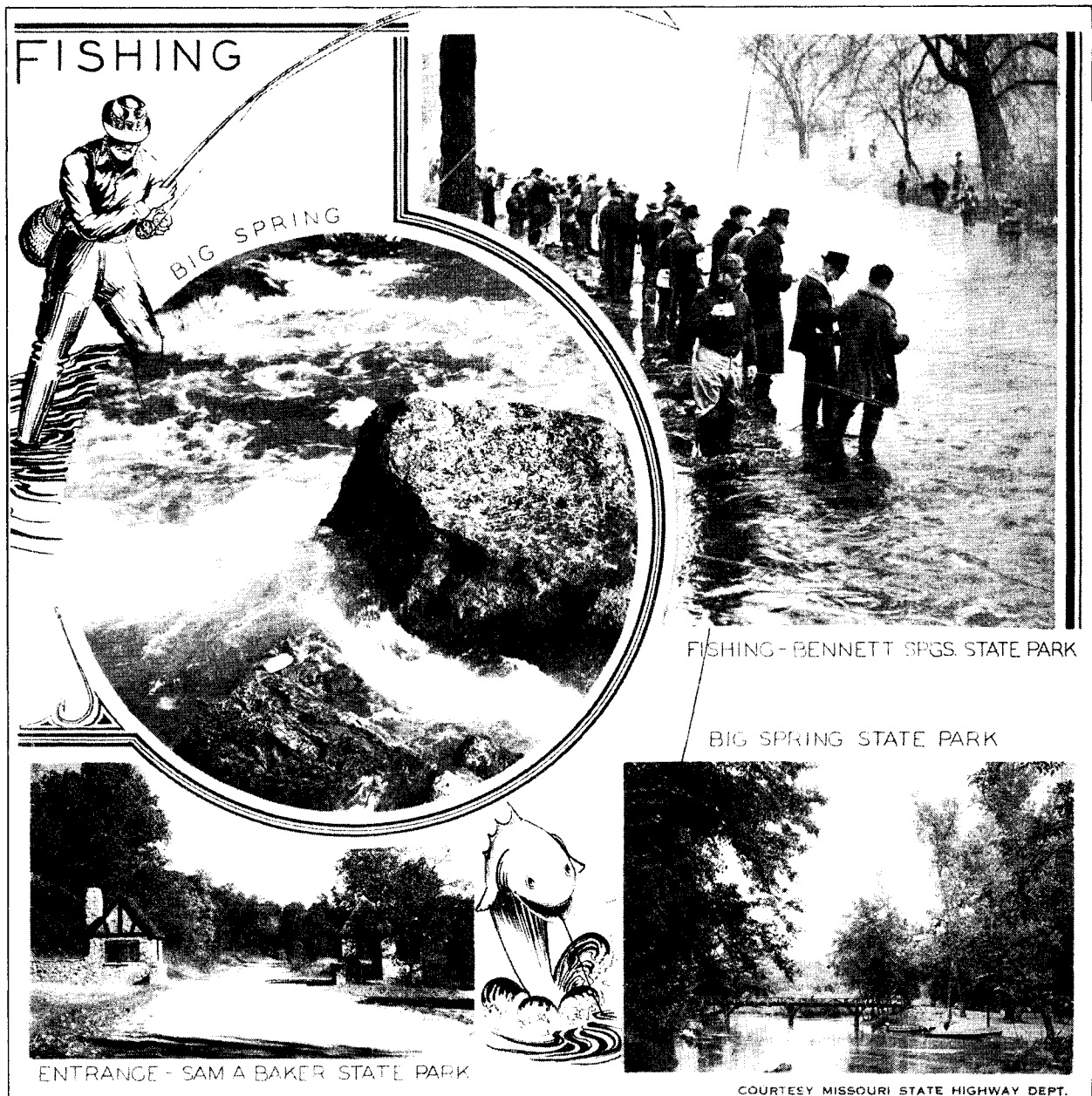




BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication on Afternoon of May 31st, 1940

FEDERAL RESERVE BANK OF ST. LOUIS



Some of the Missouri State Parks

SUMMARY OF EIGHTH DISTRICT

	May 1, 1940, comp. with 1939 Av. 1929-38	
Agriculture:		
Estimated production of winter wheat.....	— 14.2%	— 11.9%
	April, 1940, comp. with Mar., 1940 Apr., 1939	
Livestock		
Receipts at National Stock Yards.....	+ 9.0%	+ 23.4%
Shipments from aforesaid Yards.....	— 0.5	+ 41.5
Production and Distribution:		
Sales by mfrs. and wholesalers.....	— 4.4	+ 9.9
Department store sales.....	— 1.6	+ 4.8
Car loadings.....	— 11.5	— 3.9
Building and Construction:		
Bldg. permits, incl. repairs {	Number... + 15.6	+ 35.0
Cost.....	— 19.8	+ 15.7
Value construction contracts awarded.....	— 9.9	— 17.6
Miscellaneous:		
Commercial failures {	Number..... + 40.7	+ 18.8
Liabilities.....	+ 236.9	— 74.2
Consumption of electricity.....	+ 0.5	+ 10.3
Debits to individual accounts.....	+ 0.3	+ 15.2
Life Insurance Sales.....	— 0.8	+ 16.5
	May 15, '40 comp. with Apr. 17, '40 May 17, '39	
Member Banks (24):		
Gross deposits.....	+ 0.5%	+ 11.2%
Loans.....	+ 0.6	+ 5.9
Investments.....	+ 1.6	+ 3.9

COMMERCIAL and industrial activity in the Eighth Federal Reserve District during the latter part of April and early May indicated improvement in some lines. Business generally was still ahead of last year.

Production at iron and steel plants of the district during the period under review remained steady and at mid-May operations were at 47 per cent of capacity, compared with 45 per cent a month earlier and 39 per cent on the same report date last year. Inventories continued up and buying as a whole was light. Production of bituminous coal at mines of the district during April was 16.7 per cent less than in March, but 24.9 per cent greater than in April, 1939. For the first four months this year production was 18.4 per cent in excess of the like period a year ago. Production of oil in fields of the district during March continued well ahead of February and more than doubled output during March of last year. For the first quarter this year production was 118.3 per cent greater than for the same period of 1939.

Due to the earlier Easter date this year, sales by department stores in the principal cities of the district during April were 1.6 per cent less than in March. However, the sales were 4.8 per cent more than during April, 1939. For the first four months of 1940 sales were 6.8 per cent greater than for the same interval last year. On May 1 inventories were 8.7 per cent larger than on the corresponding date

in 1939. Sales of merchandise by wholesalers and jobbers during April were 4.4 per cent less than in March and 9.9 per cent greater than in April last year. On May 1 inventories were 18.4 per cent more than on the first day of May last year. In the St. Louis area retail sales of passenger automobiles in April were 13.7 per cent more than in March and 42.7 per cent greater than in April a year ago. During the January-April period of this year sales were 23.2 per cent more than during the like period last year.

The value of construction contracts let in the district in April was 9.9 per cent and 17.6 per cent less, respectively, than a month and a year earlier. Cumulative value of contracts let for the first four months of the year was 7.6 per cent less than during the corresponding period of 1939. Value of permits for new building in the larger cities of the district during April was one-quarter less than during March, but 18.5 per cent more than during April last year. During the first four months of 1940 value of permits issued was 2.8 per cent more than during the same period a year ago.

In the principal centers of the district consumption of electric power by industrial users in April was slightly more than during March and 10.3 per cent more than during April last year. Freight traffic of railways operating in this district was 11.5 per cent and 3.9 per cent less, respectively, than a month and a year earlier. Debits to individual accounts of banks in the reporting centers in April were slightly more than during March, and 15.2 per cent greater than during April last year. For the first four months this year debits were 11.0 per cent more than during the corresponding period of 1939.

The cool wet spring has delayed preparations for and planting of crops in many sections of the district. Work in the early weeks of May was getting under way and by the middle of the month some corn had been planted. Because of the rains many rivers of the district rose considerably during the period under review, but by the middle of May were receding to normal levels. Prices of farm products increased and in the latter part of April reached the highest levels of the year, due primarily to higher prices for grains and livestock.

Commercial failures in the Eighth Federal Reserve District in April, according to Dun and Bradstreet, numbered 38, involving liabilities of \$438,000. In March there were 27 defaults, with liabilities of \$130,000, and in April last year, 32 insolvencies for a total of \$1,695,000.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	April, 1940 compared with Mar., '40 April, '39		Apr. 30, 1940 comp. with Apr. 30, 1939
Automotive Supplies.....	-2.7%	+9.3%	+36.8%
Boots and Shoes.....	-11.3	+7.4	+22.6
Drugs and Chemicals.....	-10.0	+9.5	-2.2
Dry Goods.....	-8.3	+9.5	+17.8
Electrical Supplies.....	+10.1	+27.8	+13.6
Furniture.....	+23.1	+34.9	+52.0
Groceries.....	-2.2	+7.1	+16.2
Hardware.....	-5.6	+7.5	+13.1
Tobacco and its Products.....	+7.0	+14.0
Miscellaneous.....	-5.4	-6.8	+15.6

Combined sales of wholesalers and jobbers in the Eighth Federal Reserve District, whose statistics are available to this bank, were 4.4 per cent less during April compared with March, but almost 10 per cent more than during April last year. The decrease from March to April of the composite lines was seasonal in character, but slightly less than average. The decrease in sales of boots and shoes and the increase recorded for furniture were adverse to seasonal expectations. As indicated by the above table, all lines, with the exception of those in the miscellaneous classification, reported increases over the corresponding month last year. Sales of clothiers during April were 37.0 per cent and 10.0 per cent less, respectively, than a month and a year earlier. As indicated by preliminary figures, shoe production in the Eighth Federal Reserve District during April was 4.0 per cent less than during March.

Automobiles—Combined passenger car, truck and taxicab production in the United States in April totaled 432,746, as against 423,299 in March and 337,372 in April last year.

Iron and Steel Products—At mid-May the rate of steel ingot production at mills in this area was 47 per cent of capacity, compared with 45 per cent a month earlier and 39 per cent on the mid-May report date last year. The cut in price of hot and cold rolled sheets of \$4 a ton that went into effect the middle of April was withdrawn on May 1. Protective commitments made prior to that date must be shipped before June 30. There was no apparent increase in buying due to the reduction in price and business as a whole is light.

The scrap market is quiet and prices remain unchanged. The market is steady as a result of stronger markets in the east. Inventories at steel mills are satisfactory for present orders on file. However, with an increase in orders mills would have to come into the market.

Activities at structural plants are dull with operations at about 50 per cent of capacity. Warehouse

business is spotted, but there has been some pickup since early May and business is about on a par with April. Shipments of pig iron during April were about the same as in March and sales continued light. Since May 1 shipments have expanded. Stove foundries are operating three or four days a week.

For the entire country, total output of pig iron in April, according to the magazine "Steel," amounted to 3,139,043 net tons, the smallest for any month since August, 1939, and compares with 3,270,575 net tons in March and 2,301,965 net tons in April, 1939. The decrease from the preceding month was due to April being a shorter month. Output of steel ingots in the United States in April totaled 3,974,706 net tons, against 4,264,755 net tons (revised figure) in March and 3,352,774 net tons in April last year.

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
	April, 1940 compared with Mar., '40	Apr., '39	4 mos. '40 to same period '39	Apr. 30, '40 comp. with Apr. 30, '39	Jan. 1, to Apr. 30, 1940 1939
Ft. Smith, Ark.	-17.5%	+3.4%	+9.7%	+4.4%	.88 .86
Little Rock, Ark.	-12.2	-0.9	+10.5	+1.1	1.06 1.00
Louisville, Ky.	+2.9	+5.8	+7.6	+2.5	1.33 1.27
Memphis, Tenn.	-15.1	-1.1	+6.8	+11.9	1.05 1.08
Pine Bluff, Ark.	-20.3	-9.5	+4.4	+20.1	.78 .87
Quincy, Ill.	-14.2	-9.1	+1.2	-3.3	1.23 1.19
St. Louis, Mo.	+3.0	+6.7	+6.2	+10.3	1.45 1.48
Springfield, Mo.	+28.8	+36.6	+13.4	-12.9	1.10 .97
All Other Cities.	-17.0	-5.4	+10.7	+34.3	1.04 1.03
8th F. R. District	-1.6	+4.8	+6.8	+8.7	1.32 1.32

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

	Installment Accounts	Excl. Instal. Accounts		Installment Accounts	Excl. Instal. Accounts
Fort Smith.	40.1%	49.1%	Quincy	21.9	59.1
Little Rock.	13.9	35.8	St. Louis.	16.9	47.7
Louisville	15.4	50.0	Other Cities.	20.6	51.5
Memphis	26.5	47.0	8th F. R. District		

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

	Net Sales			Stocks on Hand	Stock Turnover
	April, 1940 compared with Mar., '40	Apr., '39	4 mos. '40 to same period '39	Apr. 30, '40 comp. with Apr. 30, '39	Jan. 1, to Apr. 30, 1940 1939
Men's Furnishings	-27.9%	-22.2%	+6.0%	+15.8%	.79 .85
Boots and Shoes.	-27.9	-21.2	-0.4	+0.5	2.14 2.25

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

Men's Furnishings.	36.3%	Boots and Shoes.	38.8%
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MINING AND OIL

Coal—During the first quarter of 1940, stocks of bituminous coal in the hands of industrial consumers decreased 19.0 per cent, or 7,045,000 net tons. Stocks

on April 1 totaled 30,076,000 net tons, compared with 32,577,000 net tons a month earlier and 37,121,000 net tons at the beginning of the year. Industrial consumption of bituminous coal during March amounted to 28,522,000 net tons, a decrease of 0.9 per cent as compared with February.

In the United States, production of soft coal during April, according to the Bituminous Coal Division of the U. S. Department of the Interior, totaled 32,962,000 tons, as against 35,210,000 tons in March and 9,627,000 tons in April, 1939, during which month activities were curtailed at the various mines. During the first four months of this year total production was 152,217,000 tons, compared with 114,949,000 tons during the like period a year earlier. At mines in this general area, production during April was 16.7 per cent less than in March and 24.9 per cent greater than in April a year ago. During the January-April period this year production was 18.4 per cent greater than for the same interval in 1939.

At Illinois mines 2,875,485 tons were lifted in April, as against 3,916,956 tons in March and 3,427,278 tons in April last year. There were 95 mines in operation during April with 24,253 men on payrolls, against 113 active mines and 28,906 operatives in March.

Petroleum—March production of crude oil in states of the Eighth District was 14.4 per cent more than in February and 118.0 per cent greater than in March, 1939. Cumulative total for the first three months this year was 118.3 per cent in excess of the corresponding period in 1939. Stocks on March 31 were 2.6 per cent and 13.7 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	
	Mar., 1940	Feb., 1940	Mar., 1939	1940	1939	Mar. 31, 1940	Mar. 31, 1939
Arkansas	2,125	2,010	1,679	6,233	4,755	1,969	2,279
Illinois	13,580	11,727	5,380	36,807	14,368	13,699	11,918
Indiana	329	235	59	757	175	4,142	3,192
Kentucky	435	422	437	1,240	1,337	1,248	1,138
Totals.....	16,469	14,394	7,555	45,037	20,635	21,058	18,527

TRANSPORTATION

During April freight traffic handled by railroads operating in this district, according to officials of reporting lines, was less than during the preceding month and the corresponding period a year earlier. For the first four months of 1940, however, freight traffic handled was larger than during the same period last year, due primarily to the fact that loadings of miscellaneous freight, the most significant class with regard to the general freight movement, were well ahead of last year.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 74,870 loads in April, compared with 84,595 loads in March and 77,911 loads during April, 1939. During the first nine days of May the interchange amounted to 23,654 loads, which compares with 22,410 loads during the corresponding period in April and 23,759 loads during the first nine days of May last year. Passenger traffic of the reporting roads in April decreased 1.8 per cent in number of passengers carried and 6.0 per cent in revenue as compared with April, 1939.

Loadings of revenue freight for the entire country for the first eighteen weeks this year, or to May 4, totaled 11,324,713 cars, against 10,345,464 cars for the similar period in 1939 and 9,821,301 cars in 1938. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in April was 165,900 tons, against 157,517 tons in March and 168,935 tons in April, 1939. For the first four months this year cumulative tonnage was 486,066 tons, as compared with 613,002 tons for the same period last year.

WHISKEY

Of the 60 distilleries in Kentucky, 38 were reported in operation in mid-May, a decrease of four from last month. There has been no material change in the industry during the last thirty days.

Bulk prices are reported steady with production as a rule maintained on a replacement basis. Stocks of bulk whiskey are in firmer hands and recently jobbers were unable to obtain sufficient quantity of distressed stocks at bargain prices to fill cut-rate demands. However, a slight reduction in the price of bottled-in-bond goods on the part of some of the larger distillers recently was made to meet competition of cheaper brands. Total consumption in the period under review was reported as somewhat below the same period for last year, although the percentage of bottled-in-bond whiskey continues to increase as compared with total consumption.

AGRICULTURE

Farming Conditions—Farm work generally throughout the Eighth Federal Reserve District, according to reports of the U. S. Department of Agriculture and agricultural departments of the several states, has been retarded during the past month because of the wet condition of fields. The precipitation was very beneficial and has restored subsoil moisture satisfactorily. In early May with the aid of warmer days and nights some progress was made in sections of the district.

During the second week of May soil preparations

for corn planting were begun and some planting was under way in Missouri and Illinois. In Arkansas the ground has been too cold and wet for satisfactory growth of the crop. Germination has been poor in many sections, requiring some replanting.

Seeding of the rice crop has been delayed by rains and cool weather but planting is expected to be resumed in Arkansas with weather clearing in that State. Oats, rye and barley have made slow growth with condition of the crops ranging from poor to good. Condition of pastures throughout the district showed some improvement since the first of April and on May 1 pastures were 73 per cent of normal, compared with 65 per cent on the earlier date. They were still under the 80 per cent average of 1939 and the 10-year (1929-1938) average of 77 per cent.

Prices of farm products rose to the highest level of the year during the week ended April 27, when the U. S. Bureau of Labor Statistics index was reported at 71.6 per cent of the 1926 average. The increase was due primarily to higher prices for grains and livestock. During the week ended May 4 prices declined slightly to 71.3 per cent of the 1926 average, as compared with 67.0 per cent on April 6 and 63.6 per cent on May 6, 1939.

Cotton—Planting of cotton has been delayed and up to May 1 only a small part of the crop had been planted. However, the crop made poor progress due to unfavorable weather conditions, and much replanting was necessary. During the early part of May conditions were more favorable and much planting and replanting were accomplished. According to the National Fertilizer Association, consumption of fertilizer in states of the district, as indicated by the sale of tax tags, during the first four months this year was 6.4 per cent and 4.0 per cent greater, respectively, than a year and two years earlier. In the St. Louis market the middling grade of cotton ranged from 10c to 10.55c between April 15 and May 15, closing at 10c on the latter date, which compares with 10.40c on April 15 and 8.60c on May 15, 1939.

Combined receipts at Arkansas and Missouri compresses from August 1, 1939, to May 10, 1940, totaled 1,811,335 bales, against 1,568,190 bales during the corresponding period a year earlier. Shipments during the period amounted to 2,060,602 bales, against 840,319 bales in the previous season. Stocks on hand as of May 10 were 1,106,154 bales, compared with 1,542,792 bales on the corresponding date in 1939. On April 26 stocks on hand at Arkansas compresses totaled 985,285 bales, falling below the 1,000,000 bale mark for the first time since September 23, 1938. Since the latter date, the largest vol-

ume reported was on October 30, 1939, when stock totaled 1,780,321 bales. As of the May 10 report date stock on hand at Arkansas compresses was 955,561 bales.

Fruits and Vegetables—Truck crops in the southern tiers of the district are progressing slowly and will average from ten days to two weeks later than usual. In the northern sections of the district cool, wet weather has hindered soil preparations and planting, which in many cases are now just getting under way.

In Arkansas strawberries are blooming but ripening slowly. The crop will be short, due to the late freeze, with an estimated loss, according to the U. S. Department of Agriculture, of about 10 per cent. The Tennessee crop was severely injured by the freeze of mid-April and production is estimated about 8 per cent less than last year. The Arkansas peach crop, according to the U. S. Department of Agriculture, will be 20 per cent smaller than last year, but about one-fifth greater than average production in the ten preceding years. Damage to peaches in southeast Missouri appears to be negligible, while a light crop is predicted for Illinois. Outlook for other fruits, such as cherries, pears and apples, appears to be good. Damage to fruits by previous low temperatures has been overestimated.

Livestock—Receipts at the National Stock Yards during April were almost one-quarter larger than during the same month last year and about 10 per cent more than during March this year. These increases were due to large receipts of hogs because of last year's large pig crop and the unfavorable relation between corn and hog prices from the feeding standpoint. Stocks of hay on farms May 1 were 35.4 per cent less than the record stocks of last year, but almost one-quarter more than the 10-year (1929-1938) average.

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

	Receipts			Shipments*		
	Apr., 1940	Mar., 1940	Apr., 1939	Apr., 1940	Mar., 1940	Apr., 1939
Cattle and Calves.....	90,099	81,711	84,253	30,269	26,440	31,028
Hogs	272,428	249,419	198,806	83,245	90,534	45,312
Horses and Mules....	1,353	3,277	2,339	1,567	2,747	1,891
Sheep	35,722	32,274	38,500	6,175	2,134	7,456
Totals.....	399,602	366,681	323,898	121,256	121,855	85,687

*Includes only stock shipped from yards for slaughter in other markets or to farms for feeding purposes.

According to the U. S. Department of Agriculture, early lambs developed slowly and the proportion that will be marketed before July 1 may be below average. In the lambing areas April was cool and conditions as a whole were unfavorable. Late pastures also have affected the crop. In states of the Eighth District milk production per cow on May 1

was 5.7 per cent less than in 1939 and 3.4 per cent smaller than the 10-year average.

Tobacco — Because of unseasonable weather throughout the tobacco producing sections, growth of plants has been greatly retarded and in a number of instances farmers have had to resow plant beds. Due to excess amount of rainfall, farmers have been greatly delayed in spring plowing but lately open weather and normal temperatures have permitted some cultivation.

Prices received for Green River and one sucker tobacco averaged less than for the 1938 crop. In the Green River district plants of the new crop are reported small for this season of the year, with some of the lowlands having been flooded because of excessive rainfall. The one sucker plants are also small but are reported in healthy condition.

The eastern and western dark fired markets are now reported closed and there remains in the hands of growers only a negligible quantity of tobacco of the 1939 crop. Final figures for the 1939 western district crop show a total of 15,822,741 pounds sold at an average of \$7.34 per cwt. In the eastern district markets 51,692,670 pounds were sold at an average of \$10.98 per cwt. Plants of this type of tobacco are small and because of delay in working the ground, it is indicated the crop will be set out very late.

Winter Wheat — According to the May 1 report of the U. S. Department of Agriculture, estimated production of winter wheat in states of the Eighth District will be 88,944,000 bushels, against 103,642,000 bushels in 1939 and the 10-year (1929-1938) average of 100,916,000 bushels. The crop has improved generally but growth has been rather slow due to cold weather. The best fields are approximately 18 inches in height and a large percentage of the crop has jointed. Sunshine and warmer weather are generally needed.

As of May 1 the estimated acreage of winter wheat remaining for harvest in the entire country was 34,076,000 acres. This compares with 37,802,000 acres harvested last year and a 10-year average of 39,453,000 harvested acres.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in April was 25.3 per cent less than in March and 18.5 per cent greater than in April, 1939. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in April amounted to \$17,371,000, which compares with

\$19,287,000 in March and \$21,069,000 in April, 1939. Building figures for April follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1940	1939	1940	1939	1940	1939	1940	1939
Evansville....	30	23	\$ 88	\$ 71	152	136	\$ 66	\$ 62
Little Rock....	40	25	79	67	104	92	30	43
Louisville....	145	104	235	221	88	60	137	31
Memphis....	463	297	678	516	232	196	98	110
St. Louis....	451	265	1,031	907	210	220	176	235
Apr. Totals....	1,129	714	2,111	1,782	786	704	507	481
Mar. ".....	1,022	918	2,825	1,845	634	668	439	540
Feb. ".....	578	571	1,786	2,517	453	365	668	256

COMMODITY PRICES

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

	Close			
	High	Low	May 15, 1940	May 15, 1939
Wheat				
*May.....per bu.	\$ 1.08¾	\$.82¾	\$.82¾	\$.75
*July....."	1.07½	.82½	.82½	.71¾
*Sept....."	1.07½	.82¾	.82¾	.71¾
No. 2 red winter "	1.15¾	.97	.97	.83
Corn				
*May....."	.65½	.56½	.56½	.46¾
*July....."	.66¾	.56¾	.56¾	.48
*Sept....."	.66¾	.56½	.56½	.48¾
No. 2 mixed...."	.70	.63½	.63½	.51
No. 2 white...."	.76½	.71	.71¾	.59
Oats				
*May....."	.42	.35½	.35½	.32½
*July....."	.37¾	.32¾	.32¾	.31¾
*Sept....."	.34¾	.30	.30½	.29¾
No. 2 white...."	.46¾	.42	.42	.36
Flour				
Soft patent....per bbl.	7.05	6.00	6.25 @ 7.05+	4.50 @ 5.65
Spring "....."	6.40	5.90	6.15 @ 6.40+	5.55 @ 5.85
Middling Cotton per lb.	.1055	.1000	.1000	.0860
Hogs on Hoof...per cwt.	6.47	4.94	5.55	6.76

*Nominal quotations.
†Close on May 14.

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in April as being 0.5 per cent more than in March and 10.3 per cent greater than in April, 1939. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	1940		1939		April, 1940 compared with	
		K.W.H.	K.W.H.	K.W.H.	K.W.H.	Mar., 1940	Apr., 1939
Evansville....	40	3,383	3,723	3,303	—	9.1%	+ 2.4%
Little Rock....	35	1,936	1,998	1,861	—	3.1	+ 4.0
Louisville....	82	9,452	9,657	7,840	—	2.1	+ 20.6
Memphis....	31	2,768	2,553	2,296	+	8.4	+ 20.6
Pine Bluff....	20	739	688	899	+	7.4	+ 17.8
St. Louis....	221	26,858	26,308	24,718	+	2.1	+ 8.7
Totals.....	429	45,136	44,927	40,917	+	0.5	+ 10.3

LIFE INSURANCE

Sales of new, paid-for, ordinary life insurance in states including the Eighth District during April, the preceding month, and a year ago, together with the cumulative totals for the first four months this year and the comparable period in 1939 are shown in the following table:

(In thousands of dollars)	1940			Cumulative		Cumul. change
	Apr., 1940	Mar., 1940	Apr., 1939	1940	1939	
Arkansas....	\$ 3,297	\$ 3,237	\$ 2,934	\$ 11,991	\$ 14,587	—17.8%
Illinois....	48,068	48,725	38,636	183,338	196,396	— 6.6
Indiana....	13,904	13,628	11,756	50,734	54,460	— 6.8
Kentucky....	5,382	5,651	5,357	21,254	25,925	—18.0
Mississippi..	3,438	3,111	3,056	11,750	12,364	— 5.0
Missouri....	17,444	17,117	16,204	63,998	77,269	—17.2
Tennessee...	6,825	7,701	6,473	26,440	30,859	—14.3
Totals.....	98,358	99,170	84,416	369,505	411,860	—10.3
United States.	574,453	567,872	495,650	2,166,159	2,334,651	— 7.2

BANKING AND FINANCE

Very little change was reflected in Eighth District banking and finance during the past month. Demands for credit in most parts of the district were not very large. In the rural areas the planting season is late in getting under way and requirements are not as yet known. Credit requirements of mercantile and manufacturing interests, as indicated by loans at commercial banks, were about the same as last month and a year ago. Up to the middle of May loans to millers and grain handlers were reported ahead of last month and activity very good.

Member Banks—At reporting Eighth District member banks as of May 15 total loans and investments were 1.2 per cent more than on April 17 and 4.8 per cent larger than on May 17, 1939. Total loans increased slightly during the month and were 5.9 per cent more than a year earlier. Holdings of securities at reporting member banks continued to increase, and on May 15 were 1.6 per cent larger than a month earlier and 3.9 per cent more than at mid-May last year. The increase in the securities item was due principally to larger holdings of Treasury bills, which increased 15.2 per cent during the month and was 37.2 per cent larger than on May 17, 1939. Gross deposits of reporting member banks on the mid-May report date were slightly larger than a month earlier and 11.2 per cent more than on May 17 last year. Reserve balances with the Federal Reserve Bank were 2.2 per cent larger than last month and about one-quarter more than last year. Reserves declined during the last weeks of April and early May, but in the second week of May turned upward.

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

(In thousands of dollars)	Change from		
	May 15, 1940	Apr. 17, 1940	May 17, 1939
Commercial, industrial, agricultural loans...	\$189,279	+ 437	+ 80
Open market paper.....	10,484	+ 277	+ 7,780
Loans to brokers and dealers.....	4,858	+ 463	+ 107
Other loans to purchase and carry securities.....	12,747	+ 277	+ 275
Real Estate loans.....	53,356	+ 694	+ 4,096
Loans to banks.....	772	- 211	- 2,421
Other loans.....	58,867	+ 587	+ 9,244
Treasury bills.....	59,001	+ 7,768	+ 16,009
Treasury notes.....	32,564	+ 235	+ 15,129
U. S. bonds.....	151,794	+ 9	+ 3,404
Obligations guaranteed by U.S. Government.....	67,560	+ 1,921	+ 2,471
Other securities.....	107,878	+ 588	+ 8,981
Balances with domestic banks.....	175,889	-15,179	+34,922
Demand deposits—adjusted*.....	470,482	- 6,647	+39,442
Time deposits.....	190,825	+ 261	+ 514
U. S. Government deposits.....	17,004	+ 86	+ 3,093
Inter-bank deposits.....	363,571	+ 3,609	+65,436
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 as of May 1 was slightly more than on April 3, and 1.4 per cent more than on May 3, 1939.

As of May 15 interest rates at downtown St. Louis banks remained unchanged as follows: Customers' prime commercial paper, 1¾ to 5¾ per cent; collateral loans, 2½ to 6 per cent, and loans secured by warehouse receipts, 1¾ to 5¾ per cent.

Federal Reserve Operations—The volume of the major operations of the Federal Reserve Bank of St. Louis, during April, 1940, is indicated below:

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,678,532	\$1,192,260,048
Collections (non-cash items) handled.....	121,285	30,805,412
Transfers of funds.....	4,548	284,838,829
Currency received and counted.....	8,863,148	28,229,561
Coin received and counted.....	9,366,575	961,837
Rediscounts, advances and commitments.....	13	482,397
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	12,881	18,697,977
Bills and securities in custody—coupons clipped	9,441

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

(In thousands of dollars)	May 18, 1940	Change from	
		Apr. 18, 1940	May 18, 1939
Industrial advances under Sec. 13b.....	\$ 75	+ 60	+ 55
Other advances and rediscounts.....	620	+ 530	+ 564
Bills bought (including participations).....	- 0 -	-	- 2
U. S. securities.....	113,388	+ 287	+ 10,786
Total earning assets.....	114,083	+ 877	+ 10,169
Total reserves.....	395,435	+ 2,298	+ 57,603
Total deposits.....	314,922	+ 4,915	+ 38,556
F. R. Notes in circulation.....	192,541	- 373	+ 12,043
Industrial commitments under Sec. 13b..	179	- 1	- 420
Ratio of reserve to deposit and F. R. Note liabilities.....	77.9%	- 0.3%	+ 4.0%

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

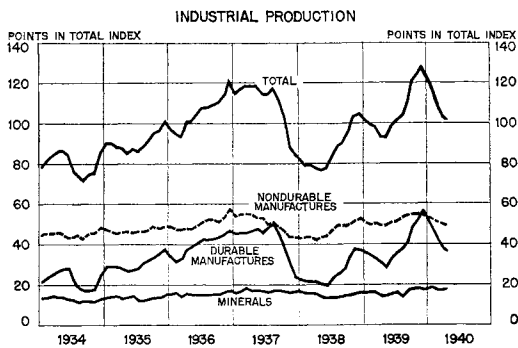
On May 1, the Dupo State Savings Bank, Dupo, Ill., became a member of the System.

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

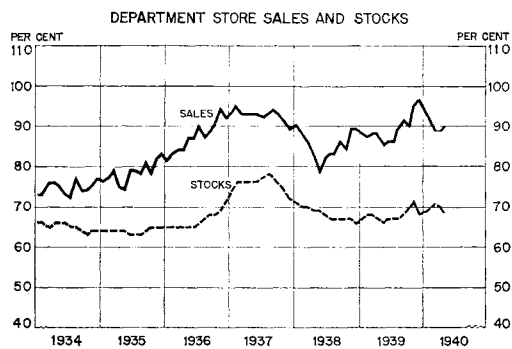
(In thousands of dollars)	Apr., 1940	Mar., 1940	Apr., 1939	Apr., '40 Mar., '40	comp. with Apr., '39
El Dorado, Ark. \$	5,579	\$ 5,606	\$ 5,149	- 0.5%	+ 8.4%
Fort Smith, " "	12,125	12,705	10,499	- 4.6	+15.5
Helena, " "	1,725	2,001	1,489	-13.8	+15.8
Little Rock, " "	40,327	41,596	34,891	- 3.1	+15.6
Pine Bluff, " "	6,888	8,109	6,806	-15.1	+ 1.2
Texarkana, Ark.-Tex.	7,251	8,244	7,079	-12.0	+ 2.4
E. St. L.-Nat. S. Y., Ill.	37,751	34,289	31,747	+10.1	+18.9
Quincy, " "	8,922	8,838	8,335	+ 1.0	+ 7.0
Evansville, Ind.	33,444	32,161	29,406	+ 4.0	+13.7
Louisville, Ky.	154,830	171,366	137,502	- 9.6	+12.6
Owensboro, " "	5,901	5,951	7,285	- 0.8	-19.0
Greenville, Miss.	4,966	5,720	4,853	-13.2	+ 2.3
St. Louis, Mo.	596,677	581,433	526,483	+ 2.6	+13.3
Sedalia, " "	2,155	2,230	1,889	- 3.4	+14.1
Springfield, " "	15,763	14,537	12,796	+ 8.4	+23.2
Memphis, Tenn.	140,942	137,036	107,452	+ 2.9	+31.2
Totals.....	1,075,246	1,071,822	933,661	+ 0.3	+15.2

NATIONAL SUMMARY OF BUSINESS CONDITIONS

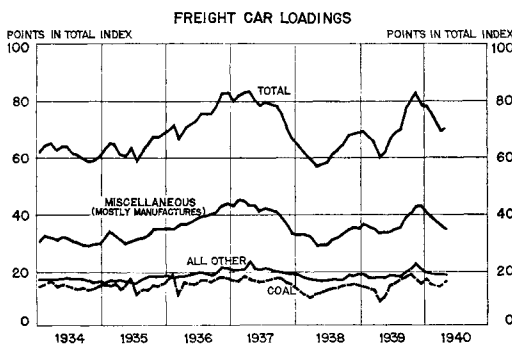
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



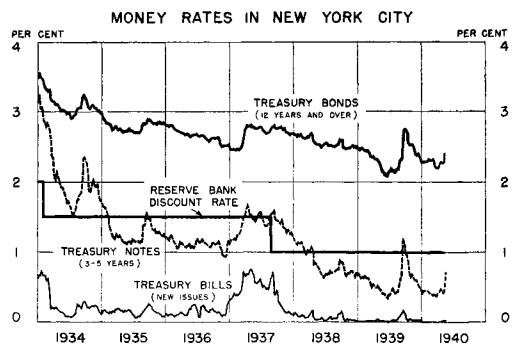
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. Durable manufactures, nondurable manufactures, and minerals expressed in terms of points in the total index. By months, January, 1934, to April, 1940.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to April, 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 April, 1940.



For weeks ending January 6, 1934, to May 18, 1940.

Production—The Board's seasonally adjusted index of industrial production for the month of April was 102, compared with 104 for March and 109 for February. Steel ingot production was steady during April at slightly over 60 per cent of capacity as compared with an average rate of 64 per cent in March. In the first half of May output rose sharply and currently is scheduled at about 70 per cent of capacity. Automobile production in April continued at about the March rate, although ordinarily there is an increase at this season, and in early May declined somewhat. Retail sales of new cars approximated production in April and dealers' stocks of both new and used cars remained at earlier high levels. Output of plate glass, used largely by the automobile industry, declined considerably in April, and lumber production showed somewhat less than the usual seasonal increase. In the machinery, aircraft, and shipbuilding industries activity continued at the high rate of other recent months.

In the textile industry activity at cotton and woolen mills declined somewhat further in April, following considerable reductions in March. At silk mills activity remained at a low level, while rayon production was maintained at a high rate. Output at meat-packing establishments continued in large volume. There was some further curtailment in shoe production in April; in most other industries producing nondurable goods changes in output were largely seasonal in character.

Coal production, which usually declines sharply in April, showed only a small decrease this year. Output of crude petroleum, which had reached record high levels in March, was largely maintained in April and the first half of May, although stocks of crude oil were increasing and gasoline stocks were unusually large.

Value of construction contract awards increased further in April, reflecting principally a rise in contracts for private building, according to figures of the F. W. Dodge Corporation. Awards for private residential building were in somewhat larger volume than a year ago. Private nonresidential building was about one-third greater than at this season last year and was near the previous peak level reached in mid-1937. Awards for public construction, however, were considerably below the level of last spring.

Distribution—Distribution of commodities to consumers showed little change in April and the first half of May. The Board's seasonally adjusted index of department store sales was 90 per cent of the 1923-1925 average in April, about the level that has prevailed since the first of the year but below the peak of 96 reached last December.

Total freight-car loadings in April were in about the same volume as in March. Shipments of coal declined less than seasonally, while loadings of miscellaneous freight, which include most manufactured products, showed less than the sharp rise that is customary at this season. In the early part of May increases were reported in shipments of most classes of freight.

Foreign Trade—Exports of United States merchandise, which have been at a high level since last December, declined somewhat in April. A large part of the decrease in April was accounted for by the complete cessation of shipments to northern European countries after outbreak of hostilities there, but declines were also reported in shipments to most other countries. Exports to Canada, the Union of South Africa, and France, however, increased.

Shipments of commercial vehicles declined sharply, following a considerable rise in March, and exports of iron and steel products, which had been increasing steadily since last summer, also showed a decline. Exports of cotton and copper decreased further from earlier high levels, while machinery and aircraft shipments continued in large volume.

During April, the monetary gold stock of the United States increased by \$337,000,000, the largest increase since August, 1939. Acquisitions of gold in the first two weeks of May totaled \$169,000,000.

Commodity Prices—Prices of a number of basic commodities, which had been declining after a rise in April, advanced from May 10 to May 14. Increases in this period were particularly marked for imported materials, such as rubber, tin, and silk. Grain prices rose at first, but subsequently showed sharp declines. Price changes for other commodities were mixed; steel scrap advanced, while cotton declined considerably. Prices for certain steel products, which had been reduced early in April, were restored to earlier levels on May 1, and producers announced that steel purchased at the lower prices must be taken by the buyers on or before June 30.

Government Security Market—Prices of United States Government securities declined sharply from May 10 to May 14, accompanying the further spread of war in Europe. Prices of long-term Treasury bonds on May 14 were 3½ points below the high point reached on April 2. The yield on the 1960-65 2½ per cent bonds rose from 2.26 per cent on April 2 to 2.48 per cent on May 14.

Bank Credit—Total loans and investments at reporting member banks in 101 leading cities increased during the four weeks ending May 8. Most of this increase was at New York City banks and reflected purchases of United States Government obligations. Deposits and reserves of banks in leading cities continued at record high levels.