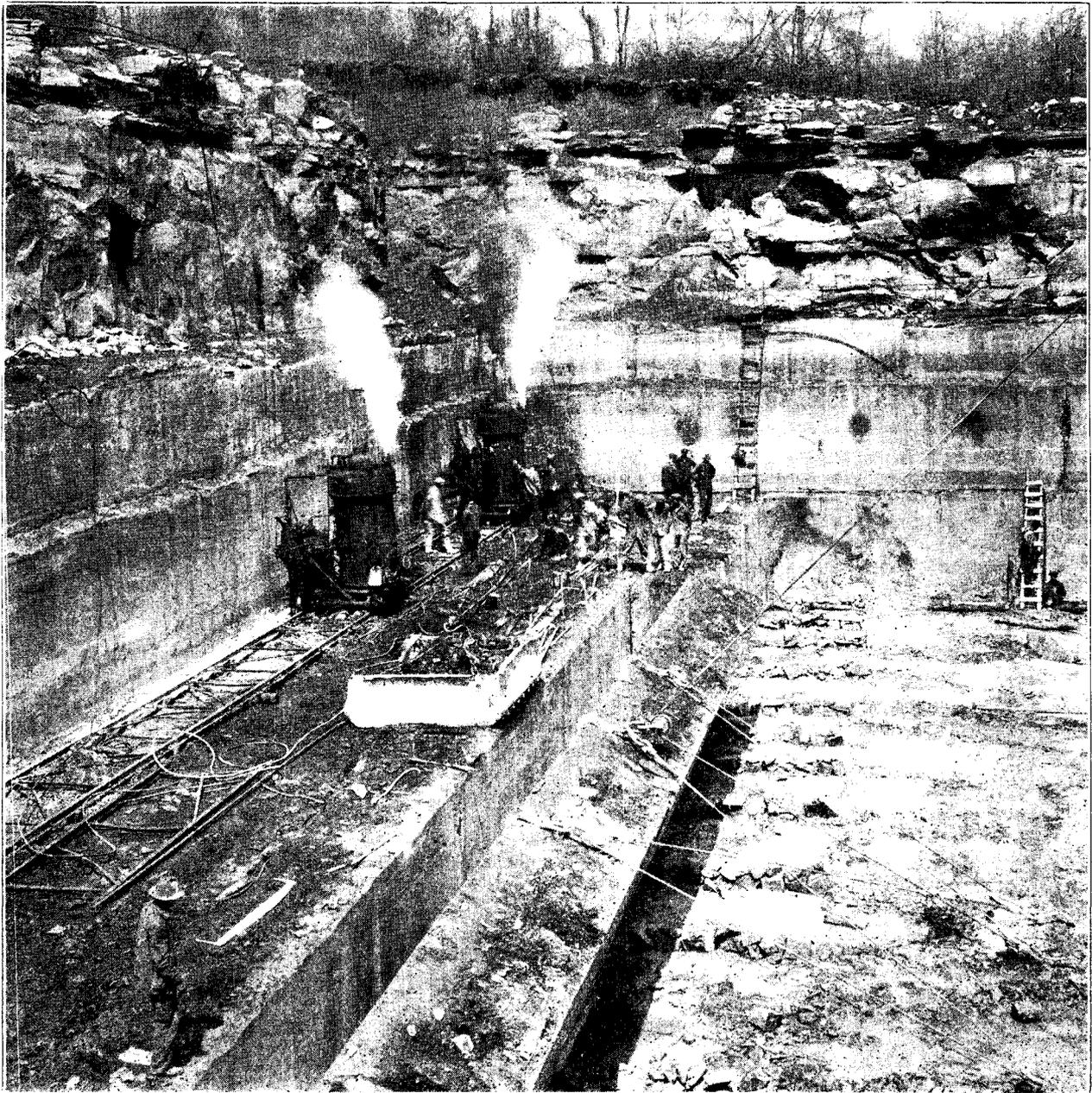




BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication on Afternoon of March 29, 1940

FEDERAL RESERVE BANK OF ST. LOUIS



Scene at Limestone Quarry near Bedford, Indiana

SUMMARY OF EIGHTH DISTRICT

	Feb., 1940 comp. with Jan., 1940 Feb., 1939	
Livestock:		
Receipts at National Stock Yards.....	— 24.7%	+ 13.7%
Shipments from aforesaid Yards.....	— 21.5	+ 12.4
Production and Distribution:		
Sales by mfrs. and wholesalers.....	+ 5.6	+ 9.4
Department store sales.....	+ 2.0	+ 12.0
Car loadings.....	— 8.2	+ 5.5
Building and Construction:		
Bldg. permits, incl. repairs {	Number... + 79.6	+ 10.1
Cost.....	+ 47.2	— 11.5
Value construction contracts awarded... +	19.3	— 11.0
Miscellaneous:		
Commercial failures {	Number..... — 29.7	— 33.3
Liabilities.....	— 42.4	— 53.2
Consumption of electricity.....	— 2.6	+ 11.9
Debits to individual accounts.....	— 13.4	+ 11.5
Life Insurance Sales.....	+ 0.3	— 8.8
Member Banks (24):	Mar. 13, '40 comp. with Feb. 14, '40 Mar. 15, '39	
Gross deposits.....	— 1.9%	+ 9.7%
Loans.....	— 0.7	+ 7.3
Investments.....	+ 7.5	— 6.3

COMMERCIAL and industrial activity in the Eighth Federal Reserve District during February was less in many lines than in January, but practically all lines were ahead of the same period last year. In March, stimulated by the early Easter date, distribution through retail channels, as reflected by department store sales, showed a decided increase.

Department store sales in the principal cities of the district during February were 2.0 per cent more than January and 12.0 per cent greater than February, 1939. For the first two months of this year sales were 7.9 per cent larger than during the like period of 1939. On March 1 inventories were 7.4 per cent larger than on the first day of March last year. During February distribution through wholesalers and jobbers was 5.6 per cent and 9.4 per cent larger, respectively, than a month and a year earlier. Inventories were still much larger on March 1 than on the corresponding date last year, and were 2.3 per cent more than on February 1. Retail sales of passenger automobiles in the St. Louis area in February were 4.9 per cent less and 26.6 per cent more, respectively, than in January and February last year. Cumulative sales were 8.8 per cent more than during the first two months of 1939.

Production at iron and steel plants decreased during the latter part of February and into early March from 68 per cent of capacity to 55 per cent. In mid-March last year production was 60 per cent of capacity. Current prices of pig iron have been reaffirmed for the second quarter of the year, and buying has been very light. Shipments against contracts have improved but the February total was

considerably less than a month and a year earlier. Bituminous coal production at mines in this general area during February continued well ahead of last year, but fell 15.6 per cent under output for January of this year. Oil production in fields of this district exceeded that of last year by a considerable margin, and during January production in Illinois was the largest for any month during the three-year boom in that state.

During February value of construction contracts let in the district was 19.3 per cent more than during January, but 11.0 per cent less than during February last year. Cumulative value for the first two months this year was 7.4 per cent less than during the same period last year. In the larger cities of the district the value of permits for new building decreased as compared with February last year, but were more than one-fourth larger than during January, 1940. During January and February this year the value of permits issued decreased 25.5 per cent under the same period last year.

Electric power consumption by industrial users in the principal centers in February was 2.6 per cent less than in January and 11.9 per cent more than during February last year. Freight traffic of railroads operating in this district was less during February compared with the preceding month, but greater than in the corresponding period a year ago. Debits to individual accounts at banks in the reporting centers were 13.4 per cent less in February compared with January, but 11.5 per cent more than during February last year. For the first two months of 1940 debits were 10.6 per cent larger than for the first two months of last year.

Farm work in states of the Eighth District was slow in getting started, but with improvement in the weather, progress has been made, and activity, especially in the southern tiers of the district, is now under way. February receipts of livestock at markets were less than during January of this year, but somewhat larger than during February last year. Winter wheat in states of the district is coming up in good shape. Some additional moisture would be helpful. Truck crops in the southern parts of the district are late because of the severe freezes of the past winter.

Commercial failures in the Eighth Federal Reserve District in February, according to Dun and Bradstreet, numbered 26, involving liabilities of \$288,000. In January there were 39 defaults, with liabilities of \$500,000, and in February last year, 37 insolvencies for a total of \$615,000.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	February, 1940 compared with		Feb. 29, 1940 comp. with
	Jan., '40	Feb., '39	Feb. 28, 1939
Automotive Supplies.....	- 4.2%	+32.4%	+64.4%
Boots and Shoes.....	+24.0	+ 8.8	+ 7.3
Drugs and Chemicals.....	- 4.0	+13.0	- 6.0
Dry Goods.....	- 5.0	+ 5.1	+15.2
Electrical Supplies.....	+ 9.7	+10.3	+ 5.0
Furniture.....	+13.1	+15.4	+78.7
Groceries.....	- 2.0	+ 8.3	+22.0
Hardware.....	+ 3.0	+ 9.0	+ 8.5
Tobacco and its Products.....	- 2.0	+11.5	+15.8
Miscellaneous.....	+ 5.5	+11.6	+14.5

February sales of all wholesalers and jobbers investigated were higher than a year earlier, with sales of boots and shoes, electrical supplies, furniture and hardware showing increases over January of this year. Inventories of all lines were larger on March 1 this year than on the same date in 1939, except in the case of drugs and chemicals, the composite increase being 16.0 per cent above the earlier date and 2.3 per cent over February 1 this year. Sales of reporting clothing firms during February were 26.0 per cent and 16.4 per cent larger, respectively, than a month and a year earlier. Shoe production in the Eighth District, as indicated by preliminary figures, decreased 2.4 per cent during February.

Automobiles—Combined passenger car, truck and taxicab production in the United States in February totaled 403,627, as against 432,101 in January and 297,841 in February last year.

Iron and Steel Products—During February and the first part of March conditions in the iron and steel industry in this area have been about the same as in the corresponding period a month earlier. There has been very little buying of finished steel by consumers because of ample stocks on hand, due to previous heavy commitments. The rate of ingot production decreased from 68 per cent of capacity at mid-February to 55 per cent in the second week of March, due primarily to a reduction in the number of larger furnaces active during the period.

Warehouses in this area handling finished sheets, bars and plates report business in February about 10 per cent and 22 per cent, respectively, ahead of the previous month and February last year. Some orders that had been placed for shipment in January were held up until February on account of the severe cold weather during the earlier month. Demand for galvanized sheets is about the same as earlier in the year. Jobbers have not been required to draw on mills for additional sheets as inventories are sufficient to meet present demands.

Dealers in scrap iron report new offerings from

the country are small, but with improvement in the weather scrap will be easier to handle and offerings should increase. Mills are out of the market because of comfortable inventories and commitments. Structural fabricators in this area have been operating at from 40 to 50 per cent of capacity and business has been rather slow. Most of the projects have been small.

For the entire country, total output of pig iron in February, according to the magazine "Steel", amounted to 2,947,795 tons, which compares with 3,593,354 tons in January and 2,060,183 tons in February, 1939. The decrease during February was due to the fact that nineteen more blast furnaces were taken out of production and that February was a two-day shorter month than January. February output was the smallest since last September both in tonnage and average daily production. Output of steel ingots in the United States in February totaled 4,374,625 net tons, against 5,619,698 net tons in January and 3,347,288 net tons in February of last year.

MINING AND OIL

Coal—On February 1 stocks of bituminous coal held by industrial consumers were 9.5 per cent less than on January 1. Industrial consumption of bituminous coal during January rose 6.9 per cent above the December total and, at 33,183,000 tons, was the largest for any month since 1932, with the exception of March, 1937.

With temperatures continuing below normal during the greater part of the first two months of the year, the production record of the bituminous coal industry was very good. February output of soft coal in the United States, according to the Bituminous Coal Division of the United States Department of the Interior, totaled 39,270,000 tons, as against 44,940,000 tons in January and 34,134,000 tons in February, 1939. At mines in this general area, production during February was 15.6 per cent less than in January, and 15.4 per cent greater than in February a year ago. For the first two months, output was 24.2 per cent greater than for the like period in 1939.

At Illinois mines 4,622,625 tons were lifted in February, as against 5,522,343 tons in January and 4,390,462 tons in February last year. There were 117 mines in operation during February with 30,011 men on payrolls, against 116 active mines and 30,358 operatives in January.

Petroleum—In states of the Eighth District, January production of crude oil was 4.5 per cent more than in December and 114.2 per cent greater

than in January, 1939. These increases reflect extensive development in the new Illinois fields, output during January being the greatest for any month in the boom, now three years old. Stocks on January 31 were 2.8 per cent and 8.1 per cent greater, respectively, than a month and a year earlier. Detailed production and stocks by states are given in the following table:

(In thous. of barrels)	Production			Stocks	
	Jan., 1940	Dec., 1939	Jan., 1939	Jan. 31, '40	Jan. 31, '39
Arkansas	2,098	2,141	1,593	2,049	2,373
Illinois	11,500	10,732	4,446	13,473	12,130
Indiana	193	247	57	3,795	3,300
Kentucky	383	449	520	1,228	1,204
Totals	14,174	13,569	6,616	20,545	19,007

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	
	February, 1940 compared with Jan., '40		2 mos. '40 to same period '39		Feb. 29, '40 comp. with Feb. 28, '39	
	Jan., '40	Feb., '39	Jan., '40	Feb., '39	Jan. 1, 1940	Feb. 29, 1939
Ft. Smith, Ark.	+ 7.9%	+11.9%	+11.0%	+10.2%	.39	.38
Little Rock, Ark.	+14.3	+13.6	+10.4	+ 7.4	.48	.46
Louisville, Ky.	+ 1.1	+11.7	+ 9.1	+ 3.1	.55	.52
Memphis, Tenn.	- 2.1	+ 6.7	+ 4.6	+ 9.7	.51	.54
Pine Bluff, Ark.	+11.4	+12.4	+ 6.1	+21.4	.35	.38
Quincy, Ill.	+24.1	+18.6	+ 8.1	+ 2.3	.52	.47
St. Louis, Mo.	+ 1.7	+13.3	+ 8.2	+ 7.7	.68	.67
Springfield, Mo.	-13.1	- 5.6	- 3.4	+ 2.2	.36	.40
All Other Cities.	- 6.4	+13.2	+14.7	+ 6.4	.48	.43
8th F. R. District	+ 2.0	+12.0	+ 7.9	+ 7.4	.60	.60

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

	Installment Accounts	Excl. Instal. Accounts		Installment Accounts	Excl. Instal. Accounts
Fort Smith.	%	39.0%	Quincy	%	45.7%
Little Rock	14.6	36.3	St. Louis.	20.4	52.4
Louisville	15.3	50.6	Other Cities.	17.7	41.4
Memphis	24.0	38.3	8th F. R. District	19.5	47.1

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

	Net Sales		Stocks on Hand		Stock Turnover	
	February, 1940 compared with Jan., '40		2 mos. '40 to same period '39		Feb. 29, '40 comp. with Feb. 28, '39	
	Jan., '40	Feb., '39	Jan., '40	Feb., '39	Jan. 1, 1940	Feb. 29, 1939
Men's Furnishings.	-16.1%	+19.5%	+16.2%	+19.3%	.37	.37
Boots and Shoes.	+12.9	+ 1.1	- 1.1	+ 7.9	.77	.86

Percentage of accounts and notes receivable outstanding February 1, 1940, collected during February:

Men's Furnishings.	36.9%	Boots and Shoes.	36.5%
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TRANSPORTATION

According to officials of railroads operating in this area, freight traffic handled during February was less than during the previous month, but somewhat larger than the same month last year. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 78,686 loads in February, compared with 85,725 loads in January and 74,568 loads in February, 1939.

The interchange during the first nine days of March amounted to 25,290 loads, which compares with 25,097 loads during the corresponding period in February and 23,720 loads during the first nine days of March last year. During the first two months of 1940 freight traffic handled was approximately 6.3 per cent greater than for the same period a year ago. Passenger traffic of the reporting lines in February increased 6.7 per cent in number of passengers carried and 9.5 per cent in revenue as compared with the same month in 1939.

For the entire country, loadings of revenue freight for the first ten weeks this year, or to March 9, totaled 6,297,685 cars, against 5,754,446 cars for the similar period in 1939, and 5,521,875 cars in 1938. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in February was 79,500 tons, against 83,457 tons in January and 124,168 tons in February, 1939; for the first two months this year cumulative tonnage was 163,100 tons, as compared with 307,617 tons for the same time a year ago. Ice gorges in the river during this period obstructed navigation.

WHISKEY

Of the 60 distilleries in Kentucky, 39 were reported in operation at mid-March, an increase of three over the preceding month. A continued increase in the use of bottled-in-bond whiskey was reflected in the fact that tax payments were 19 per cent higher for January, 1940, than during January of last year. Consumption of bottled-in-bond whiskeys, in the country as a whole, increased 10 per cent during January this year compared with January, 1939, with the same situation existing in Kentucky as to consumption of bottled-in-bond goods.

Continued purchases of whiskeys have practically exhausted stocks of distressed whiskeys, which fact is, no doubt, a factor in the strengthening of bulk prices, all of which are now firm. Kentucky distilleries produced 4,221,000 gallons of whiskey in January, 1940, compared with 4,325,000 gallons in the corresponding month of last year. The decline in the movement of case goods has not been as large as was seasonally anticipated. Generally, the whole tone throughout the industry is better and no price changes are noted.

AGRICULTURE

Farming Conditions—Farm work throughout the district, which had been retarded by adverse weather conditions, is just getting under way. The low temperatures of the past winter destroyed many insect pests and the snow was beneficial to the surface soil. However, the subsoil needs much more pres-

sure from the topsoil and, therefore, rain would be beneficial to spring planting. Spring truck crops in the southern tiers of the district have been delayed and marketing of the crops will proceed slowly. Employment on farms as of March 1, according to the United States Department of Agriculture, was about 3.3 per cent more than a month earlier, and 2.1 per cent less than on March 1 last year.

Prices of farm products fluctuated somewhat during the period under review. Following a slight increase the latter part of February, they decreased to the lowest point since late December. As of the week ended March 9, the farm products group of the United States Bureau of Labor Statistics index stood at 68.5 per cent of the 1926 average, which compares with 68.9 per cent on February 10, and 68.0 per cent on March 11, 1939.

Cotton—Due to the inclement weather during most of February, little preparations were made for the new cotton crop, but farm operations got under way in early March. According to the National Fertilizer Association, total fertilizer consumption in states of the Eighth District during January and February, as indicated by the sale of tax tags, was 21.5 per cent and 25.9 per cent larger, respectively, than during the first two months of last year and the corresponding period of 1938. In the St. Louis market the middling grade ranged from 10.15c to 10.80c between February 15 and March 15, closing at 10.25c on the latter date, which compares with 10.60c on February 15 and 8.10c on March 15, 1939.

Combined receipts at Arkansas and Missouri compresses from August 1, 1939, to March 15, 1940, totaled 1,782,654 bales, against 1,549,197 bales during the corresponding period a year earlier. Shipments during the period amounted to 1,862,343 bales, against 783,137 bales in the previous season. Stocks on hand as of March 15 were 1,276,066 bales, compared with 1,582,181 bales on the corresponding date in 1939.

Fruits and Vegetables—According to reports of the United States Department of Agriculture, spring truck crops in the southern states of this district will be later than usual. Crops in Mississippi have been delayed by wet and cold weather. Arkansas has experienced cold and cloudy weather, but prospects are in the main good, as the rains and snows fell rather slowly, allowing the soil to retain a high percentage of moisture.

In the latter part of February strawberry plants in Arkansas were still dormant in all but the southwestern counties of the state, while in Missouri abandonment of acreage has been very heavy and

the condition of the remaining plants is poor. In Tennessee plants were dormant. The extreme drouth last summer and fall reduced stands and the January freeze killed many of the weaker plants. However, if the spring is favorable, it is still possible to secure a fairly good yield.

Planting of Arkansas potatoes was delayed by cool, wet weather, but is now in full swing in the southern counties and will soon get under way in the western part of the state. In Mississippi some have been planted but the ground is not yet in shape for general planting.

It is too early to determine the full extent of the damage to the 1940 peach crop from the freeze of the past two months, but it appears prospects have been drastically reduced in Indiana, Illinois, Missouri and northwest Arkansas. However, trees in these states were not seriously injured.

Livestock—Adverse weather conditions since the first of the year have measurably affected the conditioning of livestock. Pastures were very short last fall due to lack of moisture, and indications are that they will be slow to start this spring even with favorable weather and rainfall. Supplies of hay and feed grain are plentiful. There has been a moderate recession in wholesale prices of most types of livestock during February and early March.

The United States Department of Agriculture reports the early spring lamb crop in the principal producing states this year will be about the same as that of last year. In states of this district condition of the lamb crop is about average, but marketings will be later than usual. In Missouri, the principal lambing state, the ground was covered with snow most of the winter and sheep were closely housed. Pastures are late and green feed largely lacking.

Receipts of livestock at the National Stock Yards during February were about one-eighth larger than during February last year, but almost one-quarter less than during January of this year. Milk production as of March 1 was about 2 per cent less than on the corresponding date in 1939, and about 3.2 per cent over the 10-year (1929-1938) average.

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

	Receipts			Shipments		
	Feb., 1940	Jan., 1940	Feb., 1939	Feb., 1940	Jan., 1940	Feb., 1939
Cattle and Calves.....	71,065	90,614	75,902	37,855	50,380	45,646
Hogs	243,896	325,511	188,623	157,186	201,991	121,190
Horses and Mules....	2,099	1,598	3,253	6,207	2,205	3,444
Sheep	29,319	42,006	36,846	2,788	5,455	11,200
Totals.....	346,379	459,729	304,624	204,036	260,031	181,480

Tobacco—The burley markets are closed for the year and reports indicate that 397,021,359 pounds of

tobacco were sold at an average price of \$17.46 per cwt., compared with a little over 350,000,000 pounds sold last year at \$19.10 per cwt. Sales of Kentucky burley tobacco totaled 295,380,292 pounds at an average price of \$17.65 per cwt. The crop was taken in the main by manufacturers and exporters, with little being bought by dealers and speculators. As compared with the 1938 crop, the present burley showed an improvement in quality and sales contained a larger percentage of good quality lugs and flyings than last year. The crop was probably marketed in record time considering its size.

It is estimated that the tobacco crop in the Green River and stemming districts will be about 19,500,000 pounds. It is reported that approximately 18,000,000 pounds have been marketed at an average price of \$7.50 per cwt. This average is about one-fourth less than during the comparable period last season. Approximately 30 per cent of the crop has been received by the Growers' Co-operative Association.

With more favorable weather conditions, sales in the eastern dark fired markets have been in heavier volume. Snuff interests are still making heavy purchases of well-fired leaf, but are not paying top prices as heretofore. Sales at the Hopkinsville, Kentucky, market were 6,063,512 pounds at an average of \$9.33 per cwt., compared with 4,713,059 pounds with an average price of \$5.88 per cwt. last year. The tobacco sold consisted principally of fair and good quality heavy leaf and low to good quality thin leaf and lugs. Total sales in the western dark fired district of 10,200,000 pounds, representing about 50 per cent of the crop, were reported at an average of \$7.14 per cwt. A relatively large volume of the tobacco marketed was in doubtful keeping condition as the prevailing weather was warm and damp.

The one sucker markets should close shortly. To date 18,500,000 pounds of the crop have been sold at an average price of \$7.10 per cwt., compared with total sales last year of 13,500,000 pounds at \$6.00 per cwt.

Winter Wheat—The winter wheat crop in states of this district has apparently come through the severe winter in good shape. The snow covering is gone from practically all parts of the district and only a small amount of the crop has been smothered by ice or snow. Recent rains have provided additional beneficial moisture and plants are beginning to green up in southern sections of the main winter wheat belt, but in the northern sections fields still remain practically dormant.

According to the Commodity Credit Corporation,

in states of this district, as of March 7, there were under federal loan 259,251 bushels of wheat on farms and 11,492,452 bushels in warehouses, for a total loan stock in the Eighth District of 11,751,703 bushels.

COMMODITY PRICES

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

	High	Low	Close	
			Mar. 15, 1940	Mar. 15, 1939
Wheat				
*May.....per bu.	\$1.02½	\$.97½	\$.97½	\$.64¾
*July....."	1.00%	.95	.95¾	.64¾
*Sept....."	1.00¾	.94½	.95%	.65¾
No. 2 red winter	1.10	1.04	1.04½	.73½
No. 2 hard "	1.04	1.03¾	1.04	.71¾
Corn				
*May....."	.54¾	.53¾	.53¾	.43¾
*July....."	.55	.53¾	.53¾	.44¾
*Sept....."	.55¾	.54¾	.54¾	.45¾
No. 2 mixed....	.64	.58	.58½	.48½
No. 2 white....	.66¾	.65½	.66	.51
Oats				
*May....."	.41¾	.39¾	.39¾	.27¾
*July....."	.35%	.34%	.34%	.26¾
*Sept....."	.33%	.31%	.31%	.25¾
No. 2 white....	.46½	.44¾	.45	.33
Flour				
Soft patent.... per bbl.	6.85	5.90	5.95 @ 6.65	3.90 @ 5.25
Spring "..... "	6.25	5.75	5.80 @ 6.05	5.25 @ 5.55
Middling Cotton per lb.	.1080	.1015	.1025	.0810
Hogs on Hoof . . . per cwt.	5.25	5.08	5.11	7.35

*Nominal quotations.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in February was 27.8 per cent greater than in January and 18.2 per cent less than in February, 1939. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in February amounted to \$15,411,000, which compares with \$12,923,000 in January and \$17,324,000 in February, 1939. Building figures for February follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1940	1939	1940	1939	1940	1939	1940	1939
Evansville.....	11	8	\$ 119	\$ 20	71	61	\$ 21	\$ 39
Little Rock.....	34	18	156	40*	96	56	32	12
Louisville.....	58	72	358	1,517	30	28	34	22
Memphis.....	280	288	422	363	116	115	50	61
St. Louis.....	195	185	731	577	140	105	531	122
Feb. Totals....	578	571	1,786	2,517	453	365	668	256
Jan. Totals....	320	454	1,398	1,758	254	443	269	331

*Revised figure.

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in February as being 2.6 per cent less than in January and 11.9 per cent greater than in February, 1939. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Feb., 1940		Feb., 1939		February, 1940 compared with	
		K.W.H.	K.W.H.	K.W.H.	K.W.H.	Jan., 1940	Feb., 1939
Evansville.....	40	3,647	3,765	2,865	—	3.1%	+27.3%
Little Rock.....	35	1,991	2,006	1,802	—	0.7	+10.5
Louisville.....	82	9,762	9,897	8,332	—	1.4	+17.2
Memphis.....	31	2,540	2,528	2,181	—	0.5	+16.5
Pine Bluff.....	20	1,078	1,183	944	—	8.9	+14.2
St. Louis.....	219	21,270	22,004	19,866	—	3.3	+7.1
Totals.....	427	40,288	41,383	35,990	—	2.6	+11.9

BANKING AND FINANCE

Demands for credit during the month of February and the first part of March were about the same as in the corresponding period a month earlier. Due to delayed farm operations in the rural areas, credit needs for this year's crops are slow in being anticipated. New loans as a whole about offset liquidations. Loans to grain handlers and flour milling interests were unchanged during the period. Bankers dollar acceptances outstanding as of February 29 were 31.5 per cent and 15.6 per cent less, respectively, than a month and a year earlier.

Member Banks—Eighth District reporting member banks, as of March 13, reported total loans and investments 3.6 per cent larger than on the corresponding report date a month earlier, investments increasing 7.5 per cent during the period, while loans were off 0.7 per cent. Loans were 7.3 per cent larger than on the corresponding report date in 1939 due primarily to the increase in commercial, industrial and agricultural loans which were 8.2 per cent more than on March 15, 1939. Gross deposits were 1.9 per cent less than the all time high recorded last month, but were still 9.7 per cent more than on the corresponding report date last year. Reserve balances of reporting member banks decreased each week during the four-week period under review and on March 13, were about one-fifth less than on February 14, but 35.2 per cent more than on the mid-March report date in 1939.

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

(In thousands of dollars))	Change from		
	Mar. 13, 1940	Feb. 14, 1940	Mar. 15, 1939
Commercial, industrial, agricultural loans...	\$192,719	- 1,651	+14,557
Open market paper.....	10,910	- 131	+ 7,720
Loans to brokers and dealers.....	5,160	+ 644	- 514
Other loans to purchase and carry securities.....	12,152	+ 109	+ 127
Real Estate loans.....	52,118	+ 416	+ 2,648
Loans to banks.....	1,219	- 131	+ 4,047
Other loans.....	56,417	- 1,511	+ 1,942
Treasury bills.....	42,715	+26,686	+15,065
Treasury notes.....	32,762	- 1,609	-32,603
U. S. bonds.....	139,111	- 275	-20,000
Obligations guaranteed by U.S. Government	71,657	+ 1,107	+ 7,919
Other securities.....	104,272	+ 1,377	+ 3,360
Balances with domestic banks.....	194,402	+ 352	+51,374
Demand deposits—adjusted*	479,875	- 7,098	+37,410
Time deposits.....	189,732	+ 122	+ 712
U. S. Government deposits.....	17,114	- 552	- 2,924
Inter-bank deposits.....	361,572	-14,495	+60,544
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 March 6 was slightly more than on February 7, and 1.9 per cent more than on March 1, 1939.

At downtown St. Louis banks interest rates as of March 16 remained unchanged. Rates charged were as follows: Customers' prime commercial paper, 1¼

to 5¼ per cent; collateral loans, 2½ to 6 per cent; loans secured by warehouse receipts, 1¾ 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 February, 1940, is indicated below:

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,213,517	\$1,074,346,076
Collections (non-cash items) handled.....	56,502	29,433,850
Transfers of funds.....	4,059	260,710,887
Currency received and counted.....	7,732,224	25,631,512
Coin received and counted.....	10,245,678	1,045,689
Rediscounts, advances and commitments.....	1	60,750
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc..	15,941	33,475,360
Bills and securities in custody—coupons clipped	8,122

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

(In thousands of dollars)	Change from		
	Mar. 19, 1940	Feb. 19, 1940	Mar. 18, 1939
Industrial advances under Sec. 13b.....	\$ 15	- 0 -	6
Other advances and rediscounts.....	119	+ 69	+ 19
Bills bought (including participations).....			2
U. S. securities.....	111,031	+ 60	+ 9,258
Total earning assets.....	111,165	+ 129	+ 9,247
Total reserves.....	407,327	-37,045	+ 58,326
Total deposits.....	321,259	-39,978	+ 36,789
F. R. Notes in circulation.....	192,431	+ 1,723	+ 12,932
Industrial commitments under Sec. 13b..	151	- 0 -	311
Ratio of reserve to deposit and F. R. Note liabilities.....	79.3%	- 1.2%	+ 4.1%

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

Since February 29 the First State Bank of Mounds, Illinois, the Helena National Bank, Helena, Arkansas, and the Farmers and Traders Bank, California, Missouri, became members of the System.

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

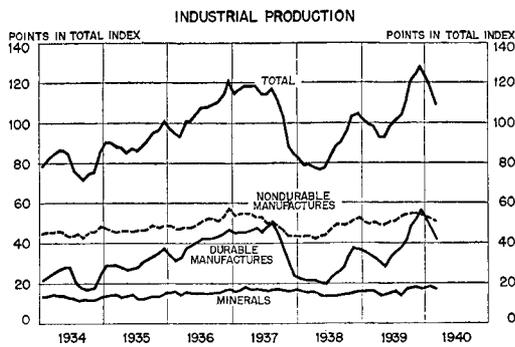
(In thousands of dollars)	Feb., 1940	Jan., 1940	Feb., 1939	Feb., '40 comp. with Jan., '40	Feb., '39
East St. Louis and Nat'l					
Stock Yards, Ill...\$	30,539	\$ 35,070	\$ 28,786	-12.9%	+ 6.1%
El Dorado, Ark.....	4,842	6,315	4,458	-23.3	+ 8.6
Evansville, Ind.	30,065	35,551	23,438	-15.4	+28.3
Fort Smith, Ark....	11,150	11,881	10,235	- 6.2	+ 8.9
Greenville, Miss....	5,328	5,707	4,811	- 6.6	+10.7
Helena, Ark.....	1,726	1,921	1,148	-10.2	+50.3
Little Rock, Ark....	34,673	39,894	32,636	-13.1	+ 6.2
Louisville, Ky.	153,137	179,475	138,198	-14.7	+10.8
Memphis, Tenn....	126,431	151,601	100,422	-16.6	+25.9
Owensboro, Ky.	6,669	7,475	6,513	-10.8	+ 2.4
Pine Bluff, Ark....	6,574	6,826	6,318	- 3.7	+ 4.1
Quincy, Ill.	7,785	8,282	6,263	- 6.0	+24.3
St. Louis, Mo.....	518,317	595,060	478,183	-12.9	+ 8.4
Sedalia, Mo.....	2,282	2,045	1,691	+11.6	+34.9
Springfield, Mo....	12,967	13,672	11,235	- 5.2	+15.4
Texarkana, Ark.-Tex.	6,813	7,272	6,245	- 6.3	+ 9.1
Totals.....	959,298	1,108,047	860,580	-13.4	+11.5

(Completed March 23, 1940)

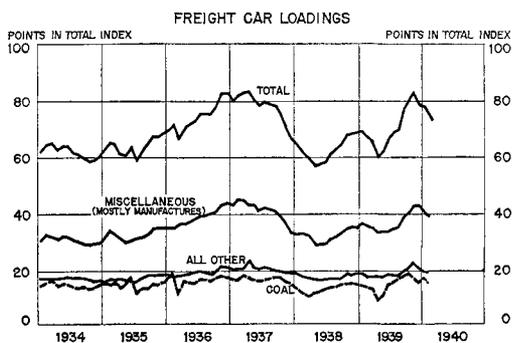
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NATIONAL SUMMARY OF BUSINESS CONDITIONS

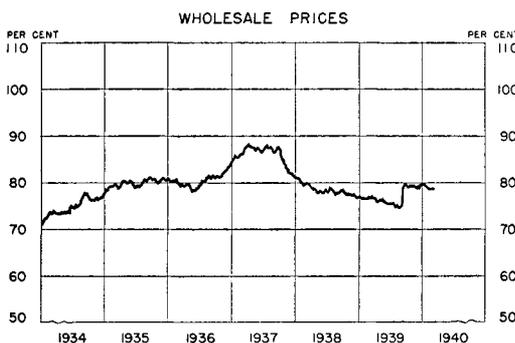
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



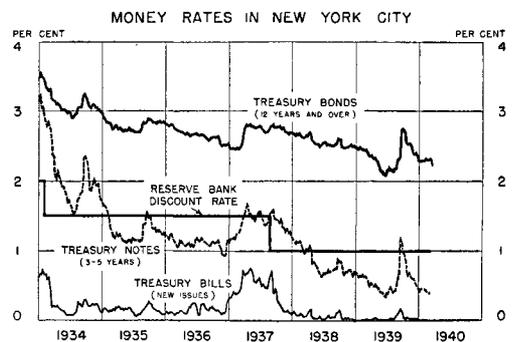
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. Durable manufactures, nondurable manufactures, and minerals expressed in terms of points in the total index. By months, January, 1934, to February, 1940.



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 February, 1940.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending March 9, 1940.



For weeks ending January 6, 1934, to March 16, 1940.

Industrial activity showed a further sharp decline in February and a less marked reduction in the first half of March. Wholesale commodity prices generally were steady, following some decline in January and early February.

Production—In February the Board's seasonally adjusted index of industrial production was 109 per cent of the 1923-1925 average as compared with 119 in January and 128 in December. A further decline at a slower rate is indicated for March on the basis of data now available. In August, 1939, the month prior to the outbreak of war, the index was 103.

Steel production, which had risen sharply in the latter part of 1939 and then decreased considerably in January, showed a further marked reduction in February to 69 per cent of capacity. In the first half of March output was steady at a rate of about 65 per cent. Plate glass production declined further in February and output of lumber, which had dropped sharply in January, showed less than the usual seasonal rise. Automobile production in February was maintained at the high level prevailing in January. Dealers' stocks of new cars rose to high levels in this period, notwithstanding the fact that retail sales of cars were in large volume for this time of the year. In the first half of March output of automobiles showed less than the customary sharp increase. In some industries not included directly in the Board's production index, particularly the machinery, aircraft, and rayon industries, activity continued at high levels.

Changes in output of nondurable goods were largely seasonal in February except at textile mills and sugar refineries. At cotton textile mills activity declined somewhat from the high levels prevailing since early last autumn. Activity at woolen mills, which had decreased considerably in December and January, declined further in February and output of silk products was reduced to an exceptionally low level. Sugar refining showed less than the sharp rise usual at this season.

Mineral production declined in February, owing chiefly to a considerable reduction in output of anthracite. Bituminous coal production declined somewhat, following a rise in January, while output of crude petroleum increased to new high levels.

Value of construction contract awards in February showed little change from the January total, reflecting a further decrease in contracts for public construction and a contraseasonal increase in private contracts, according to figures of the F. W. Dodge Corporation. The increase in private residential awards nearly equalled the decline that occurred in the previous month when severe storms curtailed building operations in many areas.

Distribution—Retail distribution of general merchandise showed little change from January to February and remained somewhat below the high level of the latter part of last year, with due allowance for seasonal changes. Sales at variety stores and mail-order houses showed about the usual seasonal rise in February, while at department stores, where some increase is also usual at this time of year, sales remained at about the January level.

Freight-car loadings declined considerably from January to February, reflecting for the most part a sharp reduction in coal shipments and some further decrease in loadings of miscellaneous freight.

Foreign Trade—Exports of United States merchandise in February declined less than seasonally from the high levels reached in December and January. The principal decreases were in shipments of cotton, copper, and aircraft, which had been exceptionally large in previous months. Exports to Japan fell sharply and there were declines also in shipments to the United Kingdom, the Netherlands, and Russia, while exports to Belgium and the Scandinavian countries increased.

There has been little change in the rate of gold inflow. The monetary gold stock increased by \$246,000,000 in February and by \$109,000,000 in the first two weeks of March.

Commodity Prices—Prices of nonferrous metals advanced from the middle of February to the middle of March, while steel scrap and textile materials declined somewhat further. Most other commodities showed little change and in the week ending March 9, the general index of the Bureau of Labor statistics was at 78.3 per cent of the 1926 average as compared with 78.5 a month earlier.

Government Security Market—Following a relatively steady market during February, prices of long-term Treasury bonds increased sharply after the announcement by the Treasury early in March that its operations during that month would be limited to the issuance of a five-year note to refund a note maturing next June.

Bank Credit—Total loans and investments at reporting member banks in 101 leading cities rose during the six weeks ending March 13, largely as a result of increases in investments at New York City banks. Following a reduction during January, commercial loans increased, mostly at banks in cities outside New York. Bank reserves and deposits continued to increase during the period.