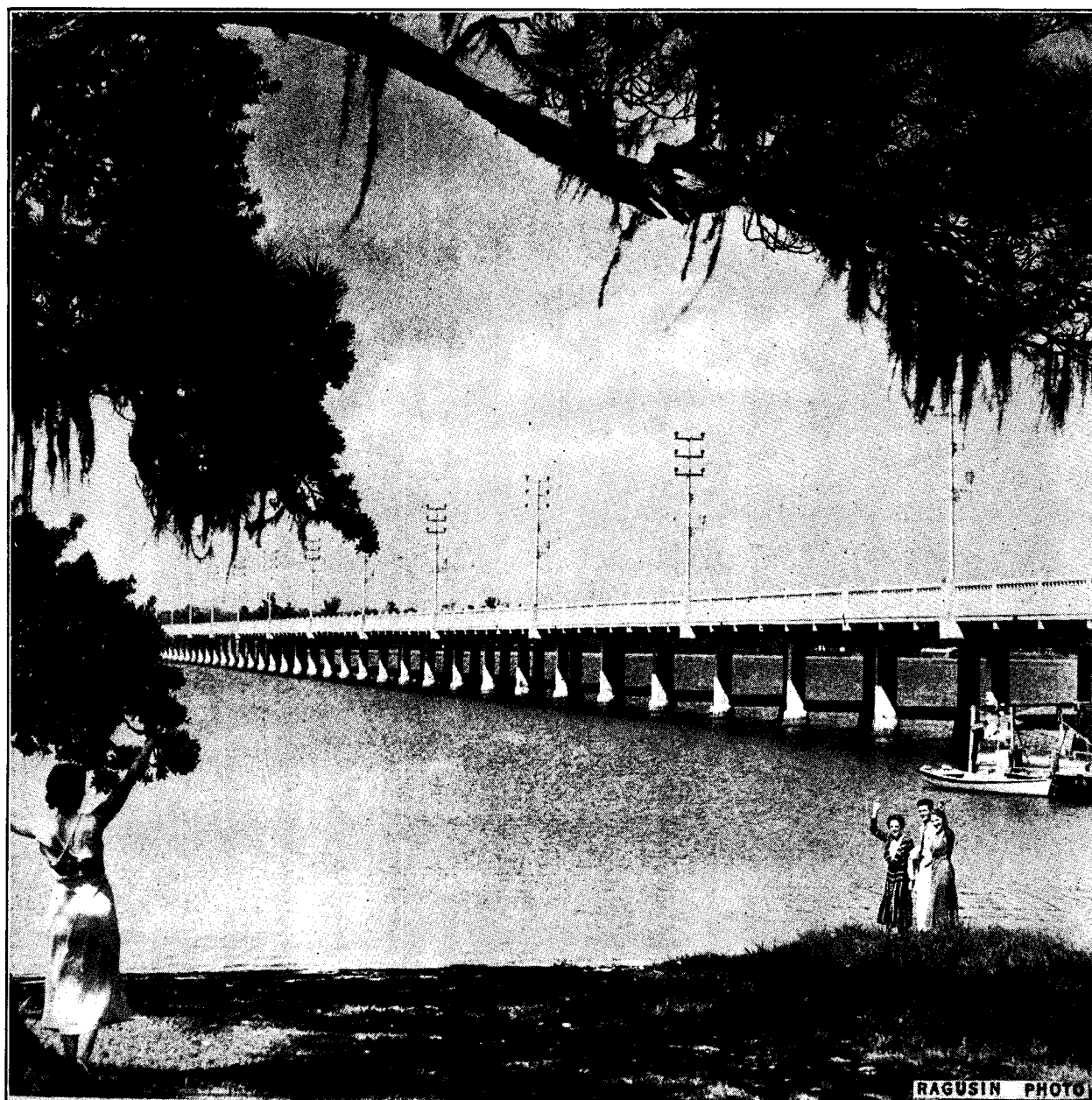




BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication on Afternoon of July 30th, 1940

FEDERAL RESERVE BANK OF ST. LOUIS



The Iberville Memorial Bridge at Biloxi, Mississippi

SUMMARY OF EIGHTH DISTRICT

Agriculture:	July 1, 1940, comp. with 1939	Av. 1923-39
Estimated yield of 6 crops.....	7.6%	6.5%
Livestock	June, 1940, comp. with May, 1940	June, 1939
Receipts at National Stock Yards.....	+ 0.3%	+ 18.2%
Shipments from aforesaid Yards.....	1.0	+ 40.1
Production and Distribution:		
Sales by mfrs. and wholesalers.....	11.8	5.2
Department store sales.....	10.7	+ 4.7
Car loadings	+ 1.8	+ 4.8
Building and Construction:		
Bldg. permits, incl. repairs { Number... ..	18.1	4.6
Cost.....	10.5	+ 19.0
Value construction contracts awarded..	10.7	1.7
Miscellaneous:		
Commercial failures { Number.....	16.3	+ 28.6
Liabilities.....	28.0	36.5
Consumption of electricity.....	+ 3.2	+ 5.7
Debits to individual accounts.....	7.5	+ 2.2
Life Insurance Sales.....	6.3	+ 3.8
Member Banks (24):	July 10, '40 comp. with June 12, '40	July 12, '39
Gross deposits	0.1%	+ 8.0%
Loans.....	1.2	+ 2.4
Investments.. ..	6.3	5.4

EIGHTH District industry and trade through June and the first half of July carried further forward the improvement which has been in effect since the closing weeks of April. In addition, most indicators used to measure business volume recorded substantial advances over a year ago. The usual slowing down at manufacturing plants for vacations, inventorying and other seasonal causes was less in evidence than is ordinarily the case and in many instances was entirely absent. Maintenance of the high rate of activities was in the main to supply routine domestic requirements. Certain lines were stimulated to some degree by needs in connection with the European war and the Government's armament program, but volume of orders in these classifications has been less felt than in some other sections of the country.

The rise in production of manufactured goods extended to a majority of lines investigated but was outstanding in the durable goods industries. Steel ingot production at mills in this general area advanced to 70.5 per cent of capacity in the final week of June, the highest rate since last January. Following a sharp upturn in the melt and shipments of pig iron from April to May, there was a further increase in June.

Demand for coal continued active, and production at district mines during June was maintained at higher than seasonal levels, output for the month being approximately 27 per cent greater than a year ago. In states of the district production of crude petroleum continued the upward trend of recent

months, reflecting chiefly increased output in the new Illinois fields. Output of zinc at district mines receded slightly from May to June, but was more than half again as large as in June, 1939. Lumber production was well above May and a year ago.

The value of construction contracts let in the Eighth District in June, according to figures compiled by the F. W. Dodge Corporation, was 10.7 per cent less than in May and showed little change from a year ago. Dollar value of permits for new buildings in the principal cities was 16 per cent greater than in June, 1939. Public utilities companies in six large cities of the district report consumption of electricity by industrial customers as being greater by 3.2 per cent and 5.7 per cent, respectively, than a month and a year earlier.

Distribution of commodities felt the effects of advancing general business activity in June. Department store sales for that month in the principal cities showed considerably less than the expected seasonal decline from May and a gain of 4.7 per cent over June, 1939. More seasonable weather during the past thirty days has resulted in a marked pickup in the movement of summer merchandise, both in the large cities and country. For the week ended July 13, department store sales were larger by 17.4 per cent than in the corresponding week a year ago. Stimulated by the early winter wheat movement and heavy loadings of miscellaneous freight, traffic of railroads operating in the district continued well above a year and two years earlier.

While weather conditions were unusually varied and in some sections adverse to the growth and development of crops, prospects as a whole for agricultural production in the Eighth District are above average, according to the U. S. Department of Agriculture. Harvesting of winter wheat was accomplished under mainly ideal conditions and output will be about 2.6 per cent greater than the average during the preceding 17 years. The corn crop is forecast at slightly below average, while output of potatoes will exceed that of last year and the average. Despite a late start, the tobacco crop as of mid-July was in the main making good progress. Cotton is also late and considerable damage was done by excessive precipitation in the southern tiers of the district.

Commercial failures in the Eighth Federal Reserve District in June, according to Dun and Bradstreet, numbered 36, involving liabilities of \$299,000, as against 43 insolvencies with liabilities of \$415,000 in May and 28 defaults for a total of \$471,000 in June, 1939.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities Data furnished by Bureau of Census, U. S. Dept. of Commerce.	Net Sales		Stocks
	June, 1940 compared with May, '40	June, '39	June 30, 1940 comp. with June 30, 1939
Automotive Supplies.....	- 6.3%	- 2.3%	+27.4%
Boots and Shoes.....	-17.2	-16.7
Dry Goods.....	- 8.1	-16.0	+17.0
Electrical Supplies.....	- 5.2	+ 9.4	+34.4
Furniture.....	-17.5	- 0.2	+30.9
Groceries.....	- 7.6	- 7.0	+14.5
Hardware.....	-10.3	+ 8.5	+21.1
Tobacco and its Products.....	+ 4.2	+ 8.7	+17.9
Miscellaneous.....	- 5.9	+ 4.1	+ 8.0

Automobiles—Combined passenger car, truck and taxicab production in the United States in June totaled 344,636, as against 391,215 in May and 309,720 in June, 1939.

Iron and Steel Products—Save as influenced by the Independence Holiday and other seasonal factors, activities in the iron and steel industry in this area through June and the first half of July were maintained at, or about, the improved rate noted in the similar period immediately preceding. New orders at certain mills, foundries, machine shops and other ferrous metal working plants continued the upward trend which began in April. In addition, considerable pressure upon producers for delivery of materials previously acquired is in evidence.

In a number of instances users of steel are endeavoring to build up inventories to insure adequate supplies of materials which may be given priority later on in connection with the Government's defense program. Already deliveries on some products, notably bars, strip and certain descriptions of plates and sheets, are reported several weeks behind. While there has been further expansion in requirements of important buying groups, miscellaneous demands continue to account for the bulk of current business. Purchasing by the general manufacturing trade has shown less than the usual seasonal recession. Outlet through the building industry is on a considerably broader scale than a year ago.

June sales of warehouse and jobbing interests were approximately 14 per cent greater than in May and about one-fourth greater than a year ago. Purchasing by the warehouses, which heretofore had been chiefly on a necessity basis, has increased in the immediate past, and includes a considerable volume of steel for future delivery. Operations at structural steel fabricating yards declined slightly, owing mainly to the holiday interruption. Steel ingot production at mills in this general area advanced to 70.5 per cent of capacity in the final week of June, the highest rate since last January. The

rate declined 5.5 points to 65 per cent in the second week of July.

United States steel production in June totaled 5,532,910 net tons, compared with 4,841,403 net tons in May and 3,523,880 net tons in June, 1939. In the first half of 1940 output at 28,678,124 net tons was 37 per cent greater than in the first six months of 1939. Pig iron production in June, according to the magazine "Steel," totaled 3,813,092 net tons, the highest since January, and comparing with 3,497,157 net tons in May and 2,373,753 net tons in June, 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
	June, 1940 compared with May, '40	6 mos. '40 to same period '39	June 30, '40 comp. with June 30, '39	June 30, '40 comp. with June 30, '39	Jan. 1, to June 30, 1940 1939
Ft. Smith, Ark.	-16.2%	+ 9.4%	+ 9.0%	+ 4.5%	1.37 1.33
Little Rock, Ark.	-21.9	+ 0.1	+ 8.9	- 2.5	1.66 1.56
Louisville, Ky.	- 8.2	+ 8.0	+ 6.7	+ 3.4	2.10 2.04
Memphis, Tenn.	-26.8	- 1.7	+ 5.4	+ 8.7	1.64 1.72
Pine Bluff, Ark.	-20.5	- 5.5	+ 2.7	+23.3	1.24 1.43
Quincy, Ill.	- 9.8	+ 0.7	+ 0.1	+ 0.3	1.97 1.94
St. Louis, Mo.	- 5.3	+ 5.5	+ 5.0	+ 7.5	2.17 2.24
Springfield, Mo.	+ 4.2	+27.5	+13.0	-12.8	1.81 1.55
All Other Cities.	- 1.1	+18.4	+12.1	+13.7	1.66 1.65
8th F. R. District	-10.7	+ 4.7	+ 5.7	+ 6.1	2.00 2.04

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

Installment Accounts		Excl. Instal. Accounts	Installment Accounts		Excl. Instal. Accounts
Fort Smith.	%	37.4%	Quincy	%	50.7%
Little Rock.	12.3	35.2	St. Louis.	18.1	56.4
Louisville	16.7	56.8	Other Cities.	21.5	46.2
Memphis	22.4	41.0	8th F. R. District	17.9	50.7

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

	Net Sales			Stocks on Hand	Stock Turnover
	June, 1940 compared with May, '40	6 mos. '40 to same period '39	June 30, '40 comp. with June 30, '39	June 30, '40 comp. with June 30, '39	Jan. 1, to June 30, 1940 1939
Men's Furnishings	+10.0%	+11.9%	+ 5.2%	+ 6.7%	1.28 1.37
Boots and Shoes.	- 5.0	+ 5.9	+ 2.2	- 4.6	3.70 3.72

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

Men's Furnishings.	35.7%	Boots and Shoes.	40.5%
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MINING AND OIL

Coal—Stimulated by the high rate of industrial activity and a disposition on the part of many consumer groups to build up inventories, production of bituminous coal in the United States in June declined in considerably less than the seasonal amount from May, and was measurably greater than a year ago. At mines in this general area, June output was 8.7 per cent less than in May and 27.4 per cent in excess of the June, 1939, tonnage. For the first six

months this year cumulative tonnage was larger by 23.9 per cent than in the first half of 1939. According to the Bituminous Coal Division of the U. S. Department of the Interior, soft coal production in the United States in June totaled 32,640,000 tons, as against 35,468,000 tons in May and 27,959,00 tons in June, 1939. In the first half of 1940 output was 220,325,000 tons, compared with 160,835,000 tons in the same period a year earlier.

At Illinois mines 2,583,448 tons were lifted in June, as against 2,724,533 tons in May and 1,739,719 tons in June, 1939. There were 84 mines in operation in June, with 22,331 men on payrolls, comparing with 86 active mines and 22,815 operatives in May.

Petroleum—May output of crude oil in states of the Eighth District was 6.5 per cent more than in April and 83.8 per cent greater than in May, 1939. Cumulative total for the first five months this year was 108.7 per cent in excess of the corresponding period in 1939. Stocks on May 31 were 1.2 per cent and 12.2 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	
	May, 1940	Apr., 1940	May, 1939	1940	1939	May 31, 1940	May 31, 1939
Arkansas.....	2,198	2,114	1,719	10,545	8,000	2,080	2,332
Illinois.....	13,833	12,911	6,849	63,551	26,632	14,187	12,720
Indiana.....	325	303	77	1,385	312	4,088	3,105
Kentucky.....	445	446	494	2,131	2,249	1,377	1,213
Totals.....	16,801	15,774	9,139	77,612	37,193	21,732	19,370

TRANSPORTATION

Bolstered by an extraordinarily rapid movement of the winter wheat crop and continued heavy loadings of miscellaneous freight and coal, volume of freight traffic handled by railroads operating in this district was well sustained during June and the first half of July. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 81,103 loads in June, against 78,639 loads in May and 77,383 loads in June, 1939. During the first nine days of July the interchange amounted to 20,957 loads, comparing with 23,286 loads during the like interval in June and 22,125 loads during the first nine days of July, 1939. In the first half of 1940 a total of 484,618 loads was interchanged, an increase of 2.9 per cent over the first six months of 1939.

For the entire country loadings of revenue freight for the first 27 weeks this year, or to July 6, totaled 17,543,296 cars, as against 15,818,952 cars for the corresponding period in 1939 and 14,731,613 cars in 1938. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in June was 207,000 tons, which compares with 245,728 tons in

May and 144,974 tons in June, 1939. Cumulative tonnage for the first six months this year was 936,856 tons, against 824,786 tons in the first half of 1939.

AGRICULTURE

Combined receipts from the sale of principal farm products and Government benefit payments to farmers in states including the Eighth District during the period January-May, 1938, 1939 and 1940, and during May, 1939 and 1940, are given in the following table:

(In thousands of dollars)	May		Cumulative for 5 months		
	1940	1939	1940	1939	1938
Indiana.....	\$24,011	\$21,262	\$115,770	\$101,845	\$102,168
Illinois.....	46,212	39,984	232,426	208,135	198,557
Missouri.....	21,089	20,886	100,714	91,332	83,895
Kentucky.....	7,968	9,067	68,192	62,699	78,721
Tennessee.....	9,067	9,319	51,129	49,751	54,265
Mississippi.....	5,705	5,665	45,862	48,193	48,659
Arkansas.....	6,461	7,792	41,656	35,264	39,267
Totals.....	120,513	113,975	655,749	597,219	605,532

Farming Conditions—Eighth District weather conditions during June and the first half of July were unusually erratic. In the north there was a general deficiency of moisture, while in the southern tiers of the district, notably in Mississippi and Arkansas, precipitation was excessive and temperatures unseasonably low, resulting in heavy damage to growing crops. Taken as a whole, however, crop prospects in the area, as reflected in the July 1 reports of the U. S. Department of Agriculture and the agricultural departments of the several states, are good, with estimated yields of many important productions above a year ago and average. Feed and food crops will be abundant, and the same is true of cotton, tobacco and other crops, particularly when taken in conjunction with liberal carryovers from the preceding season. Present indications are that output of the various crops will give a well balanced total and permit of utilization of the reserves on hand and add a little to farm stocks, other than hay.

The supply of labor in rural areas was reported by the Government as 88.4 per cent of normal on July 1, compared with 92.0 per cent in April and 89.6 per cent a year ago. The wage index as of July 1 was three points above a year earlier. Prices of farm products declined moderately in mid-June, but recovered somewhat in the first week of July. The farm products group of the Bureau of Labor Statistics' index stood at 66.7 per cent of the 1926 average on July 6, an increase of 2 points over the preceding week and comparing with 64.1 per cent on July 8 last year.

Corn—Production of corn in the Eighth District this year, according to the July 1 forecast of the U. S. Department of Agriculture, is placed at 320,565,000 bushels, as against 342,860,000 bushels har-

vested in 1939 and the 17-year (1923-1939) average of 331,104,000 bushels. As of July 1 condition of the crop was generally high, but since that time prospects as a whole have deteriorated, due in some sections to lack of rains and elsewhere because of excessive precipitation. Stocks of old corn on farms are among the largest of record, the estimate for states of this district on July 1 being 297,233,000 bushels, against 315,780,000 bushels in 1939 and the 10-year (1929-1938) average of 158,093,000 bushels.

Cotton—In its report as of July 1, the U. S. Department of Agriculture estimates the combined area of cotton under cultivation in states including the Eighth District at 5,992,000 acres, practically the same as the acreage under cultivation on the same date a year earlier, but 22.2 per cent below the 7,704,000 acre average of the 10-year (1929-1938) period. There were slight increases over last year in Tennessee and Missouri, while Arkansas and Mississippi, the most important producing states, showed no variation from the July 1, 1939, estimate.

Weather conditions have been unusually mixed over the territory, with the result that reports relative to the condition of the growing crop vary widely. Heavy rains in the Mississippi Delta and over the southern tiers of counties arrested cultivation and wrought substantial damage in the lowlands. Many fertile farms were flooded and cotton, corn and other crops destroyed. Elsewhere, however, the crop is reported making excellent progress, with stands good and fields well cultivated. Quite generally, as of mid-July, the crop was from ten days to two weeks late.

Prices of raw cotton declined in late June and early July from the high point reached in the second week of June, but throughout the period averaged considerably higher than a year ago. In the St. Louis market the middling grade ranged from 10.50c to 10.85c per pound between June 15 and July 15, closing at 10.50c on the latter date, which compares with 11.20c on June 15 and 8.80c on July 15, 1939. Combined receipts at Arkansas and Missouri compresses from August 1, 1939, to July 12, 1940, totaled 1,830,416 bales, as against 1,580,102 bales for the same period a year earlier. Shipments during the same interval were 2,229,678 bales against 954,067 bales a year ago. Stocks as of July 12 amounted to 956,262 bales, compared with 1,455,217 bales on the corresponding date in 1939.

Fruits and Vegetables—In states including the Eighth District the peach crop is estimated by the U. S. Department of Agriculture in its July 1 report at only 3,667,000 bushels, as against 8,999,000 bushels in 1939 and the 10-year (1929-1938) average

of 6,985,000 bushels; pears, 2,393,000 bushels, against 2,630,000 bushels last year and 10-year average of 2,093,000 bushels; grapes, 35,830 tons, against 39,580 tons in 1939 and 10-year average of 33,816 tons; sweetpotatoes, 18,325,000 bushels, against 16,451,000 bushels in 1939 and 10-year average of 19,050,000 bushels. Despite injury to tomatoes from floods in the south, production is estimated to be about 10 per cent greater than a year ago and 25 per cent above average. In the district proper production of white potatoes is estimated at 13,845,000 bushels, against 12,048,000 bushels harvested last year and the 17-year (1923-1939) average of 13,446,000 bushels.

Livestock—Under generally favorable weather, abundant feed and forage and adequate water supplies, the condition of livestock generally throughout the district underwent further improvement during the late spring and early summer. The movement of meat animals to market was well sustained, combined receipts of cattle, sheep and hogs in June being slightly larger than in May, and measurably higher than in June, 1939. Hog prices moved sharply upward in the first week of July, reaching the highest levels since last fall. Heavy receipts, occasioned by the upturn, resulted in a weakening of the market later in the month.

The condition of pastures improved and prospects for hay crops are promising. Indicated production of tame hay in the Eighth District as of July 1 was 7,867,000 tons, against 7,643,000 tons harvested in 1939 and the 17-year (1923-1939) average of 6,585,000 tons.

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

	Receipts			Shipments*		
	June, 1940	May, 1940	June, 1939	June, 1940	May, 1940	June, 1939
Cattle and Calves.....	105,047	99,891	97,587	47,352	41,934	37,991
Hogs	265,043	282,500	209,012	87,504	91,100	59,309
Horses and Mules....	1,679	1,333	1,889	1,196	1,259	1,732
Sheep	122,160	108,593	109,342	53,812	57,573	36,473

Totals.....493,929 492,317 417,830 189,864 191,866 135,505

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

Oats—This year's oats crop in the Eighth District is estimated by the U. S. Department of Agriculture at 49,654,000 bushels, which compares with 46,847,000 bushels harvested in 1939 and the 17-year (1923-1939) average of 49,868,000 bushels. In states including this district stocks of old oats on farms as of July 1 totaled 18,748,000 bushels, as against 29,368,000 bushels a year earlier, and the 10-year (1929-1938) July average of 27,110,000 bushels.

Tobacco—In both the eastern and western dark fired districts, acreage of tobacco is about the same as a year ago. That part of the crop which was transplanted early is reported well advanced, but

late set fields are less favorably conditioned owing to unseasonable weather and plant insects. Intended acreage in the Green River and stemming district had been set by July 10, and the crop is developing well. Reports relative to the one sucker crop are in the main favorable, with acreage somewhat reduced from a year ago.

Winter Wheat—Prospects for winter wheat improved substantially from May to June. The U. S. Department of Agriculture's estimate as of July 1 places Eighth District production at 55,380,000 bushels, which compares with 57,927,000 bushels harvested in 1939 and the 17-year (1923-1939) average of 53,968,000 bushels. Under favorable weather conditions harvesting and threshing have progressed rapidly. Early threshing returns tend to confirm the official estimate as to quantity and indicate a considerable portion of high quality grain in the total crop. Reports generally from the principal wheat growing sections indicate that farmers will place a large part of their grain in the Government 71-cent loan. Reserve stocks of wheat on farms in states of the district on July 1 totaled 3,642,000 bushels, against 6,228,000 bushels a year ago, and the 10-year (1929-1938) average of 5,552,000 bushels.

COMMODITY PRICES

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

	High		Low		Close	
	July 15, 1940	July 15, 1939	July 15, 1940	July 15, 1939	July 15, 1940	July 15, 1939
Wheat						
*July..... per bu.	\$.76½	\$.69½	\$.69½	\$.62¾		
*Sept..... "	.76¾	.70¾	.70¾	.63½		
*Dec..... "	.77¾	.71¾	.71¾	.64¾		
No. 2 red winter "	.87	.76¾	.76¾	.69½		
No. 2 hard "	.75½	.74	.74	.68		
Corn						
*July..... "	.60¼	.57¼	.59¾	.40¾		
*Sept..... "	.58	.54¾	.56	.42		
*Dec..... "	.55¾	.51½	.51¾	.42¾		
Oats						
*July..... "	.31¼	.28¾	.29¼	.26¾		
*Sept..... "	.29	.26¾	.26¾	.26¾		
*Dec..... "	.29¼	.27¾	.27¾	.28		
Flour						
Soft patent.... per bbl.	5.55	4.60	4.60 @ 5.30	4.00 @ 4.50		
Spring "..... "	4.95	4.50	4.50 @ 4.70	5.25 @ 5.55		
Middling Cotton per lb.	.1085	.1050	.1050	.0880		
Hogs on Hoof . . per cwt.	6.92	5.03	6.37	6.85		

*Nominal quotations.

WHISKEY

Reflecting the usual seasonal trend, only 12 of the 60 distilleries in Kentucky are in operation, compared with 26 a month earlier. The principal recent development in the industry was the heavily increased purchasing by wholesaling and jobbing interests in anticipation of added tax of 75c per gallon effective July 1. Under the law, retailers are allowed an exemption of 100 gallons, which was a further incentive for buying. According to trade reports several large distillers have added a charge of 50c to 75c

per gallon to their product to partly counterbalance increased costs of handling under present conditions. This increase by distillers, coupled with the additional tax of 75c per gallon, is expected to result in a substantial increase in retail prices.

Distilled spirits of various periods of production in Kentucky bonded warehouses as of April 30, 1940, the latest date for which complete statistics are available, totaled 4,071,353 barrels, an increase of 83,135 barrels over the 3,988,218 barrels in these warehouses on August 31, 1939, the end of the fiscal year.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in June was 19.1 per cent less than in May and 15.9 per cent greater than in June, 1939. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in June amounted to \$18,202,000, which compares with revised figures of \$20,379,000 in May and \$18,509,000 in June, 1939. Building figures for June follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits 1940	Permits 1939	Cost 1940	Cost 1939	Permits 1940	Permits 1939	Cost 1940	Cost 1939
Evansville.....	18	36	\$ 122	\$ 98	108	126	\$ 43	\$ 30
Little Rock.....	33	35	89	131	65	153	22	49
Louisville.....	94	116	306	306	53	42	52	18
Memphis.....	376	330	509	482	207	209	180	164
St. Louis.....	287	241	840	593	195	218	263	167
June Totals.....	808	758	1,866	1,610	628	748	560	428
May ".....	1,020	784	2,307	1,454	734	816	403	503
April ".....	1,129	714	2,111	1,782	786	704	507	481

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in June as being 3.2 per cent more than in May and 5.7 per cent greater than in June, 1939. Detailed figures follow:

(K.W.H. in thous.)	No. of Custom-ers	June, 1940	May, 1940	June, 1939	June, 1940 compared with May, 1940	June, 1940 compared with June, 1939
Evansville.....	40	4,817	4,769	4,570	+ 1.0%	+ 5.4%
Little Rock.....	35	2,182	1,958	2,309	+11.4	+ 5.5
Louisville.....	82	10,259	10,189	8,871	+ 0.7	+15.6
Memphis.....	31	2,905	2,899	2,288	+ 0.2	+27.0
Pine Bluff.....	20	577	399	487	+44.6	+18.5
St. Louis.....	227	28,915	27,906	28,455	+ 3.6	+ 1.6
Totals.....	435	49,655	48,120	46,980	+ 3.2	+ 5.7

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase of 1.5 per cent in combined postal receipts for the second quarter this year over the same period in 1939, and of 0.04 per cent over the first quarter of 1940. Detailed figures follow:

	Quarter ending: June 30, 1940	March 31, 1940	June 30, 1939	Comp. 2nd Qtrs. 1940 and 1939
Evansville.....	\$ 188,789	\$ 186,430	\$ 178,941	+ 5.5%
Little Rock.....	221,839	239,748	244,701	+ 9.3
Louisville.....	739,890	728,273	720,030	+ 2.8
Memphis.....	681,467	695,287	676,685	+ 0.7
St. Louis.....	2,746,015	2,726,300	2,687,797	+ 2.2
Totals.....	4,578,000	4,576,038	4,508,154	+ 1.5

BANKING AND FINANCE

As indicated by reports of banks in both the large cities and country, demand for credit in the Eighth District declined moderately during the past thirty days as contrasted with the similar period immediately preceding. Owing to lateness of crops generally, requirements to finance agricultural operations, other than the movement of winter wheat, are less in evidence than is usually the case at this time of year. Borrowing by mercantile and manufacturing interests is on a conservative basis, and with but few exceptions commitments to finance fall inventories are below seasonal expectations. Current liquidation in the large urban centers is reported in larger volume than new loans and renewals. In the principal winter wheat sections farmers are placing a large part of their grain in the Government loan. Bankers dollar acceptances outstanding as of June 29 in this district totaled \$318,000, unchanged from a month earlier and comparing with \$462,000 on June 30, 1939. Interest rates remained at, or about the low levels which have prevailed in recent months.

Member Banks—Between June 12 and July 10, total loans of weekly reporting member banks in the principal cities declined 1.2 per cent, but at the end of the period were still 2.4 per cent greater than a year ago. Total investments continued the steady decline which began in late May, and as of July 10 recorded a new low for the year and were 5.4 per cent less than on the corresponding date in 1939. Gross deposits receded sharply in early June, but recovered most of the loss in the first days of July. Reserve balances at \$249,285,000 on July 10 were at an all time high.

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

(In thousands of dollars)	July 10, 1940	June 12, 1940	Change from July 12, 1939
Commercial, industrial, agricultural loans.....	\$178,245	— 3,904	+ 7,884
Open market paper.....	8,613	— 647	+ 4,998
Loans to brokers and dealers.....	3,402	— 56	+ 1,900
Other loans to purchase and carry securities.....	12,749	— 65	+ 628
Real Estate loans.....	54,312	+ 613	+ 4,428
Loans to banks.....	1,158	+ 149	+ 1,477
Other loans.....	61,840	+ 168	+ 9,888
Treasury bills.....	10,899	— 10,137	+ 3,034
Treasury notes.....	38,300	+ 5,523	— 10,250
U. S. bonds.....	134,730	— 18,137	— 19,035
Obligations guaranteed by U.S. Government.....	68,301	+ 81	+ 1,529
Other securities.....	106,613	+ 1,563	+ 4,380
Balances with domestic banks.....	185,485	— 25	+ 35,250
Demand deposits—adjusted*.....	482,632	+ 4,416	+ 28,684
Time deposits.....	189,872	— 275	— 316
U. S. Government deposits.....	14,509	— 2,245	+ 7,427
Inter-bank deposits.....	361,426	— 378	+ 59,567
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 63.3% of the resources of all member banks in this district.

Aggregate amount of savings deposits held by selected member banks on July 3 was slightly less than a month earlier and 1.0 per cent greater than

on the corresponding date last year.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,197,125	\$1,249,299,911
Collections (non-cash items) handled.....	150,790	26,760,638
Transfers of funds.....	4,393	366,201,265
Currency received and counted.....	8,195,512	27,898,948
Coin received and counted.....	9,393,725	961,142
Rediscounts, advances and commitments.....	19	1,554,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	48,419	147,269,160
Bills and securities in custody—coupons clipped	22,960

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

(In thousands of dollars)	July 20, 1940	June 20, 1940	Change from July 20, 1939
Industrial advances under Sec. 13b.....	\$ 20	+ 55	+ 1
Others advances and rediscounts.....	330	+ 144	+ 260
Bills bought (including participations).....	2
U. S. securities.....	113,363	+ 64	+ 1,806
Total earning assets.....	113,713	+ 153	+ 1,606
Total reserves.....	455,718	+ 33,874	+ 66,520
Total deposits.....	368,959	+ 30,933	+ 49,038
F. R. Notes in circulation.....	197,370	+ 4,030	+ 18,455
Industrial commitments under Sec. 13b..	350	+ 180	+ 86
Ratio of reserve to deposit and F. R. Note liabilities.....	80.4%	+ 1.1%	+ 2.4%

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

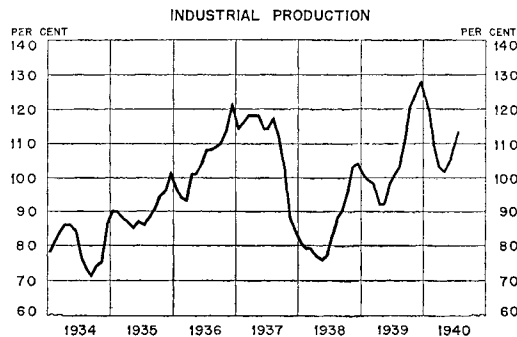
Since the last issue of this Review the following banks have become members of the System: The Lake State Bank, Richland, Ind.; the Sandborn Banking Company, Sandborn, Ind., and the Bank of Orleans, Orleans, Ind.

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

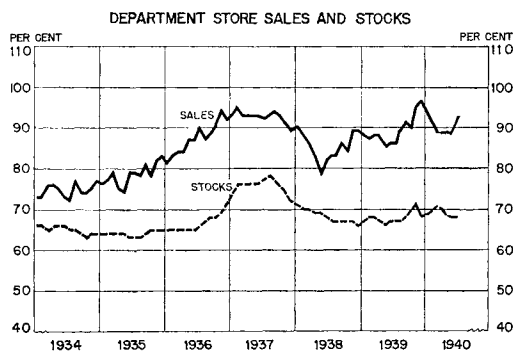
(In thousands of dollars)	June, 1940	May, 1940	June, 1939	June,'40 May,'40	comp. with June,'39
El Dorado, Ark.....	\$ 5,592	\$ 5,575	\$ 5,438	+ 0.3%	+ 2.8%
Fort Smith, Ark.....	10,684	11,506	10,060	+ 7.1	+ 6.2
Helena, Ark.....	1,332	1,412	1,486	+ 5.7	+ 10.4
Little Rock, Ark.....	37,351	41,083	41,291	+ 9.1	+ 9.5
Pine Bluff, Ark.....	6,944	6,547	6,801	+ 6.1	+ 2.1
Texarkana, Ark.-Tex.	6,982	7,164	6,340	+ 2.5	+ 10.1
E. St. L.-Nat. S. Y., Ill.	41,801	39,569	38,274	+ 5.6	+ 9.2
Quincy, Ill.....	9,749	9,353	8,261	+ 4.2	+ 18.0
Evansville, Ind.....	32,339	34,622	30,536	+ 6.6	+ 5.9
Louisville, Ky.....	170,715	163,959	158,624	+ 4.1	+ 7.6
Owensboro, Ky.....	5,983	5,874	7,065	+ 1.9	+ 15.3
Greenville, Miss.....	4,272	4,829	4,044	+ 11.5	+ 5.6
St. Louis, Mo.....	632,912	722,603	586,740	+ 12.4	+ 7.9
Sedalia, Mo.....	2,151	2,249	2,035	+ 4.4	+ 5.7
Springfield, Mo.....	16,357	17,338	14,576	+ 5.7	+ 12.2
Memphis, Tenn.....	126,888	128,509	166,281	+ 1.3	+ 23.7
Totals.....	1,112,052	1,202,192	1,087,852	+ 7.5	+ 2.2

NATIONAL SUMMARY OF BUSINESS CONDITIONS

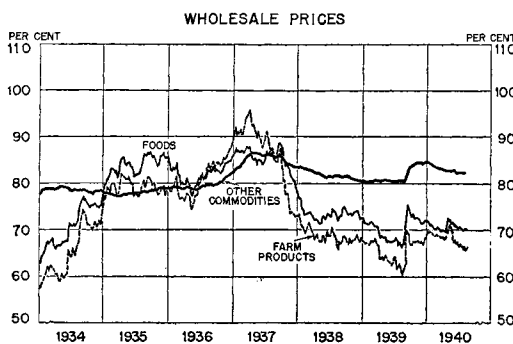
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



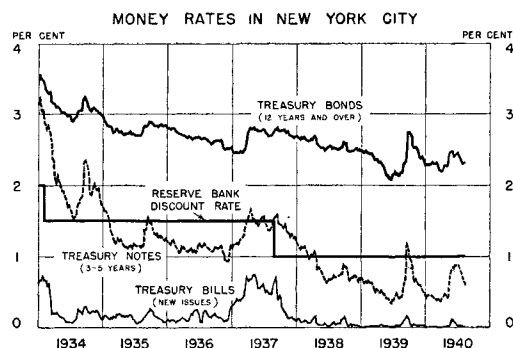
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to June, 1940. Latest figure 114.



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



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934, to July 11, 1940.



For weeks ending January 6, 1934, to July 13, 1940.

Volume of industrial production increased rapidly during June and rose somewhat further in the first half of July. Distribution of commodities through retail and wholesale markets and by rail continued active.

Production—The Board's seasonally adjusted index of industrial production advanced from 106 in May to 114 in June. In that month, as in May, increases in activity were most marked in the iron and steel and textile industries where declines earlier in the year had been greatest. Steel ingot production rose from 60 per cent of capacity at the beginning of May to 87 per cent in the latter part of June and was maintained at about that level in the first three weeks of July. Production of coke and pig iron showed similar sharp increases and iron ore shipments down the Lakes were at near-capacity levels. Demand for steel was general as most domestic steel-consuming industries were operating at high rates. Exports of steel, which had declined in April, rose to earlier high levels in May and June, amounting to about 10 per cent of steel-producing capacity. Automobile production, which had begun to decline in May, continued to decrease in June and the first half of July reflecting in large part seasonal influences. Retail sales of automobiles were in large volume and dealers' stocks of new and used cars declined from the high levels prevailing earlier.

In the textile industry there was a further sharp advance in activity at woolen mills, and at cotton mills output was reduced less than seasonally. Rayon production was maintained at earlier high levels while at silk mills activity remained near the unusually low rate reached in May. Coal production continued in large volume during June, but output of crude petroleum declined in the latter part of the month, owing to reduced production in Texas fields.

Value of construction contract awards showed little change from May to June, according to F. W. Dodge Corporation figures for 37 eastern States. Awards for private residential building decreased more than seasonally, following a sharp rise in May, and contracts for private non-residential building also declined. Contracts for public construction increased further in June, owing in part to expansion in the construction of Army and Navy air bases.

Distribution—Department store sales in June were maintained at the May level, although usually there is a considerable decline, and the Board's seasonally adjusted index advanced to 93 as compared with 87 in May and a level of about 89 earlier in the year. Sales at variety stores showed little change from May to June, continuing at the advanced level that has prevailed since the beginning of the year. In the early part of July department store sales declined seasonally from the June level. Freight-car loadings increased further in June. Shipments of coal and miscellaneous merchandise continued to expand and loadings of coke, which usually decline at this season, showed a substantial rise.

Commodity Prices—Prices of a number of industrial materials, particularly steel scrap, copper, rubber, and silk, declined from the middle of June to the middle of July. Wheat prices also showed decreases in this period, while prices of livestock and products advanced owing partly to seasonal influences.

Agriculture—Production of major crops this season, according to the July 1 report of the Department of Agriculture, may be slightly lower than last season. Tobacco production will be sharply reduced from last year, when the crop was unusually large. Domestic supplies of wheat and other field crops as well as of vegetables and fruit are expected to show little change from last season. Indicated hog production this year will be about 10 per cent smaller than last year.

Bank Credit—Total loans and investments at reporting member banks in 101 leading cities increased during the five weeks ending July 10, chiefly as a result of increases in holdings of short-term United States Government obligations and in commercial loans. Holdings of United States Government bonds and loans to security brokers and dealers declined.

The monetary gold stock increased by \$885,000,000 in this five-week period, the largest gold acquisition for any corresponding period on record. This inflow of gold was reflected in a growth of \$310,000,000 in foreign bank balances with the Federal Reserve Banks and in increased deposits and reserves of member banks. On July 10, excess reserves of member banks amounted to \$6,833,000,000.

Government Security Market—Prices of Government securities, which had advanced sharply in June, showed further increases after July 8 when the Treasury announced a new bond issue for cash subscription. Between June 10 and July 15 the price of the 1960-65 bonds rose about 3 points, and the yield on this issue declined from 2.52 per cent to 2.34 per cent as compared with 2.26 per cent at the year's peak in prices on April 2.