952,000	26,046,000	+ 7.3
Pine Bluff, Arkansas.....	9,550,000	10,032,000	— 4.8
St. Louis, Missouri.....	304,370,000	273,816,000	+11.2
Totals.....	514,939,000	459,178,000	+12.1

BANKING AND FINANCE

Changes in the banking and financial situation in the Eighth District during the past thirty days were influenced solely by the usual seasonal considerations, nothing having occurred to alter trends obtaining during the preceding several months. Year-end settlements with merchants and manufacturers were in substantial volume, and were reflected in considerable liquidation of loans at city banks. The call for funds to finance agricultural operations was seasonally light. Grain handlers and flour milling interests reduced their commitments in about the expected amount, but total borrowings in this category were heavier than a year earlier, owing to the higher level of wheat prices. In the tobacco sections some new borrowing was in evidence, but due to the rapid marketing of the crop, particularly burley types, liquidation has exceeded the volume of new loans.

Member Banks—For the first time in a number of months, total loans of weekly reporting member banks in the principal cities declined during the four-week period ending January 17. The total on that date, however, was still 7.7 per cent greater than at the same time in 1939. Gross deposits changed in minor degree only during the period, and at its end were 12.2 per cent above a year earlier. Following a decline in late November and through December, reserve balances held by these banks turned sharply upward after the first of the year, and as of January 17 were only slightly below the record high established at mid-November.

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

(In thousands of dollars)	Jan. 17, 1940	Dec. 20, 1939	Change from Jan. 18, 1939
Commercial, industrial, agricultural loans...	\$199,931	— 6,340	+10,095
Open market paper.....	9,542	+ 1,059	+ 6,131
Loans to brokers and dealers.....	5,253	+ 251	— 1,056
Other loans to purchase and carry securities..	12,371	— 284	— 747
Real Estate loans.....	51,487	+ 66	+ 3,213
Loans to banks.....	1,577	— 713	— 5,612
Other loans.....	56,976	— 901	+11,986
Treasury bills.....	2,840	— 3,550	
Treasury notes.....	44,283	— 9,887	—43,242
U. S. bonds.....	139,957	— 895	
Obligations guaranteed by U.S. Government	70,360	— 853	+11,679
Other securities.....	104,163	+ 1,025	+ 1,709
Balances with domestic banks.....	199,515	+13,267	+63,586
Demand deposits—adjusted*.....	477,107	— 3,636	+27,676
Time deposits.....	189,849	+ 937	+ 2,131
U. S. Government deposits.....	18,016	+ 3	— 108
Inter-bank deposits.....	368,348	+ 8,291	+78,376
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 January 3 was slightly larger than on December 6 and 2.0 per cent greater than the total on January 4, 1939.

Interest rates remained unchanged. At downtown St. Louis banks as of the week ended January

15, rates charged were as follows: Customers' prime commercial paper, 1¾ to 5¾ per cent; collateral loans, 2½ to 6 per cent; loans secured by warehouse receipts, 1¾ to 5¾ per cent and inter-bank loans, 2½ to 5¾ per cent.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,676,795	\$1,327,805,939
Collections (non-cash items) handled.....	157,692	34,636,995
Transfers of funds.....	4,913	390,439,144
Currency received and counted.....	9,683,529	34,478,911
Coin received and counted.....	9,422,167	1,121,465
Rediscounts, advances and commitments.....	25	711,750
New issues, redemptions, and exchanges of securities as fiscal agent of U.S. Gov't, etc.....	23,636	71,288,548
Bills and securities in custody—coupons clipped.	33,975

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

(In thousands of dollars)	Jan. 18, 1940	Dec. 18, 1939	Change from Jan. 18, 1939
Industrial advances under Sec. 13b.....	\$ 26	+ 5	+ 2
Other advances and rediscounts.....	236	— 119	+ 158
Bills bought (including participations).....			2
U. S. securities.....	111,091	+26,164	— 8,732
Total earning assets.....	111,353	+26,050	— 8,574
Total reserves.....	426,444	—13,062	+ 90,273
Total deposits.....	345,646	+18,521	+ 74,959
F. R. Notes in circulation.....	190,608	— 2,688	+ 10,478
Industrial commitments under Sec. 13b..	152	— 236	— 289
Ratio of reserve to deposit and F. R. Note liabilities.....	79.5%	— 5.0%	+ 4.9%

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.....	5½	% per annum

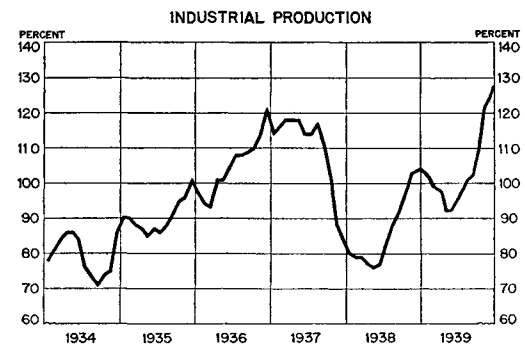
The Bloomfield State Bank, Bloomfield, Ind., became a member of the System on January 4.

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

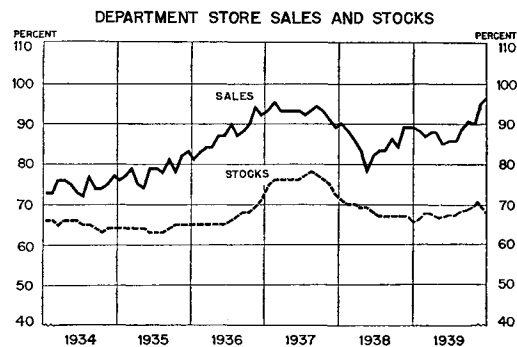
(In thousands of dollars)	Dec., 1939	Nov., 1939	Dec., 1938	Dec., '39, comp. with Nov., '39	Dec., '38
East St. Louis and Nat'l					
Stock Yards, Ill..	\$ 38,640	\$ 36,526	\$ 36,147	+ 5.8%	+ 6.9%
El Dorado, Ark.....	6,060	5,237	6,204	+15.7	— 2.3
Evansville, Ind.....	36,825	29,832	31,995	+23.4	+15.1
Fort Smith, Ark.....	13,849	11,997	13,883	+15.4	— 0.2
Greenville, Miss.....	7,610	7,071	5,432	+ 7.6	+40.1
Helena, Ark.....	3,196	2,959	2,457	+ 8.0	+30.1
Little Rock, Ark....	46,747	39,150	39,631	+19.4	+18.0
Louisville, Ky.....	196,738	154,697	183,540	+27.2	+ 7.2
Memphis, Tenn.....	197,290	170,511	138,466	+15.7	+42.5
Owensboro, Ky.....	8,054	6,205	8,749	+29.8	— 7.9
Pine Bluff, Ark.....	11,307	9,666	10,780	+17.0	+ 4.9
Quincy, Ill.....	9,169	8,791	8,704	+ 4.3	+ 5.3
St. Louis, Mo.....	688,373	605,600	659,539	+13.7	+ 4.4
Sedalia, Mo.....	2,510	2,201	2,438	+14.0	+ 3.0
Springfield, Mo.....	14,039	13,875	14,018	+ 1.2	+ 0.1
Texarkana, Ark.-Tex.	9,328	7,304	8,771	+27.7	+ 6.4
Totals.....	1,289,735	1,111,622	1,170,754	+16.0	+10.2

NATIONAL SUMMARY OF BUSINESS CONDITIONS

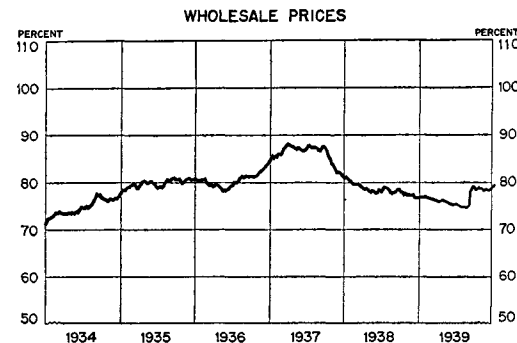
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



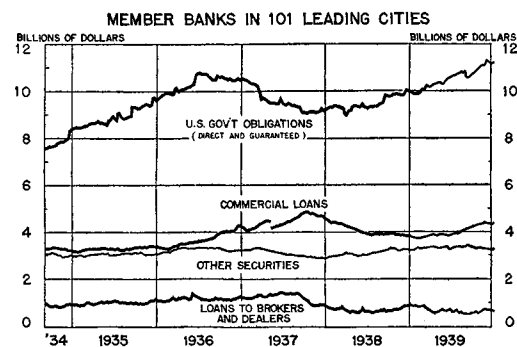
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to December, 1939. Latest figure 128.



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



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending January 13, 1940. Latest figure 79.5.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to January 10, 1940. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Industrial activity, after a rapid rise in recent months, declined less than seasonally in December. In the first half of January activity did not show the usual seasonal increase. Distribution of commodities to consumers was maintained in large volume.

Production—Industrial output decreased in December, but by a smaller amount than is usual at this season, with the consequence that the Board's index, which allows for usual seasonal variations, advanced further from 124 to 128 per cent of the 1923-1925 average. As in other recent months, the rise in the index continued to reflect mainly increased activity in industries producing durable goods. Automobile production rose sharply in December owing to the reopening of plants of one large producer which had been closed for almost two months. Plate glass production also increased. At steel mills activity was maintained near the high level that prevailed in October and November; fourth quarter production of steel ingots was greater than in any other three-month period on record. Output of zinc and deliveries of tin continued to increase in December, and lumber production declined less than seasonally.

In the nondurable goods industries, where production had been at high levels throughout the autumn, changes in output in December were largely seasonal in character. At woolen textile mills, however, there was a considerable reduction in activity, and activity at silk mills declined to a low level, reflecting in part continued high prices of raw silk. Output of crude petroleum continued at a high rate in December, while coal production was reduced, following a large volume of output in the two preceding months.

In the first half of January steel ingot production was at a somewhat lower level than in December, while automobile assemblies were maintained at about the same high rate as in the previous month.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased further in December, owing to the inclusion in the December figures of a large amount for a dam under construction by the Tennessee Valley Authority. Contracts for private building, both residential and nonresidential, declined seasonally.

Employment—According to reports from leading industrial States, factory employment decreased less than seasonally in December and pay rolls showed a further advance.

Distribution—Distribution of commodities to consumers increased further in December. Sales at variety stores showed about the usual sharp rise and sales at department stores and mail-order houses increased more than seasonally. Freight-car loadings declined by more than the usual seasonal amount from November to December, reflecting chiefly a further reduction in coal shipments and a decrease in loadings of ore, which had been at a high level in the previous month.

Commodity Prices—Prices of wheat, which had advanced sharply early in December and continued at the higher level during the rest of the month, declined considerably in the first half of January. Smaller decreases occurred in some other commodities, including hides, tin, and zinc. Prices of most other basic commodities, such as cotton, wool, lead, and steel scrap, showed little change.

Government Security Market—Prices of United States Government securities continued to advance during December and were steady during the first two weeks of January.

Bank Credit—Total loans and investments of reporting member banks in 101 leading cities declined in the four weeks ending January 10, following an increase during the first half of December. These changes reflected largely a temporary rise and a subsequent decline in loans to security brokers and dealers in connection with the Government's flotation of a new issue of bonds. Total holdings of United States Government obligations at city banks showed little net change during the period.

As a result chiefly of further increases in gold stock as well as the post-holiday return of currency from circulation, excess reserves of member banks increased sharply in the four weeks ending January 10.