



BUSINESS CONDITIONS

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

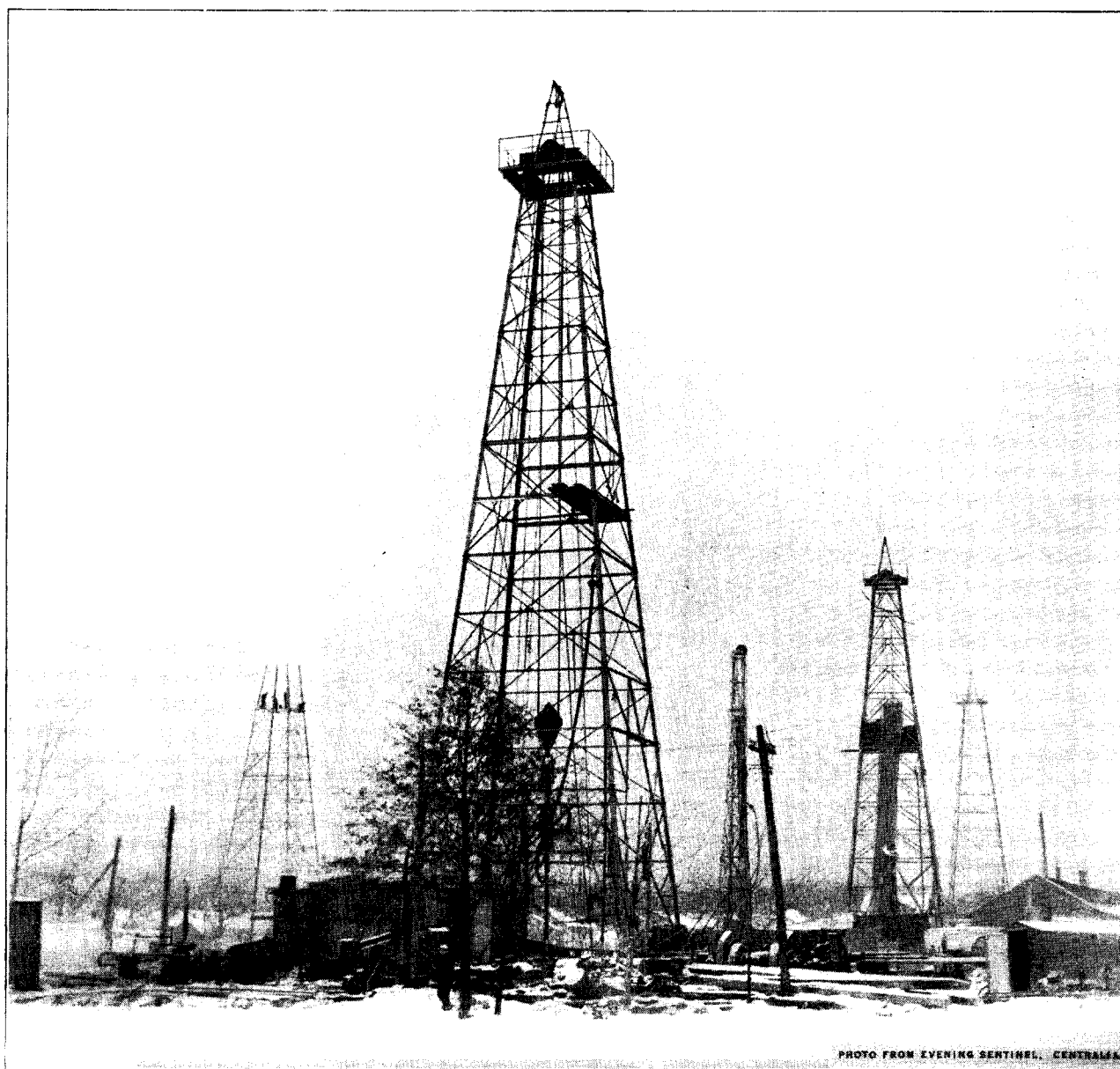


PHOTO FROM EVENING SENTINEL, CENTRALIA

Recent scene from southern Illinois oil field

SUMMARY OF EIGHTH DISTRICT

	Jan., 1940 comp. with Dec., 1939	Jan., 1939
Live Stock:		
Receipts at National Stock Yards.....	+ 7.8%	+ 31.5%
Shipments from aforesaid Yards.....	+ 18.5	+ 30.1
Production and Distribution:		
Sales by mfrs. and wholesalers.....	+ 17.9	+ 5.6
Department store sales.....	- 54.2	+ 3.9
Car loadings.....	+ 1.7	+ 7.1
Building and Construction:		
Bldg. permits, incl. repairs { Number....	- 27.9	- 36.0
Cost.....	- 21.1	- 20.2
Value construction contracts awarded....	- 90.2	- 2.5
Miscellaneous:		
Commercial failures { Number.....	- 0 -	+ 21.9
Liabilities.....	+ 21.6	- 6.7
Consumption of electricity.....	- 5.3	+ 17.6
Debits to individual accounts.....	- 14.1	+ 9.9
Life Insurance Sales.....	- 12.0	- 35.2
Member Banks (24):		
	Feb. 14, '40 comp. with Jan. 17, '40	Feb. 15, '39
Gross deposits.....	+ 0.8%	+ 13.2%
Loans.....	- 1.2	+ 7.7
Investments.....	+ 0.5	- 7.6

BUSINESS activity in the Eighth Federal Reserve District during January and early February continued ahead of the corresponding period a year ago, but slackened somewhat during the period under review. A composite survey of data supplied by commercial and industrial interests, taking into consideration seasonal adjustments from December to January, revealed activity during January equal to, if not slightly better than, December in lines of distribution, while production was retarded. The increase in distribution, notwithstanding the sub-normal temperatures during most of the period, was evidenced in almost all of the reporting centers.

Retail trade, as reflected by sales of department stores in the principal cities, during January was 3.9 per cent more than in January, 1939, and 54.2 per cent less than during December, 1939. Merchandise inventories on February 1 were 7.4 per cent more than on the corresponding date in 1939. Distribution through wholesale channels during January was 17.9 per cent and 5.6 per cent more, respectively, than a month and a year earlier. Inventories of the various wholesalers and jobbers at the end of January continued well ahead of the corresponding date last year and increased slightly since the end of 1939. Retail sales of passenger automobiles in the St. Louis area in January were 25.0 per cent more and 4.1 per cent less, respectively, than in December and January a year ago.

Operations at iron and steel plants decreased during the latter part of January and early February, production at mid-February being at 68 per cent of

capacity. Because of the extremely low temperatures output of bituminous coal at mines in this area in January exceeded that of the preceding month by 33.2 per cent and was 32.8 per cent greater than January, 1939. Production of oil in fields of the district continued to increase during the month. Output at Illinois fields for the year 1939 was the largest during the history of the state.

The value of construction contracts let in the district was 2.5 per cent less than during January of last year, and considerably under the December, 1939, figure, which included a project under construction by the Tennessee Valley Authority. The value of permits issued in the larger cities of the district for new construction and repairs declined during January as compared with a month and a year earlier. Consumption of electric power by industrial users in the principal centers in January was 5.3 per cent less than in December and 17.6 per cent more than in January last year. Freight traffic of railroads operating in this district was somewhat greater in January and the first two weeks of February than in the similar period a year ago. Debits to individual accounts by banks in the reporting centers were 14.1 per cent less than in December, but 9.9 per cent more than during January, 1939.

According to the U. S. Bureau of Agricultural Economics, farmers of the Eighth District received approximately 2.5 per cent more cash income during 1939 compared with cash income during 1938. Weather conditions during January were below average, with considerable snow and ice covering most parts of the district. Activities on farms were reduced to a minimum. Marketing of the tobacco crop was practically completed during the period and the average price was lower than the average received last year and the year before. Movement of livestock to markets during January was in larger quantities than last month and last year. Condition of winter wheat as a result of the heavy snows and freezes cannot be determined until a thaw occurs. Early truck crops in the southern tiers of the district also felt the effects of the weather. Because of the fall drouth in Arkansas acreage of strawberries is less than average.

Commercial failures in the Eighth Federal Reserve District in January, according to Dun and Bradstreet, number 39, involving liabilities of \$500,000, against 39 defaults with liabilities of \$392,000 in December and 32 insolvencies for a total of \$536,000 in January, 1939.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	January, 1940 compared with Dec., '39	Jan., '39	Jan. 31, 1940 comp. with Jan. 31, 1939
Automotive Supplies.....	+12.4%	-61.3%%
Boots and Shoes.....	+91.7	+ 1.0	+11.1
Dry Goods.....	+31.5	+ 1.8	+25.2
Electrical Supplies.....	-38.7	- 7.9	-23.4
Furniture.....	-41.6	-10.8	- 0.8
Groceries.....	+ 1.3	+ 6.1	+24.4
Hardware.....	-13.5	+ 0.8	+26.4
Tobacco and its Products.....	-19.1	+ 7.2
Miscellaneous.....	- 6.0	+28.9	+11.3

In a majority of lines investigated, January sales of wholesalers and jobbers were higher than a year earlier. Exceptions were electrical supplies and furniture. Boots and shoes and dry goods registered substantial gains, which were seasonal in character, over the preceding month. The increase in sales of groceries and the decrease recorded by furniture and hardware compared with December sales, were contra-seasonal. Inventories as of February 1 were 21.4 per cent larger than on the same date in 1939, and 1.3 per cent more than on January 1 this year. District shoe production, as indicated by preliminary figures, increased 18.4 per cent during January.

Automobiles—Combined passenger car, truck and taxicab production in the United States in January totaled 432,101, as against 452,024 in December and 339,152 in January, 1939.

Iron and Steel Products—Activities in the iron and steel industry in this area since the beginning of the year have been rather sluggish. However, it is expected that marked improvement will be shown during the second quarter. In view of the stable price situation, consumers have been proceeding with caution, buying only to round out inventories or for actual requirements for specific jobs. Ingot production reflected this situation by a decrease during the period from 83 per cent at mid-January to 68 per cent at mid-February.

Shipments of pig iron have been off approximately 20 per cent since the first of this year due to the falling off of the melt. They have not kept pace with the melt because of heavy takings in the last quarter of 1939. There have been no cancellations, but some shipments scheduled for January and February have been held up. Inventories are up and sufficient for present needs. There has been a pickup in melt by grey iron foundries, but not large enough to offset decreases elsewhere.

The cold weather retarded sales at warehouses of galvanized sheets, but with the rise in temperature jobbers report more business in this line. Before making new commitments they desire a further

liquidation of their stocks. In order to round out inventories, there has been a slight pickup in the demand for strip steel.

There have been fairly heavy sales of scrap iron at lower prices. The movement has been much freer since the moderation of the weather in early February. Inventories as a whole are in good shape.

For the entire country, total output of pig iron in January, according to the magazine "Steel", amounted to 3,595,467 tons, which compares with 3,767,605 tons in December, a decrease of 172,138 tons, or 4.5 per cent. In January, a year ago, output totaled only 2,175,423 tons. Relating production to capacity, operations in January averaged 87.1 per cent. This compares with 88.5 per cent in December, 90.3 in November, 85.2 in October, and 51.0 per cent in January, 1939. Steel ingot production in the United States in January totaled 5,017,588 tons, against 5,164,420 tons in December and 3,174,352 tons in January, 1939.

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
	January, 1940 compared with Dec., 1939	Jan., 1939	Jan. 31, '40 comp. with Jan. 31, '39	Jan. 1, to Jan. 31, 1940 1939
Ft. Smith, Ark.....	-61.8%	+10.1%	+ 7.2%	.19 .19
Little Rock, Ark.....	-60.9	+ 6.9	+ 2.8	.23 .23
Louisville, Ky.....	-64.0	+ 6.6	+10.0	.28 .28
Memphis, Tenn.....	-59.4	+ 2.6	+12.6	.27 .29
Pine Bluff, Ark.....	-65.8	- 0.2	+ 4.2	.18 .19
Quincy, Ill.....	-65.2	- 2.5	- 2.9	.24 .24
St. Louis, Mo.....	-48.9	+ 3.5	+ 6.7	.35 .36
Springfield, Mo.....	-62.2	- 1.4	+ 7.7	.20 .22
All Other Cities...	-62.0	+16.2	+ 4.3	.26 .22
8th F. R. District.	-54.2	+ 3.9	+ 7.4	.31 .32

Percentage of accounts and notes receivable outstanding January 1, 1940, collected during January, by cities:

	Installment Accounts	Excl. Instal. Accounts		Installment Accounts	Excl. Instal. Accounts
	%	%		%	%
Fort Smith.....	34.8%		Quincy.....	51.1%	
Little Rock.....	13.7	30.6	St. Louis.....	21.4	57.5
Louisville.....	14.9	49.4	Other Cities.....	15.0	49.1
Memphis.....	25.3	43.3	8th F. R. District	20.2	50.7

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

	Net Sales		Stocks on Hand	Stock Turnover
	January, 1940 compared with Dec., '39	Jan., '39	Jan. 31, '40 comp. with Jan. 31, '39	Jan. 1, to Jan. 31, 1940 1939
Men's Furnishings.	-54.1%	+13.6%	+15.4%	.21 .21
Boots and Shoes...	-52.9	- 3.4	+14.3	.41 .47

Percentage of accounts and notes receivable outstanding January 1, 1940, collected during January:
Men's Furnishings.....36.0% Boots and Shoes.....40.3%

MINING AND OIL

Coal—During the last quarter of 1939, stocks of bituminous coal in the hands of industrial consumers and retail dealers increased 20.2 per cent. On January 1 these stocks amounted to 44,402,000 tons, an increase of 3,682,000 tons, or 9 per cent, over the total for January 1, 1939. The advance in bituminous coal reserves during the October-December period was more than matched by the concurrent rise in industrial consumption and retail deliveries.

January production of soft coal in the United States, according to the Bituminous Coal Division of the U. S. Department of the Interior, totaled 46,155,000 tons, as against 37,283,000 tons in December and 35,750,000 tons in January, 1939. Production at mines in this general area during January was 33.2 per cent greater than in December, and 32.8 per cent more than in January last year.

At Illinois mines 5,522,343 tons were lifted in January, as against 4,318,953 tons in December and 4,423,376 tons in January, 1939. There were 116 mines in operation in January with 30,358 men on payrolls, against 108 active mines and 27,345 operatives in December.

Petroleum—December output of crude oil in states of the Eighth District was 4.5 per cent greater than in November and 89.5 per cent more than in December, 1938. Total production in 1939 exceeded that of 1938 by 149.6 per cent. This increase reflects extensive developments during the year in the new Illinois fields, output during 1939 being the greatest in the state's 35-year history. Stocks on December 31 were 2.0 per cent and 7.8 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	
	Dec., 1939	Nov., 1939	Dec., 1938	1939	1938	Dec. 31, 1939	Dec. 31, 1938
Arkansas.....	2,141	2,071	1,556	21,143	18,180	1,907	2,447
Illinois.....	10,732	10,222	3,992	94,302	24,075	12,983	11,752
Indiana.....	247	222	90	1,443	995	3,698	3,190
Kentucky.....	449	472	523	5,581	5,821	1,389	1,144
Totals.....	13,569	12,987	7,161	122,469	49,071	19,977	18,533

TRANSPORTATION

Freight traffic handled during January and the early part of February, according to officials of railroads operating in this area, was larger than during the corresponding period last year. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 85,725 loads in January, compared with 84,309 loads in December and 80,046 loads in January, 1939. During the first nine days of February the interchange amounted to 25,097 loads, which compares with

23,321 loads during the corresponding period in January and 24,477 loads during the first nine days of February last year. Passenger traffic of the reporting lines in January increased 3 per cent in number of passengers carried and 5 per cent in revenue as compared with the same month in 1939.

For the entire country, loadings of revenue freight during the first five weeks this year, or to February 3, totaled 3,212,419 cars, against 2,861,857 cars for the similar period in 1939, and 2,821,457 cars in 1938. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in January was 83,600 tons, against 127,833 tons in December and 183,449 tons in January, 1939. The decrease in tonnage handled during January was caused by ice gorges in the river which obstructed navigation.

WHISKEY

There were 36 distilleries out of 60 in operation in Kentucky at mid-February, an increase of eight active plants since the preceding month. There have been no material changes or developments reported in prices or in the industry during the past thirty days. Consumption of bottled-in-bond whiskey reached a peak during December, 1939. Approximately one-fourth of all whiskey consumed in 1939 was bonded whiskey. During January there was a surprisingly favorable but unseasonal reaction in a heavy demand for four-year-old whiskeys.

Consumption of all whiskeys in the country as a whole increased slightly over 8 per cent during 1939 compared with 1938, 75,000,000 gallons being consumed during 1939, against 69,000,000 gallons in 1938.

AGRICULTURE

Farming Conditions—Weather conditions during the greater part of January were such as to adversely affect the advancement of fall sown grains and the various types of farm operations. Conditioning of fields has been hampered during the period, but with improved weather conditions generally, work will soon get under way in parts of the district. The snow covering in states of this district will tend to supply an added beneficial moisture.

According to estimates of the U. S. Department of Agriculture, employment on farms as of February 1 was about 2 per cent larger than that reported a month earlier and 1.5 per cent smaller than on February 1 last year. Notwithstanding the increase from January 1 to February 1, this was the lowest total for the latter date in the past fifteen years.

Prices during the latter part of January and early February remained fairly close to the levels of the

same period a month earlier, except in the case of livestock which decreased slightly. As of February 10 the farm products group of the U. S. Bureau of Labor Statistics index stood at 68.9 per cent of the 1926 average, as against 69.6 per cent on February 3 and 66.7 per cent on February 11, 1939.

Farmers in states partly or entirely within the Eighth District received a total cash farm income, including Government benefit payments, of \$1,690,357,000 in 1939, according to estimates of the U. S. Bureau of Agricultural Economics. This represents an increase of 2.5 per cent, or \$40,942,000, compared with the cash income received in 1938. In Illinois and Indiana larger income from crops and Government payments more than offset declines in income from livestock. Cash farm income and Government payments increased in Missouri. Kentucky income decreased largely because of the marked reduction in prices received for tobacco. In Tennessee income from both cotton and tobacco was somewhat smaller than last year, while in Mississippi and Arkansas the decline was largely the result of lower returns on the cotton crop.

Detailed figures by states are given in the following table:

(In thousands of dollars)	1939			1938		
	Income from Crops	Income from Livestock and its Products	Cash Farm Income	Govt. Payments	Cash Income and Govt. Payments	Cash Income and Govt. Payments
Indiana.....	\$ 64,155	\$195,778	\$ 259,933	\$ 20,885	\$ 280,818	\$ 272,075
Illinois.....	188,818	296,124	484,942	46,454	531,396	496,306
Missouri....	62,611	185,793	248,404	28,132	276,536	248,876
Kentucky....	66,762	72,467	139,229	10,995	150,224	165,709
Tennessee...	58,470	56,611	115,081	15,713	130,794	138,857
Mississippi...	102,196	30,435	132,631	34,330	166,961	173,293
Arkansas....	91,628	34,093	125,721	27,907	153,628	154,299
	634,640	871,301	1,505,941	184,416	1,690,357	1,649,415

Cotton—In states of this district, cotton ginned from the 1939 crop prior to January 16, 1940, was 3,765,044 bales, which compares with 3,770,034 bales for the same period a year earlier and 5,125,823 bales in 1938. Adverse weather conditions have tended to hinder preparation for planting the new crop. According to statistics compiled by the National Fertilizer Association, total fertilizer consumption in states of the Eighth District in 1939, as indicated by the sale of tax tags, was 3.9 per cent larger than in 1938, but about 3.7 per cent less than in 1937. In the St. Louis market the middling grade ranged from 9.90c to 10.65c between January 15 and February 15, closing at 10.60c on the latter date, which compares with 10.50c on January 15 and 7.85c on February 15, 1939.

Combined receipts at Arkansas and Missouri compresses from August 1, 1939, to February 16, 1940, totaled 1,761,724 bales, as against 1,539,821 bales during the corresponding period a year earlier. Shipments during the period amounted to 1,718,329

bales, against 739,718 bales in the previous season. Stocks on hand as of February 16 were 1,399,480 bales, compared with 1,616,786 bales on the corresponding date in 1939.

Fruits and Vegetables—According to the U. S. Department of Agriculture, intended acreage of early Irish potatoes to be planted in Missouri and Kentucky is approximately 3.4 per cent less than last year's acreage and 20 per cent less than the 10-year (1929-1938) average. The acreage of strawberries for harvest in 1940 in Mississippi, Arkansas and Tennessee is 7.6 per cent smaller than the acreage planted a year earlier and 10.2 per cent less than the 10-year average. These decreases are due mainly to the drouth last fall in Arkansas. Stands of strawberries may have been thinned by the killing of the weaker crowns, due to the cold weather, but no great loss is expected.

Total commercial acreage of 22 truck crops in the United States during 1939 was 8.6 per cent and 12.4 per cent less, respectively, than acreage planted in 1938 and 1937.

Livestock—The number of cattle on farms in states including this district on January 1, 1940, was approximately 6 per cent larger than a year earlier and about 12 per cent above the 10-year (1929-1938) average. During the past year the number of hogs on farms increased approximately 18 per cent, which represents one of the largest numerical increases on record. The value per head during 1939 of \$7.79 was considerably below the 1938 average of \$11.21.

Operations in a good part of the district were curtailed during the past month due to the extreme weather. Prices of most grades of livestock declined during January and early February. At the National Stock Yards receipts during January increased approximately 32 per cent over last January and 8 per cent over the previous month. Milk production as of February 1 was about 9.7 per cent over the corresponding date in 1939, and about equal to the 10-year (1929-1938) average.

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

	Receipts			Shipments		
	Jan., 1940	Dec., 1939	Jan., 1939	Jan., 1940	Dec., 1939	Jan., 1939
Cattle and Calves.....	90,614	84,372	82,919	50,380	51,630	50,438
Hogs.....	325,511	292,512	223,276	201,991	159,269	135,528
Horses and Mules....	1,598	2,735	5,601	2,205	1,570	5,867
Sheep.....	42,006	46,959	37,939	5,455	6,926	8,027
Totals.....	459,729	426,578	349,735	260,031	219,395	199,860

Tobacco—At mid-February over half of the burley markets in Kentucky were closed, representing all but the end of the burley marketing season. Sales reported to date show that 292,575,000 pounds

of tobacco have been sold at an average of \$17.87 per cwt., compared with total sales last year a little over 350,000,000 pounds at \$19.10 per cwt., and 419,000,000 pounds in 1937 at \$20.09 per cwt. The quality of tobacco sold during the last week of the marketing season was not quite as good as that sold earlier, as sales contained a larger percentage of lower quality grades and a smaller percentage of the better quality grades.

In the Green River and stemming districts about 50 per cent of the crop has been moved, with approximately 10,000,000 pounds reported sold at a general average price of \$7.80 per cwt. The average price on the Owensboro market was \$7.48 per cwt., Henderson, \$8.32, and Madisonville, \$6.91. Finer grades of tobacco are reported at a higher price than earlier in the season, with a slight advance also reported in medium grades.

Weather conditions have prevented a large volume of tobacco reaching the dark fired markets. All grades of tobacco are reported in strong demand, particularly cigar wrappers and all classes of leaf, seconds and lugs for cutting purposes. The quality of offerings generally appears only fair, containing a large percentage of light brown to light colored tobacco. Auction sales with moderate offerings thus far in the Eastern District show an average price around \$10.70 per cwt., with limited sales also reported in the Western District at an average price of \$7.50 per cwt. It is believed that adverse foreign exchange conditions will affect the dark fired tobacco market, but will have no effect on the burley market.

All grades of the one sucker type were reported in active demand, with prices showing slight advances on recent sales. It is reported that the average price has been about \$7.35 per cwt., with sales of approximately 10,000,000 pounds.

On January 1, 1940, stocks of leaf tobacco owned by dealers and manufacturers in the United States and Puerto Rico amounted to 2,718,586,000 pounds, compared with 2,342,875,000 pounds on the first day of 1939.

Winter Wheat—Effects of the sub-zero weather during January on the crop cannot be determined until a period of thawing or growing weather occurs. For a good part of the month a quite heavy layer of snow remained over a large section of the winter wheat belt. Warmer weather during the early part of February reduced the snow covering in some sections, and the alternate freezing and thawing was unfavorable to the crop.

According to a report of the Commodity Credit Corporation, in states included in this district, as

of February 1, there were under federal loan 394,014 bushels of wheat on farms and 13,877,831 bushels in warehouses, for a total loan stock in the Eighth District of 14,271,845 bushels.

COMMODITY PRICES

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

	High	Low	Close	
			Feb. 15, 1940	Feb. 15, 1939
Wheat				
*May.....per bu.	\$.98½	\$.92¾	\$.96½	\$.64¾
*July.....	.96½	.90	.94½	.64¾
*Sept.....	.95½	.89¼	.93¾	.65¾
No. 2 red winter	1.04½	1.02	1.04½	.73
No. 2 hard	1.04	1.00¾	1.04	.72½
Corn				
*May.....	.56½	.52¼	.53¾	.45¾
*July.....	.56¾	.52	.54¾	.46¾
*Sept.....	.56¾	.52½	.54¾	.47¾
No. 2 mixed	.63½	.58	.63½	.48¼
No. 2 white	.64½	.63	.64½	.50¾
Oats				
*May.....	.39¾	.37¾	.39¾	.27½
*July.....	.34¾	.32¾	.34¾	.25½
*Sept.....	.32¾	.30¾	.32½	.25¾
No. 2 white	.45	.43½	.45	.31
Flour				
Soft patent... per bbl.	6.70	5.90	5.90 @ 6.60	3.90 @ 5.25
Spring " "	6.10	5.75	5.75 @ 6.00	5.25 @ 5.55
Middling Cotton...per lb.	.1065	.0990	.1060	.0785
Hogs on Hoof...per cwt.	5.58	5.23	5.38	7.83

*Nominal quotations.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in January was 18.2 per cent less than in December, and 20.5 per cent less than in January, 1939. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in January amounted to \$12,923,000, which compares with \$132,164,000 in December and \$13,261,000 in January, 1939. The December figure includes \$117,000,000 for a dam under construction by the T.V.A. Building figures for January follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1940	1939	1940	1939	1940	1939	1940	1939
Evansville....	1	8	\$ 2	\$ 22	41	59	\$ 29	\$ 44
Little Rock....	28	20	206	83	47	96	29	17
Louisville....	22	55	335	888	8	38	44	26
Memphis.....	224	244	374	389	94	132	58	143
St. Louis.....	45	127	481	376	64	118	109	101
Jan. Totals....	320	454	1,398	1,758	254	443	269	331

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in January as being 5.3 per cent less than in December and 17.6 per cent greater than in January, 1939. Detailed figures follow:

(K. W. H. in thous.)	No. of Custom-ers	Jan., 1940		Jan., 1939		January, 1940 compared with	
		K.W.H.	K.W.H.	K.W.H.	Dec., 1939	Jan., 1939	Jan., 1939
Evansville.....	40	3,765	3,778	2,937	— 0.3%	—	+28.2%
Little Rock.....	35	2,006	2,055	1,810	— 2.4	—	+10.8
Louisville.....	82	9,897	9,285	8,227	+ 6.6	—	+20.3
Memphis.....	31	2,528	2,369	2,113	+ 6.7	—	+19.6
Pine Bluff.....	20	1,183	1,268	848	— 6.7	—	+39.5
St. Louis.....	217	21,946	24,904	19,208	—11.9	—	+14.3
Totals.....	425	41,325	43,659	35,143	— 5.3	—	+17.6

BANKING AND FINANCE

There has been a slackening in the demand for credit during the latter part of January and early February. In the rural areas it is anticipated that there will be more of a demand for credit for crop raising purposes a little later. There has been in the main a fairly heavy liquidation of loans of the various types. Tobacco warehousemen are rapidly liquidating their loans, and at this time some have already become free of debt. This is due to the fact that the tobacco loose-leaf sales season this year was the shortest of record. There was practically no change in loans to grain handlers and flour milling interests.

Member Banks—Total loans and investments of reporting member banks in the principal cities as of February 14 were at about the same figure as a month earlier. Total loans decreased slightly under the month previous, and investments recorded a small increase during the same period. Commercial loans accounted for approximately 3 per cent of the decrease in the loan item, with loans of other types increasing 1.2 per cent. Total loans were still about 7 per cent larger than on the same report date a year earlier. Gross deposits increased to a new all time high on February 14, and on that date were 0.8 per cent and 13.2 per cent larger, respectively, than a month and a year earlier. Reserve balances held by these banks also attained a new all time high on the same report date, being 58 per cent above the corresponding date last year and 11 per cent more than a month earlier.

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

(In thousands of dollars)	Change from		
	Feb. 14, 1940	Jan. 17, 1940	Feb. 15, 1939
Commercial, industrial, agricultural loans...	\$194,370	— 5,561	+16,854
Open market paper.....	11,041	+ 1,499	+ 7,257
Loans to brokers and dealers.....	4,516	— 737	+ 1,595
Other loans to purchase and carry securities.....	12,261	+ 110	+ 418
Real Estate loans.....	51,702	+ 215	+ 3,470
Loans to banks.....	1,350	— 227	— 5,427
Other loans.....	57,928	+ 952	+ 2,859
Treasury bills.....	16,029	+13,189	+12,759
Treasury notes.....	34,371	— 9,912	—41,606
U. S. bonds.....	139,386	— 571	—10,191
Obligations guaranteed by U.S. Government.....	70,550	+ 190	+ 7,478
Other securities.....	102,895	+ 1,268	+ 1,652
Balances with domestic banks.....	194,050	— 5,465	+49,648
Demand deposits—adjusted*.....	486,973	+ 9,866	+44,697
Time deposits.....	189,610	— 239	— 29
U. S. Government deposits.....	17,666	— 350	+ 643
Inter-bank deposits.....	376,067	+ 7,719	+86,682
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 February 7 was slightly less than on January 3 and 2.4 per cent larger than the total on February 1, 1939.

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

ruary 15, rates charged were as follows: Customers' prime commercial paper, $1\frac{3}{4}$ to $5\frac{3}{4}$ per cent; collateral loans, $2\frac{1}{2}$ to 6 per cent; loans secured by warehouse receipts, $1\frac{3}{4}$ to $5\frac{3}{4}$ per cent and inter-bank 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 January, 1940, is indicated below:

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,360,329	\$1,044,849,064
Collections (non-cash items) handled.....	102,950	32,723,425
Transfers of funds.....	4,443	319,650,197
Currency received and counted.....	10,720,744	35,186,183
Coin received and counted.....	12,668,647	1,315,428
Rediscounts, advances and commitments.....	11	238,884
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc..	12,403	31,246,895
Bills and securities in custody—coupons clipped.	10,534

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

(In thousands of dollars)	Change from		
	Feb. 17, 1940	Jan. 17, 1940	Feb. 17, 1939
Industrial advances under Sec. 13b.....	\$ 15	— 11	8
Other advances and rediscounts.....	188	— 48	+ 98
Bills bought (including participations).....	2
U. S. securities.....	111,091	+ 8,732
Total earning assets.....	111,294	— 59	+ 8,644
Total reserves.....	449,184	+27,114	+121,810
Total deposits.....	367,420	+30,332	+104,576
F. R. Notes in circulation.....	190,912	+ 181	+ 11,595
Industrial commitments under Sec. 13b..	151	— 1	— 267
Ratio of reserve to deposit and F. R. Note liabilities.....	80.5%	+ 0.5%	+ 6.5%

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 Bank of Keytesville, Keytesville, Mo., became a member of the System on February 15.

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

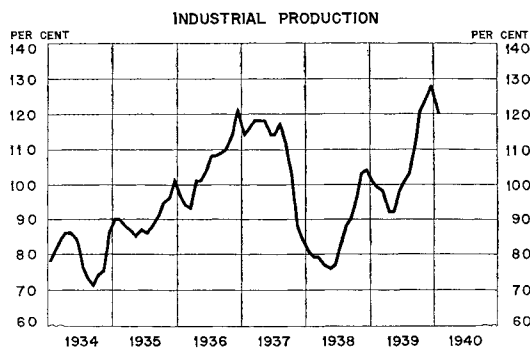
(In thousands of dollars)	Jan., 1940	Dec., 1939	Jan., 1939	Jan., '40, comp. with Dec., '39	Jan., '39
East St. Louis and Nat'l					
Stock Yards, Ill..	35,070	\$ 38,640	\$ 31,820	— 9.2%	+10.2%
El Dorado, Ark.....	6,315	6,060	5,849	+ 4.2	+ 8.0
Evansville, Ind.	35,551	36,825	30,193	— 3.5	+17.7
Fort Smith, Ark.....	11,881	13,849	12,244	—14.2	— 3.0
Greenville, Miss.....	5,707	7,610	4,938	—25.0	+15.6
Helena, Ark.	1,921	3,196	1,626	—39.9	+18.1
Little Rock, Ark....	39,894	46,747	35,321	—14.7	+12.9
Louisville, Ky.....	179,475	196,738	164,564	— 8.8	+ 9.1
Memphis, Tenn.	151,601	197,290	134,027	—23.2	+13.1
Owensboro, Ky.	7,475	8,054	8,104	— 7.2	— 7.8
Pine Bluff, Ark.....	6,826	11,307	7,494	—39.6	— 8.9
Quincy, Ill.	8,282	9,169	7,461	— 9.7	+11.0
St. Louis, Mo.....	595,060	688,373	541,570	—13.6	+ 9.9
Sedalia, Mo.....	2,045	2,510	1,895	—18.5	+ 7.9
Springfield, Mo.	13,672	14,039	13,831	— 2.6	+ 1.1
Texarkana, Ark.-Tex.	7,272	9,328	7,160	—22.0	+ 1.6
Totals.....	1,108,047	1,289,735	1,008,097	—14.1	+ 9.9

(Completed February 24, 1940)

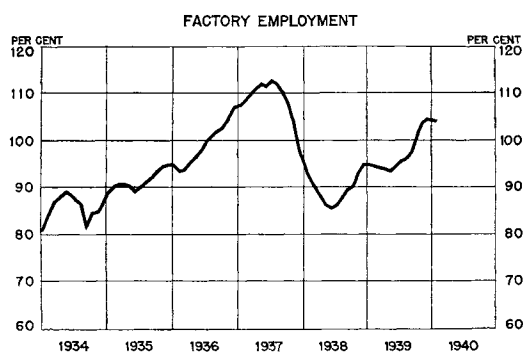
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NATIONAL SUMMARY OF BUSINESS CONDITIONS

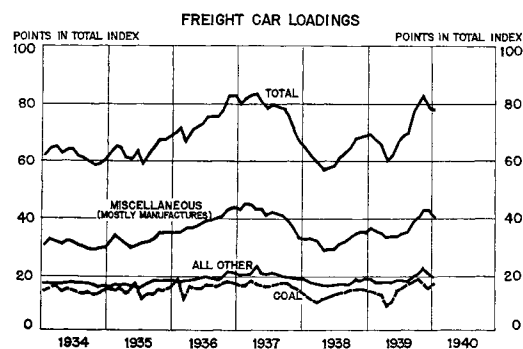
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



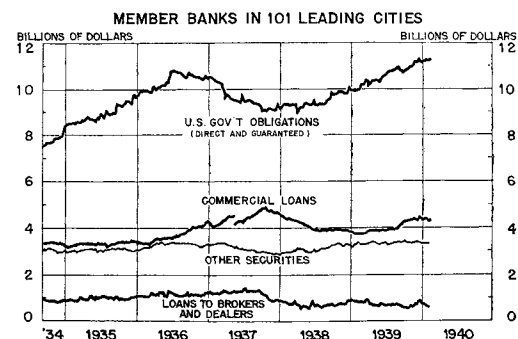
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to January, 1940. Latest figure 120.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to January, 1940. Latest figure 104.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. Miscellaneous, coal, and all other expressed in terms of points in the total index. By months, January, 1934, to January, 1940.



Wednesday figures, September 5, 1934, to February 7, 1940. Commercial loans based on new classification beginning May 19, 1937.

In January and the first half of February industrial activity declined from the high level reached in the latter part of 1939. Retail trade, which had been in large volume, decreased more than seasonally, while merchandise exports were maintained.

Production—Volume of industrial production declined somewhat from December to January, and consequently the Board's index, which allows for a considerable seasonal increase, dropped sharply from the high level of 128 reached in December to 120 in January. Data available for the first half of February indicate a further sharp reduction in the index.

Steel ingot production, which had been above 90 per cent of capacity during most of the fourth quarter of 1939, has declined steadily since the turn of the year and by the middle of February was at about 69 per cent of capacity. Plate glass production, which also reached high levels in the latter part of 1939, was reduced in January and lumber production showed a considerable decrease owing in part to unusually cold weather in the Southern regions. Automobile production in January was larger than is usual at this season. In the later part of the month, however, and in the first half of February, as retail sales of new cars declined seasonally and dealers' stocks, which had been lower than usual at the beginning of the year, rose rapidly, the output of cars declined. In the machinery industries activity was generally sustained at the advanced levels reached in December.

Output of cotton textiles in January continued at about the high rate of other recent months, but production of woolen textiles declined further from the peak levels of October and November, and output of silk products remained in small volume. Activity at meat-packing establishments was maintained in January at the high level prevailing for several months. Coal production rose sharply, following a marked reduction in December, and was at about the high level reached last October. Output of crude petroleum continued in large volume.

Value of contracts awarded for both public and private construction declined considerably in January, according to reports of the F. W. Dodge Corporation. Awards for private residential building showed a greater than seasonal reduction and were lower than the level prevailing a year ago. Contracts for other private work declined somewhat but remained in larger volume than in the corresponding period last year.

Employment—Factory employment and pay rolls, which had risen sharply during the latter half of 1939, declined by somewhat more than the usual seasonal amount from the middle of December to the middle of January, according to reports from leading industrial States.

Distribution—Sales at department stores, variety stores, and mail-order houses in January declined more than seasonally from the high level of December. Total freight-car loadings showed a seasonal decline; shipments of miscellaneous freight and grain decreased, while coal loadings increased considerably.

Foreign Trade—Exports of United States merchandise, which usually decline in January, were maintained this year at the high level reached in December. Shipments of cotton, which have been large in recent months, rose further, while exports of many industrial products declined. Exports to the United Kingdom increased sharply, owing mainly to larger cotton shipments.

Reflecting principally acquisitions of foreign gold, the country's monetary gold stock increased by \$287,000,000 during January and by \$132,000,000 in the first two weeks of February.

Commodity Prices—Prices of copper, lead, and silk showed marked declines from the middle of January to the middle of February and there were smaller decreases in prices of some other basic industrial materials, such as steel scrap, wool, and textile yarns. Prices of foodstuffs, on the other hand, showed little change in this period.

Government Security Market—Prices of United States Government securities declined slightly during the latter half of January from the recovery peak reached early in the month, but regained part of these losses during the first half of February.

Bank Credit—Total loans and investments at reporting member banks in 101 leading cities rose during the five weeks ending February 7 as a result of increases in holdings of Government securities at New York City banks. Loans to security brokers and dealers and commercial loans declined. Demand deposits continued to increase during the period.