



BUSINESS CONDITIONS

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



View of Ohio River from Butler State Park, Kentucky.

SUMMARY OF EIGHTH DISTRICT

Agriculture:	Aug. 1, 1940	comp. with	
	1939	Av. 1923-39	
Estimated yield of 7 crops.....	—	9.0%—	7.9%
Livestock	July, 1940,	comp. with	
	June, 1940	July, 1939	
Receipts at National Stock Yards.....	—	5.3%+	9.3%
Shipments from aforesaid Yards.....	+	5.6	+ 19.8
Production and Distribution:			
Sales by mfrs. and wholesalers.....	+	5.9	+ 2.0
Department store sales.....	—	16.9	+ 10.0
Car loadings	—	1.5	— 2.2
Building and Construction:			
Bldg. permits, incl. repairs {	Number... +	17.5	+ 29.6
Cost.....	+ 8.2	—	17.8
Value construction contracts awarded..	+ 15.2	—	9.4
Miscellaneous:			
Commercial failures {	Number.....—	8.3	— 15.4
Liabilities.....	+ 40.1	—	9.5
Consumption of electricity.....	+	5.6	+ 8.5
Debits to individual accounts.....	—	2.0	+ 7.3
Life Insurance Sales.....	+	3.8	+ 22.8
Member Banks (24):	Aug. 14,'40	comp. with	
	July 10,'40	Aug. 16,'39	
Gross deposits	+	0.1%+	8.3%
Loans.....	+	1.9	+ 6.1
Investmen's.....	+	7.1	+ 2.4

MAKING allowance for the usual seasonal factors, industry and trade in the Eighth District during July and the first half of August continued the upward trends which began last spring. While some unevenness was manifest in the several lines of manufacturing, production as a whole maintained the high levels attained during the preceding thirty days. Employment showed little change from June to July and was measurably above a year ago. A somewhat greater than seasonal decline in the number of workers in agricultural pursuits was more than counterbalanced by heavier employment in other classifications, notably manufacturing, construction, mining and transportation. Reflecting largely expansion in private enterprise, construction contracts let in the district, according to figures compiled by the F. W. Dodge Corporation, rose to the highest point of the year.

Activities at iron and steel plants showed a contraseasonal gain from June to July. The betterment extended fairly well through all branches of the industry. As of mid-August output of ingots at mills in this area was at 77.5 per cent of capacity, the highest since last January and comparing with 65 per cent a month earlier and 57 per cent at the corresponding date a year ago.

Stimulated by bookings of orders for army shoes and a pickup in general demand, boot and shoe production in the district, which had been at relatively low levels during earlier months this year, increased approximately 25 per cent over June, and reports covering the first half of August indicate a contin-

uance of the upward trend. Demand for bituminous coal continued active, being bolstered by heavy industrial consumption and a disposition on the part of consumers generally to cover their future requirements. While purchasing of cotton goods was on a more conservative scale, operations at cotton mills in July were maintained at about the June level.

In states of this district production of petroleum continued the steady increases of recent months, due to augmented activities at the new Illinois fields. Lumber production, which receded somewhat during the first weeks of July, has picked up markedly since, and as has been the case since last spring, new orders and shipments were well ahead of current output.

While orders for the manufacture of defense equipment and supplies in this territory still are relatively light, inquiries for a broad variety of commodities have increased markedly during the past thirty days and these are expected to crystallize into actual business during the next few weeks.

Taken as a whole, distribution of commodities through retail and wholesale channels during July was maintained at about the average level obtaining during the second quarter this year. Sales of department stores in the principal cities decreased in somewhat more than the usual seasonal amount from June to July, but during the four weeks ending August 10, were 8.0 per cent greater than in the same period a year ago. Combined sales of wholesalers in July were 5.9 per cent more than in June and 2.0 per cent greater than in July last year. Inventories as of August 1 showed an increase of 7.6 per cent compared with the corresponding date in 1939. Sales of new passenger automobiles continued satisfactory in July and the first half of August and dealer stocks are reported considerably reduced.

While Eighth District crop prospects as a whole declined slightly during July, owing to drought and extremely high temperatures, general rains over broad areas late in the month and early August served to check deterioration and in many instances offset earlier heat and drought damage. Ideal weather conditions prevailed for harvesting winter wheat, and prospects for that crop improved markedly from June to July.

Commercial failures in the Eighth Federal Reserve District in July, according to Dun and Bradstreet, numbered 33 with liabilities of \$419,000, as against 36 defaults in June involving liabilities of \$299,000 and 39 insolvencies for a total of \$463,000 in July, 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
	July, 1940 compared with June, '40	July, '39	July 31, 1940 comp. with July 31, 1939
Automotive Supplies.....	- 4.2%	+ 1.5%	+ 30.5%
Boots and Shoes.....	+ 80.8	- 11.6
Drugs and Chemicals.....	- 0.7	- 4.1
Dry Goods.....	+ 25.5	+ 5.7	+ 4.2
Electrical Supplies.....	+ 6.0	+ 23.8	+ 20.1
Furniture.....	- 22.5	+ 3.8	+ 12.6
Groceries.....	- 5.8	+ 1.1	+ 9.6
Hardware.....	- 10.5	+ 4.2	+ 12.2
Tobacco and its Products.....	- 1.4	+ 18.7	+ 3.4
Miscellaneous.....	+ 0.4	+ 13.2	+ 4.9

Automobiles—Combined passenger car, truck and taxicab production in the United States in July totaled 218,746 as against 344,636 in June and 186,265 in July, 1939.

Iron and Steel Products—General demand for steel continues well diversified, with requirements of miscellaneous users still accounting for the bulk of current business. Backlogs as of mid-August were for the most part slightly lower than a month earlier, but in many instances still of sufficient size to maintain operations at, or about the high rate prevailing in late May and through June. The usual closing for inventorying, repairs, vacations, etc., at stove, farm implement and other specialty plants was of shorter duration than is ordinarily the case.

Orders for defense materials and equipment in this territory are still relatively light as compared with other districts, and are confined chiefly to sheets, plates and other rolled steel. July sales of warehouse and jobbing interests showed little change from a month earlier, but were measurably greater than in July, 1939.

Iron foundry operations declined somewhat in July, but merchant pig iron shipments for the month were slightly above the high rate in June. The movement of galvanized sheets, wire fencing, and other materials to rural areas was below expectations, owing mainly to lateness of crops. Aside from a further decline in scrap iron and steel, there was little change worthy of note in prices of raw or finished materials. As of mid-August, steel ingot production at mills in this area was 77.5 per cent of capacity, highest since last January, and comparing with 65 per cent a month earlier and 57 per cent a year ago.

July production of pig iron in the United States, according to the magazine "Steel," was 4,058,488 tons, the highest monthly total since December, 1939, and comparing with 3,813,092 tons in June and 2,638,760 tons in July, 1939. Steel ingot output in July amounted to 5,595,070 tons, against 5,532,910 tons in June and 3,564,827 tons in July, 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
	July, 1940 compared with June, '40	July, '39	7 mos. '40 to same period '39	July 31, '40 comp. with July 31, '39	Jan. 1, to July 31, 1940 1939
Ft. Smith, Ark....	-15.2%	+ 8.4%	+ 9.0%	+ 5.9%	1.57 1.53
Little Rock, Ark....	-16.2	+ 0.8	+ 7.9	- 5.8	1.91 1.80
Louisville, Ky. ..	-21.6	+ 10.2	+ 7.1	+ 0.9	2.43 2.34
Memphis, Tenn. .	-10.9	+ 8.6	+ 5.8	+ 3.8	1.90 1.97
Pine Bluff, Ark....	-12.9	- 8.9	+ 1.2	+ 10.3	1.43 1.65
Quincy, Ill.	-32.5	- 0 -	+ 0.1	+ 2.5	2.23 2.21
St. Louis, Mo....	-16.9	+ 11.5	+ 5.8	+ 5.8	2.48 2.54
Springfield, Mo. .	-21.4	+ 19.0	+ 13.8	- 5.3	2.09 1.78
All Other Cities....	-22.5	+ 15.3	+ 12.5	+ 17.7	1.90 1.89
8th F. R. District	-16.9	+ 10.0	+ 6.2	+ 3.9	2.30 2.32

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

	<u>Installment Accounts</u>	<u>Excl. Instal. Accounts</u>		<u>Installment Accounts</u>	<u>Excl. Instal. Accounts</u>		
Fort Smith...	...	%	37.6%	Quincy	%	46.1%
Little Rock...	13.0		35.4	St. Louis.....	19.8		55.9
Louisville....	15.8		49.8	Other Cities....	17.5		44.4
Memphis	18.3		41.3	8th F. R. District	18.0		49.7

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

	Net Sales			Stocks on Hand	Stock Turnover
	July, 1940 compared with June, '40	July, '39	7 mos. '40 to same period '39	July 31, '40 comp. with July 31, '39	Jan. 1, to July 31, 1940 1939
Men's Furnishings	-44.5%	+ 4.9%	+ 5.1%	+ 6.6%	1.44 1.53
Boots and Shoes.	-37.9	+ 3.2	+ 2.3	- 5.2	4.27 4.26

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

Men's Furnishings.....	36.9%	Boots and Shoes.....	37.8%
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MINING AND OIL

Coal—As has been the case in recent months, production of bituminous coal during July and early August was at a high rate, being bolstered by heavy industrial demands and a disposition on the part of consumers generally to provide against future requirements. Purchasing has been further stimulated by the fact that minimum prices under the Guffey Act were scheduled to become effective September 3, and the campaign of the Consumers' Council of the Department of the Interior to induce consumers to expedite commitments in order to avoid congestion in deliveries later on.

July production of bituminous coal in the United States rose sharply over the preceding month and a year ago. According to preliminary estimates of the Bituminous Coal Division of the Department of the Interior, production in the United States in July totaled 36,080,000 tons, comparing with 32,340,000 tons in June and 29,391,000 tons in July, 1939. Cumulative tonnage for the first seven months was 256,105,000 tons, against 196,226,000 tons for the

same time a year earlier. At mines in this general area output during July was greater by 7.8 per cent and 19.9 per cent, respectively, than a month and year earlier. For the first seven months this year cumulative total was 23.4 per cent larger than during the like period in 1939.

At Illinois mines 2,797,266 tons were lifted in July, as against 2,583,448 tons in June and 2,167,579 tons in July 1939. There were 81 mines in operation in July with 22,295 men on payrolls, which compares with 84 active mines and 22,331 operatives in June.

Petroleum—June output of crude oil in states of the Eighth District was 7.6 per cent more than in May and 91.5 per cent greater than in June, 1939. Cumulative total for the first six months this year was 105.2 per cent in excess of the corresponding period in 1939. Stocks on June 30 were 4.9 per cent less and 4.2 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	
	June, 1940	May, 1940	June, 1939	1940	1939	June 30, 1940	June 30, 1939
Arkansas.....	2,119	2,198	1,764	12,664	9,764	1,907	2,099
Illinois.....	15,194	13,833	7,083	78,745	33,715	13,568	13,303
Indiana.....	347	325	90	1,732	402	3,678	3,156
Kentucky.....	419	445	503	2,550	2,752	1,506	1,270
Totals.....	18,079	16,801	9,440	95,691	46,633	20,659	19,828

TRANSPORTATION

According to officials of railroads operating in this district, volume of freight traffic handled during July and early August was measurably greater than during the similar period a year and two years earlier. As during preceding months this year, especially heavy increases were noted in the movement of coal and coke and miscellaneous freight. Gains were recorded in all classifications other than grain and grain products and livestock.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 79,920 loads in July, as against 81,103 loads in June and 81,694 loads in July, 1939. During the first nine days of August the interchange amounted to 22,114 loads, which compares with 20,957 loads during the same interval in July and 21,995 loads in the first nine days of August, 1939. For the first seven months this year a total of 564,538 loads was interchanged, an increase of 2.1 per cent over the similar period a year ago.

For the entire country loadings of revenue freight for the first 31 weeks this year, or to August 3, totaled 20,450,577 cars, as against 18,452,589 cars in the corresponding period a year ago and 17,087,635 cars in 1938. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in

July was 199,900 tons, comparing with 203,518 tons in June and 190,787 tons in July last year. Cumulative tonnage for the first seven months this year was 1,133,274 tons, against 1,015,573 tons during the first seven months of 1939.

WHISKEY

Of the 60 distilleries in Kentucky, only 11 were in operation as of mid-August, a decrease of one from the preceding month. Curtailment in the manufacture of whiskey is usual at this season. Of the 8,187,406 gallons of Bourbon whiskey produced in July, 2,754,334 gallons were distilled in Kentucky. Illinois and Indiana followed Kentucky in volume of production, with 2,058,317 and 1,772,255 gallons, respectively.

According to trade sources, prices continue firm with recent high sales levels being maintained. Thus far there has been apparently no seasonal recession in demand. Latest available reports indicate that a majority of the larger whiskey interests are making satisfactory profits. This is true also of a number of the well managed smaller distilleries. The trend for absorption of smaller Kentucky distilleries by outside corporations, or by larger and stronger Kentucky firms, continues. Plans for several additional changes in ownership are reported as being on the verge of completion.

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-June, 1938, 1939 and 1940, and during June, 1939 and 1940, are given in the following table:

(In thousands of dollars)	June		Cumulative for 6 months		
	1940	1939	1940	1939	1938
Indiana.....	\$20,263	\$18,802	\$136,033	\$120,647	\$122,865
Illinois.....	35,853	35,966	268,279	244,101	241,366
Missouri.....	20,970	18,766	121,684	110,098	103,653
Kentucky.....	8,806	9,400	76,998	72,099	88,702
Tennessee.....	7,517	9,200	58,646	58,951	63,061
Mississippi.....	4,434	4,797	50,296	52,990	55,337
Arkansas.....	5,121	8,152	46,777	43,416	44,805
Totals.....	102,964	105,083	758,713	702,302	719,789

Farming Conditions—Eighth District crop prospects as a whole declined slightly during July, but have held steady or improved during the first half of August, according to the reports of the U. S. Department of Agriculture, agricultural departments of the several states and other informed sources. Hot, dry weather which prevailed generally through the area during most of July had the effect of considerably reducing prospects for corn, tobacco, certain fruit and truck crops and pastures. Since the first week of August, temperatures have moderated and rather general rains, ranging from soaking in

some sections to light to moderate elsewhere, checked deterioration of late crops and largely offset earlier heat and drought damage.

The brightest spot in the situation is the status of small grains. Ideal conditions prevailed for harvesting and threshing winter wheat and oats, and prospects for these productions improved markedly from June to July. Threshing of wheat has been completed and the crop was secured with a minimum of loss in quantity and quality. The condition of livestock generally through the district maintained the high levels which have marked recent months. Reflecting mainly uncertainties incident to the war, wheat prices declined to the lowest point of the season at mid-August. As of August 3, the farm products group of the U. S. Bureau of Labor price index stood at 65.2 per cent of the 1926 average, which compares with 66.7 per cent on July 6, and 62.5 per cent on August 5, 1939. Farm employment declined in somewhat greater than the usual amount from June to July.

Corn—Considerable deterioration in corn prospects during July was reflected in the U. S. Department of Agriculture's report based on conditions as of August 1. In the Eighth District a crop of 297,352,000 bushels is indicated, a decrease of 23,213,000 bushels from the July 1 forecast, and comparing with 342,860,000 bushels harvested in 1939 and the 17-year (1923-1939) average of 331,104,000 bushels. The decline in prospects was attributable to withering heat and drought over important growing sections of Illinois, Missouri and Indiana.

Cotton—In its initial forecast for the season, based on conditions as of August 1, the U. S. Department of Agriculture estimates the Eighth District cotton crop at 3,000,000 bales, which compares with 3,429,000 bales produced in 1939, and 2,954,000 bales, the average during the preceding 17 years. In all states of the district, condition on August 1 was below that on the same date a year ago and generally the crop is from one to two weeks late.

As indicating lateness of the crop, receipts at Arkansas compresses from August 1 to August 9 were only 1,368 bales, as against 6,702 bales during the corresponding period a year earlier. At midsouth markets trading in spot cotton continued quiet, with price changes narrow. At the St. Louis market the middling grade ranged from 10.35c to 10.56c per pound between July 15 and August 15, closing at 10.35c on the latter date, which compares with 10.50c on July 15 and 8.55c on August 15, 1939.

Combined receipts at Arkansas and Missouri compresses from August 1, 1939, to July 26, 1940, totaled

1,833,932 bales, as against 1,593,939 bales during the same period a year earlier. Shipments in the same period were 2,213,872 bales, against 1,018,633 bales a year ago. Stocks on hand as of July 26 amounted to 923,599 bales, as against 1,403,222 bales on the corresponding date in 1939.

Fruits and Vegetables—Plentiful supplies of truck crops for marketing and processing are in prospect for the 1940 season, according to the U. S. Bureau of Horticultural Economics. The acreage of truck crops for harvesting during the remainder of the year is indicated to be 2 to 3 per cent larger than that of 1939. The summer supply of truck crops for fresh market shipments is indicated to be 13 per cent larger than a year ago. With complete reports available on plantings of all important truck crops, it is indicated that the acreage is 16 per cent above that of the preceding year.

Except for white potatoes, prospects for which were reduced by high temperatures in early July, there was little change in the status of Eighth District fruit and vegetable crops during the past thirty days. Yield of white potatoes is estimated by the U. S. Department of Agriculture in its August 1 report at 13,058,000 bushels, 787,000 bushels under the July 1 forecast, and comparing with 12,048,000 bushels harvested in 1939 and the 17-year (1923-1939) average of 13,446,000 bushels.

In states including the Eighth District the U. S. Department of Agriculture estimates the apple crop at 5,678,000 bushels, against 9,588,000 bushels harvested in 1939 and the 5-year (1934-1938) average of 6,967,000 bushels; peaches, 3,687,000 bushels, against 8,999,000 bushels a year ago and 10-year (1929-1938) average of 6,985,000 bushels; pears, 2,430,000 bushels, against 2,630,000 bushels in 1939 and 10-year average of 2,093,000 bushels; grapes, 36,570 tons, against 39,580 tons a year ago and 10-year average of 33,816 tons.

Livestock—According to the July survey of the U. S. Department of Agriculture, Agricultural Marketing Service, the 1940 lamb crop in states including the Eighth District was the largest of record. The combined crop in these states, estimated at 3,633,000 head, was 2 per cent larger than that of 1939 and 8.5 per cent above the 10-year (1929-1938) average. Wool production in the same states in 1940 is estimated at 28,532,000 pounds, as against 28,051,000 pounds in 1939 and 10-year average of 24,906,000 pounds.

Egg production in June and July was the largest for the two month period in more than a decade. Prices, however, were the lowest since the depres-

sion years of 1931-1934. Compared with the 10-year (1929-1938) average, prices were lower by 14 per cent for eggs and chickens and by 4 per cent for feed. Milk production per cow on August 1 averaged 12.3 pounds per cow, 4.7 per cent below a year ago, but 3.4 per cent above the 10-year average.

Three per cent less cattle for market was on feed in Corn Belt states on August 1 than a year earlier. During the first seven months this year, more cattle moved out of these states than during the same interval in 1939, as indicated by records of marketing and slaughtering.

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

	Receipts			Shipments*		
	July, 1940	June, 1940	July, 1939	July, 1940	June, 1940	July, 1939
Cattle and Calves.....	131,325	105,047	120,726	62,683	47,352	58,207
Hogs	219,256	265,043	195,554	100,280	87,504	74,350
Horses and Mules.....	733	1,679	1,087	1,207	1,196	958
Sheep	116,350	122,160	110,568	36,280	53,812	33,823

Totals.....467,664 493,929 427,935 200,450 189,864 167,338

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

Tobacco—Prospects for the tobacco crop declined slightly during July. The U. S. Department of Agriculture in its report based on August 1 conditions, estimates the yield of all types in the Eighth District at 244,057,000 pounds, a decrease of 789,000 pounds from the July 1 forecast, and comparing with 282,074,000 pounds produced in 1939 and the 17-year (1923-1939) average of 285,401,000 pounds.

Reports from virtually all the principal growing areas indicate that considerable retrogression in condition of the crop during the first three weeks of July was occasioned by extremely hot weather and lack of moisture. Precipitation in the final week of July and the first half of August, however, was of great benefit to the crop, particularly in the burley sections, and outlook as of mid-August was more favorable than a month earlier.

Georgia markets for flue cured tobacco opened August 8. Average price in twelve of the seventeen markets on August 10 was \$18.36 per cwt. In these sales prices ranged from \$1.50 to \$6.00 per cwt. higher than a year ago. These results were very encouraging to tobacco growers generally, and tended to lessen apprehension of much reduced prices on the 1940 crop because of adverse export outlook incident to the war.

Winter Wheat—The present season has been one of the most favorable ever experienced for harvesting and threshing small grains in this general area. As a result the winter wheat was secured with a minimum of loss to quantity and quality. Early threshing returns indicate the highest quality crop of winter wheat since 1937. During July prospects

for total yield in the Eighth District improved markedly. In its August 1 report the U. S. Department of Agriculture estimates the crop at 62,392,000 bushels, which is 7,012,000 bushels more than the July 1 forecast and compares with 57,927,000 bushels harvested in 1939 and the 17-year (1923-1939) average of 53,968,000 bushels.

COMMODITY PRICES

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

	High	Low	Close	
			Aug. 15, 1940	Aug. 15, 1939
Wheat				
*Sept.....per bu.	\$.73	\$.68 3/4	\$.68 3/4	\$.61 3/4
*Dec....."	.73 3/4	.70 1/2	.70 1/2	.61 1/2
*May....."	.74 1/2	.71	.71	.61 3/4
No. 2 red winter "	.80	.75 1/2	.77	.68
No. 2 hard "	.76 1/2	.72 1/2	.74	.67
Corn				
*Sept....."	.59 3/4	.56 1/4	.57 3/4	.40
*Dec....."	.56 3/4	.51 3/4	.52 1/2	.39
*May....."	.58 3/4	.53 3/4	.53 3/4	.42 1/2
No. 2 white....	.76 1/2	.72 3/4	.72 3/4	.55
Oats				
*Sept....."	.29 1/4	.26	.26	.27 3/4
*Dec....."	.29 3/4	.26 3/4	.26 3/4	.27 3/4
*May....."	.30 3/4	.27 3/4	.27 3/4	.27 3/4
No. 2 white....	.33 1/2	.31 1/2	.31 1/2	.31 1/2
Flour				
Soft patent....per bbl.	5.40	4.60	4.70 @ 5.40	4.50 @ 5.00
Spring "....."	4.80	4.50	4.60 @ 4.80	5.25 @ 5.55
Middling Cotton per lb.	.1056	.1035	.1035	.0855
Hogs on Hoof...per cwt.	6.71	5.91	6.66	5.64

*Nominal quotations.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in July was 5.9 per cent greater than in June and 28.8 per cent less than in July, 1939. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in July amounted to \$21,016,000, which compares with revised figures of \$18,245,000 in June and \$18,509,000 in July, 1939. Building figures for July 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.....	37	26	\$ 151	\$ 185	140	120	\$ 84	\$ 64
Little Rock.....	49	35	139	95	75	112	31	33
Louisville.....	165	83	266	309	61	41	42	33
Memphis.....	427	265	510	1,530	215	180	207	101
St. Louis.....	286	259	911	658	232	181	283	186
July Totals....	964	668	1,977	2,777	723	634	647	417
June ".....	808	758	1,866	1,610	628	748	560	428
May ".....	1,020	784	2,307	1,454	734	816	403	503

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electrical current by selected industrial customers in July as being 5.6 per cent more than in June and 8.5 per cent greater than in July, 1939. Detailed figures follow:

(K.W.H. in thous.)	No. of Custom-ers	July, 1940	June, 1940	July, 1939	July, 1940 compared with	
		K.W.H.	K.W.H.	K.W.H.	June, 1940	July, 1939
Evansville.....	40	4,353	4,817	4,423	— 9.6%	— 1.6%
Little Rock....	34	2,210	2,182	2,319	+ 1.3	+ 4.7
Louisville.....	82	11,284	10,259	9,324	+10.0	+21.0
Memphis.....	31	2,625	2,905	2,249	— 9.6	+16.7
Pine Bluff.....	20	611	577	519	+ 5.9	+17.7
St. Louis.....	230	31,480	29,038	29,607	+ 8.4	+ 6.3
Totals.....	437	52,563	49,778	48,441	+ 5.6	+ 8.5

BANKING AND FINANCE

The past thirty days were marked by a moderate expansion in demand for credit generally through the Eighth District, with improvement most noticeable in the principal industrial centers. With completion of the wheat harvest and movement of grain from farms, commitments of grain handlers and flour milling interests have increased. The expansion, however, is below seasonal expectations, owing to a disposition on the part of farmers to hold for higher prices and because of the large amount of wheat going into the Government loan. In the typical wheat growing areas, liquidation both with country banks and merchants has been in considerable volume. The same is true also in sections where early fruits and vegetables are important cash crops. Heavy demands for currency in the country for harvesting purposes and in the large cities for vacation spending were reflected in a further sharp increase in Federal Reserve notes and other kinds of money issued by this bank. Country banks report a noticeable recession in demand for funds to condition livestock for market as contrasted with earlier in the season.

Member Banks—Reflecting chiefly more active borrowing by industrial and commercial interests, total loans of the reporting member banks in the principal cities increased 1.9 per cent between July 10 and August 14, and at the end of the period were 6.1 per cent above a year ago. Total investments rose 7.1 per cent, due mainly to expansion in holdings of Government securities. Gross deposits showed virtually no change during the four-week period. Total reserve balances declined 8.6 per cent, but on August 14 were 20.9 per cent higher than on the corresponding report date in 1939.

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

(In thousands of dollars)	Aug. 14, 1940	Change from July 17, 1940	Aug. 16, 1939
Commercial, industrial, agricultural loans.	\$182,080	+ 171	+ 3,962
Open market paper.	9,442	+ 1,035	+ 4,692
Loans to brokers and dealers.	3,369	— 573	— 2,071
Other loans to purchase and carry securities.	12,567	— 42	— 1,181
Real Estate loans.	55,126	+ 699	+ 4,284
Loans to banks.	1,448	+ 238	— 915
Other loans.	62,275	+ 1,081	+ 10,124
Treasury bills.	16,789	+ 5,890	+ 14,327
Treasury notes.	39,564	+ 1,252	— 9,781
U. S. bonds.	147,391	+ 11,388	— 7,635
Obligations guaranteed by U. S. Government.	72,315	+ 3,953	+ 5,007
Other securities.	108,217	+ 656	+ 7,029
Balances with domestic banks.	177,076	+ 7,067	+ 11,161
Demand deposits—adjusted*.	496,296	+ 11,492	+ 36,356
Time deposits.	190,929	+ 1,112	+ 1,009
U. S. Government deposits.	15,179	+ 1,085	— 6,660
Inter-bank deposits.	346,989	— 12,848	+ 47,873
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.

The aggregate amount of savings deposits held by selected member banks on August 7 was 1.4 per

cent smaller than on July 3 and 0.2 per cent less than on August 2, 1939.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.	5,442,100	\$1,233,311,262
Collections (non-cash items) handled.	101,056	28,862,205
Transfers of funds.	3,941	313,611,393
Currency received and counted.	8,796,904	27,918,955
Coin received and counted.	8,620,489	864,646
Rediscunts, advances and commitments.	19	948,184
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	23,215	47,085,740
Bills and securities in custody—coupons clipped.	10,242	

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

(In thousands of dollars)	Aug. 19, 1940	Change from July 19, 1940	Aug. 19, 1939
Industrial advances under Sec. 13b.	\$ 20	- 0 -	+ 2
Other advances and rediscunts.	110	— 90	— 9
Bills bought (including participations).			— 2
U. S. securities.	113,242	+ 121	+ 800
Total earning assets.	113,372	+ 211	+ 791
Total reserves.	477,088	+ 20,409	+ 81,206
Total deposits.	387,477	+ 18,063	+ 63,752
F. R. Notes in circulation.	199,078	+ 1,480	+ 18,567
Industrial commitments under Sec. 13b.	374	+ 24	— 56
Ratio of reserve to deposit and F. R. Note liabilities.	81.3%	+ 0.8%	+ 2.8%

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.	% 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.	% per annum
Rediscunts 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
Rediscunts, 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 rediscunt, purchase, or make advances, under Section 13b.	½% flat
Advances to established industrial or commercial businesses under Section 13b.	{ 4% to 5½% per annum

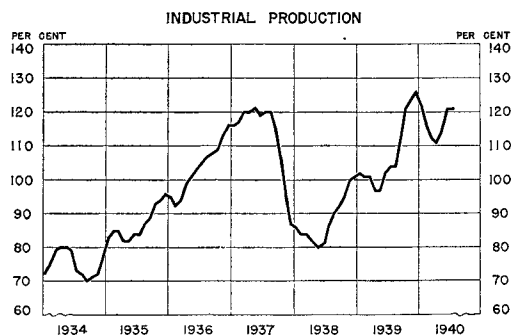
Since the last issue of this Review, the following banks have become members of the Federal Reserve System: The Peoples Bank, Cuba, Mo., the Citizens National Bank of Albion, Albion, Ill., and the First National Bank of Nokomis, Nokomis, Ill.

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

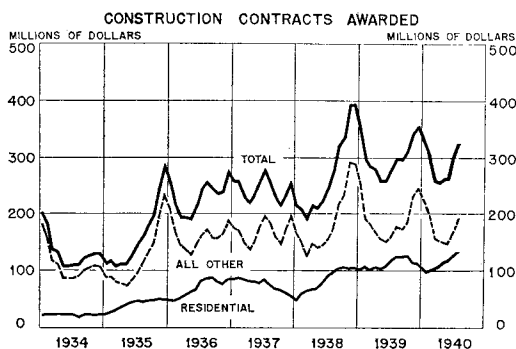
(In thousands of dollars)	July, 1940	June, 1940	July, 1939	July, '40 comp. with June, '40	July, '39
El Dorado, Ark.	\$ 5,295	\$ 5,592	\$ 5,025	— 5.3%	+ 5.4%
Fort Smith, "	11,343	10,684	10,658	+ 6.2	+ 6.4
Helena, "	1,369	1,332	1,401	+ 2.8	— 2.2
Little Rock, "	37,357	37,351	42,641	- 0 -	— 12.4
Pine Bluff, "	7,197	6,944	7,302	+ 3.6	— 1.4
Texarkana, Ark.-Tex.	6,617	6,982	6,624	— 5.2	— 0.1
E. St. L.-Nat. S. Y., Ill.	41,193	41,801	35,301	— 1.5	+ 16.7
Quincy, "	8,572	9,749	7,884	— 12.1	+ 8.7
Evansville, Ind.	35,751	32,339	32,004	+ 10.6	+ 11.7
Louisville, Ky.	169,795	170,715	156,947	— 0.5	+ 8.2
Owensboro, "	6,026	5,983	7,900	+ 0.7	— 23.7
Greenville, Miss.	4,081	4,272	4,054	— 4.5	+ 0.7
St. Louis, Mo.	612,450	632,912	558,027	— 3.2	+ 9.8
Sedalia, "	2,062	2,151	1,916	— 4.1	+ 7.6
Springfield, "	16,484	16,357	14,545	+ 0.8	+ 13.3
Memphis, Tenn.	123,769	126,888	123,379	— 2.5	+ 0.3
Totals.	1,089,361	1,112,052	1,015,608	— 2.0	+ 7.3

NATIONAL SUMMARY OF BUSINESS CONDITIONS

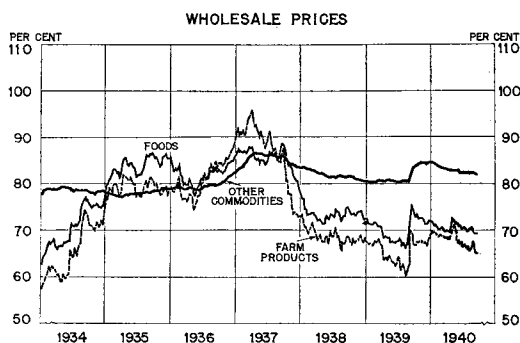
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



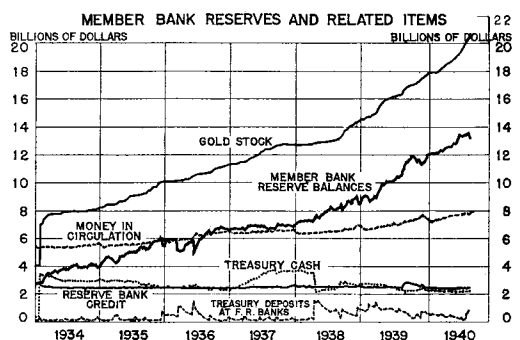
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January, 1934, to July, 1940. Latest figure 121.



Three month moving averages of F. W. Dodge Corporation data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figure based on data for June and July and estimate for August.



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending August 10, 1940.



Wednesday figures, January 3, 1934, to August 7, 1940.

Production—In July the Board's revised index of industrial production stood at 121 per cent of the 1935-39 average, according to preliminary data. This is the same as in June and 17 points above the level prevailing a year ago before the outbreak of war. In most lines activity was maintained at the levels reached in June or increased further.

Steel production in July was at about 85 per cent of capacity and in the first half of August there was an increase to about 90 per cent. Production of pig iron and coke and output of nonferrous metals were also in large volume. In the machinery, shipbuilding, and aircraft industries, where new orders had been large during the first half of the year and a considerable backlog of unfilled orders had accumulated, activity was maintained at high levels in July, although ordinarily there are declines at this season. Lumber production declined sharply early in July but has subsequently increased accompanying a considerable rise in new orders.

In the automobile industry output declined sharply in July and the first half of August as plants were closed to prepare for the shift to new model production. The decline was greater than at this season in other recent years, reflecting the fact that production had been at high levels during the first half of 1940 and large stocks had accumulated. These stocks were reduced considerably in July as production was curtailed and retail sales continued large.

Textile production increased considerably further in July, reflecting chiefly a marked rise in activity at woolen mills where output is still below the levels of a year ago. Production of cotton and rayon textiles was maintained in July and was in larger volume than last summer, while activity at silk mills increased somewhat from the exceptionally low level reached in June. Shoe production increased seasonally, while output of manufactured foods, which in June had been unusually large for that time of year, showed less than the customary increase in July.

Value of new construction work undertaken increased sharply in July, owing mainly to a further rise in public construction, and was at the highest level in the past decade, according to reports of the F. W. Dodge Corporation and the Federal Reserve Bank of San Francisco. Awards for both residential and nonresidential private building increased somewhat, although some decline is usual at this season. Increases were most pronounced in the Atlantic, Gulf, and Pacific Coast States, reflecting awards of additional contracts for naval air station and shipyard construction. In the central portions of the country there were generally small increases, although in some areas awards were lower.

Distribution—Distribution of commodities to consumers was sustained in July at about the levels prevailing in the first half of the year. Sales at department stores declined more than seasonally, while sales at variety stores showed little change, although a decline is usual in July. Total freight-car loadings increased seasonally in July. Shipments of grain showed a considerable rise and loadings of coal and coke continued to advance, while shipments of miscellaneous freight, which include most manufactured products, declined by somewhat more than the usual seasonal amount.

Commodity Prices—Prices of basic commodities declined somewhat further from the middle of July to the middle of August, with decreases chiefly in prices of commodities influenced by foreign supplies, such as lead, rubber, cocoa, and coffee. Prices of steel scrap and zinc, on the other hand, advanced somewhat in this period.

Agriculture—Prospects for most crops showed little change in July, according to the Department of Agriculture. Production this year is expected to approximate the 1929-38 average and, considering carryovers, supplies of most crops will be large. Conditions for wheat and oats improved during July, while the corn crop showed some deterioration. A cotton crop of 11,429,000 bales was indicated for this season as compared with 11,817,000 bales last season.

Bank Credit—Total loans and investments at reporting member banks in 101 leading cities increased substantially during the five weeks ending August 14, owing mainly to purchases of direct and guaranteed securities newly issued by the United States Government. Sale of these securities caused a large increase in Treasury balances with the Federal Reserve Banks. As a result of this temporary development, excess reserves declined by \$450,000,000 in this period despite an increase of over \$500,000,000 in monetary gold stock.

Government Security Market—Prices of United States Government securities were relatively steady during July and the early part of August but declined slightly around the middle of August accompanying news of intensification of European warfare. The yield on the 1960-65 bonds increased to 2.39 per cent on August 14 compared with 2.34 per cent on July 1 and 2.26 per cent on April 2 at the year's peak in prices.