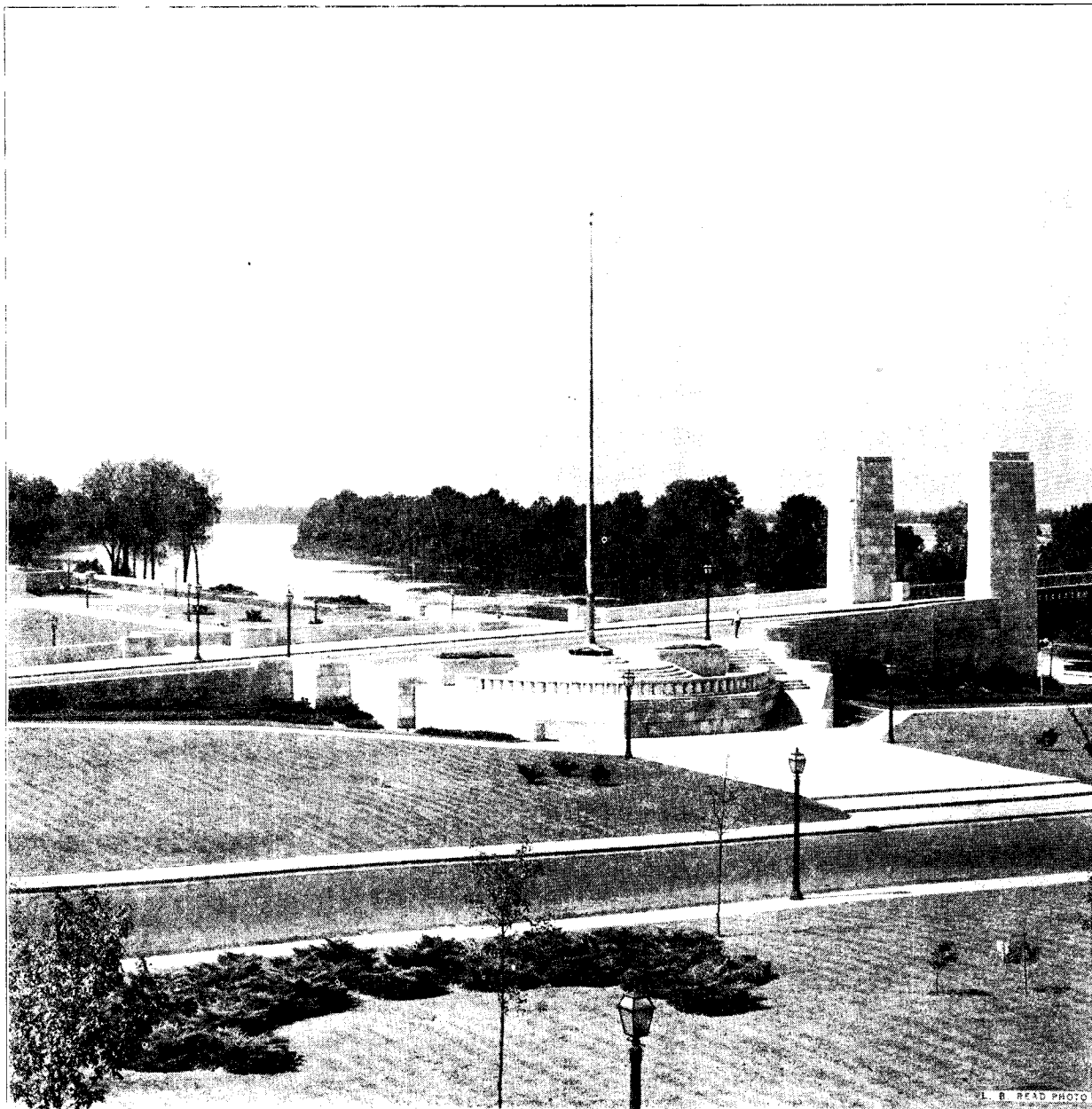




BUSINESS CONDITIONS

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

FEDERAL RESERVE BANK OF ST. LOUIS



View of Wabash River and Lincoln Memorial Bridge at Vincennes, Indiana.

SUMMARY OF EIGHTH DISTRICT

Agriculture:	Oct. 1, 1940 comp. with 1939	Av. 1923-39
Estimated yield of 7 crops.....	+ 1.6%	— 7.2%
Livestock	Sept., 1940, comp. with Aug., 1940	Sept., 1939
Receipts at National Stock Yards.....	+ 11.3%	+ 1.4%
Shipments from aforesaid Yards.....	— 5.4	— 14.3
Production and Distribution:		
Sales by mfrs. and wholesalers.....	— 3.4	— 6.0
Department store sales.....	+ 20.3	+ 4.0
Car loadings	+ 6.7	— 4.9
Building and Construction:		
Bldg. permits, incl. repairs {	Number... — 9.8	+ 21.2
Cost.....	— 27.4	+ 28.6
Value construction contracts awarded..	+ 1.7	+ 28.0
Miscellaneous:		
Commercial failures {	Number..... — 14.3	+ 38.5
Liabilities.....	+ 4.2	+ 120.9
Consumption of electricity.....	— 4.5	+ 9.5
Debits to individual accounts.....	+ 0.5	— 7.3
Life Insurance Sales.....	— 4.9	+ 16.8
Member Banks (24):	Oct. 16, '40 comp. with Sept. 18, '40	Oct. 18, '39
Gross deposits	+ 5.6%	+ 7.5%
Loans.....	+ 4.3	+ 3.5
Investments.....	+ 1.0	+ 4.8

GENERAL business in the Eighth District during September and the first half of October continued the upward trends which have been in effect since last spring. Betterment extended to both manufacture and distribution of commodities, but was most marked in industrial lines, and more specifically those producing durable goods. As contrasted with earlier in the year there has been a marked broadening in demand for manufactured goods, both with reference to purchasers and the various classifications of merchandise. Augmented purchasing power, incident to increased activities in most lines of business and the usual seasonal influences, is reflected in heavier sales volume of retail and wholesale interests, while mounting ordering by the Government has greatly stimulated production of all descriptions of materials for the national defense program. An additional stimulus to trade is the generally favorable outlook for crops.

New orders booked during September in a number of important lines were the largest for any month this year, and in the case of certain firms, the heaviest since the fall of 1937. Activities in the iron and steel industry increased measurably during September, with the betterment extending to practically all sections of the industry. Outstanding gains were reported by plants producing machine tools, railroad equipment, stoves and heating apparatus, engines and machinery. Steel ingot production at mid-October rose to 82.5 per cent of capacity, the best rate since last January and 5.5 per cent above a year ago. As indicating heavy current consump-

tion, and in some instances inventory accumulation, September shipments of pig iron to district melters were 20 per cent greater than the relatively high total of September, 1939.

Production of lumber moved further upward during September and early October, and as has been the case during the past several months, both new orders and shipments continued well above current output. While requirements of the defense program are accountable for a considerable part of the activity in lumber, routine civilian requirements are still in substantial volume. Output of bituminous coal at mines in this area during September declined somewhat as compared with a month and a year earlier, reflecting chiefly reduced orders by industrialists, who had purchased heavily earlier in the year. Crude oil production, after receding during the summer, increased in September, and output for the first three quarters this year was measurably above that of the like period a year ago. Activities at lead and zinc mines were maintained at, or about the high levels which have marked earlier months this year. Increases from August to September, also over a year ago, were reported in the quarrying, fire clay and glass industries.

Taken as a whole, employment conditions in the Eighth District underwent further betterment during September and the first half of October. In the building trades numerous idle workers, both skilled and unskilled, were absorbed in the extensive Government projects undertaken in connection with the defense program. Lateness of the cotton crop and backward harvests of certain other crops were responsible for maintaining farm employment at higher levels than usual at this time of year. Factory employment recorded definite improvement.

Despite the unusually mild weather prevailing generally throughout the district during the month, September retail trade in both the country and large urban centers showed about the expected seasonal improvement. Department store sales in the principal cities in September were 20.3 per cent more than in August and 4.0 per cent greater than in September, 1939. Cumulative total for the first nine months this year was larger by 6.5 per cent than for the first three quarters of 1939.

Commercial failures in the Eighth District during September, according to Dun and Bradstreet, numbered 36, with liabilities of \$665,000, as against 42 failures in August involving liabilities of \$638,000 and 26 defaults for a total of \$301,000 in September, 1939.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	September, 1940 compared with Aug., '40 Sep., '39		Sept. 30, 1940 comp. with Sept. 30, 1939
Automotive Supplies.....	+ 9.0%	- 4.1%	+ 4.5%
Boots and Shoes.....	-20.1	+ 5.0	+20.9
Dry Goods.....	- 4.4	- 8.9	+ 7.4
Electrical Supplies.....	-10.7	- 0 -	+21.1
Furniture.....	+26.6	-14.8	- 7.9
Groceries.....	+ 3.7	-21.3	+ 3.9
Hardware.....	+ 7.2	- 3.5	+13.8
Tobacco and its Products.....	+ 3.7	- 3.8	+ 2.6
Miscellaneous.....	+11.2	+ 4.5	+10.6

Automobiles—Combined passenger car, truck and taxicab production in the United States in September totaled 269,108, as against 75,873 in August and 188,751 in September, 1939.

Iron and Steel Products—Further marked gains in activities in the iron and steel industry in this area were recorded during September and the first half of October. Seasonal influences, plus an increasing volume of orders directly or indirectly arising from the national defense program, were the principal factors in the betterment. Demands are more diversified than has been the case heretofore, and producers report greater urgency on the part of customers for delivery of commodities under order. Anxiety to insure secure delivery when materials are needed has resulted in ordering of certain steel products for first quarter of 1941 at prices prevailing at the time of delivery.

Despite recent heavy shipments of sheet, strip and other rolled steel items, producers' backlogs continued to expand and deliveries are further extended. Plates and the heavier gauges of sheets are moving in larger volume, being stimulated by heavier demands of manufacturers of boilers, stoves, tanks and railroad equipment. Some improvement in demand for structural shapes was noted, though individual lettings are still small. Machine tool, engine, machinery and electrical supply manufacturing plants are operating at, or near capacity.

Shipments of pig iron to melters in the district during September reached the highest total for any month this year, and were 20 per cent higher than in September a year ago. Quite generally there is a disposition to build up pig iron inventories where possible, owing mainly to possibility of increased prices and scarcity next year. Scrap iron and steel prices continued the sharp rise of recent months, and metallurgical coke was also higher. Otherwise there was no change worthy of note in prices of either raw or finished materials. Steel ingot production at mills in this general area rose to 82.5 per

cent of capacity at mid-October, the highest since last January, and comparing with 80 per cent a month earlier and 77 per cent in the week of October 17, 1939.

For the entire country production of pig iron in September, according to the magazine "Steel", totaled 4,172,551 tons, against 4,234,576 tons in August and 3,218,940 tons in September, 1939. Steel ingot production in the United States in September amounted to 5,895,232 tons, against 6,033,037 tons in August and 4,769,468 tons in September, 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
	September, 1940 compared with Aug., '40	9 mos. '40 to same period '39	Sept. 30, '40 comp. with Sept. 30, '39	Sept. 30, '40 comp. with Sept. 30, '39	Jan. 1, to Sept. 30, 1940 1939
Ft. Smith, Ark.	+25.8%	+10.6%	+11.3%	- 0.2%	2.09 1.97
Little Rock, Ark.	+31.8	+12.3	+ 9.0	-11.7	2.55 2.31
Louisville, Ky.	+15.6	+11.6	+ 8.2	- 3.5	3.20 3.03
Memphis, Tenn.	+14.8	+ 3.8	+ 5.9	+ 5.7	2.47 2.52
Pine Bluff, Ark.	+13.7	+ 6.9	+ 1.5	+17.9	1.85 2.12
Quincy, Ill.	- 8.6	- 5.2	+ 0.6	- 4.9	2.89 2.83
St. Louis, Mo.	+22.6	+ 1.9	+ 5.8	+ 6.6	3.26 3.34
Springfield, Mo.	- 3.7	+ 5.4	+14.8	- 3.4	2.69 2.26
All Other Cities.	+ 5.2	+11.5	+13.9	+14.2	2.40 2.36
8th F. R. District	+20.3	+ 4.0	+ 6.5	+ 3.3	3.02 3.02

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

Installment Accounts	Excl. Instal. Accounts	Installment Accounts	Excl. Instal. Accounts
Fort Smith. %	38.5%	Quincy %	51.8%
Little Rock. 11.5	33.3	St. Louis. 17.8	51.9
Louisville 15.1	47.3	Other Cities. 12.0	37.4
Memphis 22.2	41.8	8th F. R. District 17.1	46.7

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

	Net Sales		Stocks on Hand	Stock Turnover	
	September, 1940 compared with Aug., '40	9 mos. '40 to same period '39	Sept. 30, '40 comp. with Sept. 30, '39	Jan. 1, to Sept. 30, 1940 1939	
Men's Furnishings	+53.8%	+ 6.4%	+ 6.3%	+ 0.2%	1.81 1.86
Boots and Shoes.	+31.7	+ 0.01	+ 2.8	- 6.1	5.56 5.40

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

Men's Furnishings.	34.1%	Boots and Shoes.	34.6%
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MINING AND OIL

September output of soft coal in the United States totaled 38,413,000 tons, as against 39,240,000 tons in August and 38,465,000 tons in September, 1939. Cumulative tonnage for the first nine months this year was 333,758,000 tons, comparing with 263,707,000 tons for the same period in 1939. At mines in this general area production during September was

4.2 per cent less than in August and 2.7 per cent less than in September last year. During the first nine months this year output was 6.2 per cent greater than in the like period in 1939.

At Illinois mines 3,658,826 tons were lifted in September, against 3,496,144 tons in August and 3,476,518 tons in September, 1939. There were 97 mines in operation in September, with 25,290 men on payrolls, as against 87 active mines and 23,776 operatives in August.

Petroleum—August output of crude oil in states of the Eighth District was 10.0 per cent less than in July and 27.2 per cent greater than in August, 1939. Cumulative total for the first eight months this year was 83.0 per cent in excess of the corresponding period in 1939. Stocks on August 31 were 1.8 per cent and 4.3 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			Stocks	
	Aug., 1940	July, 1940	Aug., 1939	Cumulative 1940	Cumulative 1939
Arkansas	2,222	2,242	1,419	17,128	13,064
Illinois	12,075	13,805	9,852	104,625	52,304
Indiana	450	379	136	2,561	653
Kentucky	445	454	539	3,449	3,794
Totals	15,192	16,880	11,946	127,763	69,815

TRANSPORTATION

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 82,482 loads in September, as against 77,298 loads in August and 86,729 loads in September, 1939. During the first nine days of October the interchange amounted to 26,265 loads, comparing with 21,358 loads during the corresponding interval in September and 27,102 loads during the first nine days of October, 1939. During the first three quarters of 1940 a total of 724,318 loads was interchanged, an increase of 1.1 per cent over the first nine months last year. For the entire country loadings of revenue freight for the first 40 weeks this year, or to October 5, totaled 27,391,813 cars, which compares with 25,116,046 cars during the corresponding period in 1939 and 22,841,771 cars in 1938.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in September was 192,400 tons, as against 212,204 tons in August and 150,087 tons in September, 1939. Cumulative tonnage for the first nine months this year was 1,536,442 tons, compared with 1,393,547 tons in the first three quarters of 1939.

AGRICULTURE

Combined receipts from the sale of principal farm products and Government benefit payments to farmers in states including the Eighth District dur-

ing the period January-August, 1938, 1939 and 1940, and during August, 1939 and 1940, are given in the following table:

(In thousands of dollars)	August		Cumulative for 8 months		
	1940	1939	1940	1939	1938
Indiana	\$28,725	\$23,821	\$192,648	\$169,588	\$174,721
Illinois	51,649	40,863	366,404	329,305	337,095
Missouri	25,943	24,555	177,011	159,500	153,711
Kentucky	10,692	10,247	99,581	92,701	110,260
Tennessee	7,176	7,653	75,059	74,566	79,112
Mississippi	5,788	5,834	59,689	61,503	64,078
Arkansas	5,539	5,908	58,764	56,305	56,399
Totals	135,512	118,881	1,029,156	943,468	975,376

Farming Conditions—Taken as a whole Eighth District crop prospects improved during September and early October, and indications now point to large yields of all the principal productions. Estimates of the U. S. Department of Agriculture, agricultural departments of the several states and other informed sources, based on conditions as of October 1, show numerous small increases over a month earlier. These include gains over the September 1 forecast for corn, peanuts, potatoes, tobacco, oats, tame hay, barley, total fruits and some vegetables. Declines in prospects for soy beans, rice, sweet-potatoes and some lesser crops were indicated. Dry weather in September over certain areas damaged some late crops and checked growth of pastures, but favored maturing corn and was ideal for harvesting. It appears that feed grain crops, fodder, etc., will be large enough this season to carry livestock on hand at a normal rate per head without drawing on reserves. Cotton is from two to four weeks late, but good progress has been made in harvesting that crop since the last week in September.

Quite generally fall farm routine is up to the seasonal schedule. Planting of winter wheat and other fall sown grains has progressed rapidly, and except in the areas affected by lack of rainfall they are up to good stands. Except in portions of the south, where a scarcity of cotton pickers was reported, farm labor supplies were reported adequate for all purposes. Wage rates paid by farmers on October 1 averaged about the same as on July 1, but were approximately 3 per cent higher than on October 1, 1939. Prices of farm products as a whole receded slightly during September and early October and throughout the period were below a year ago. As of October 12 the farm products group of the U. S. Bureau of Labor Statistics index stood at 66.1 per cent of the 1926 average, as compared with 66.8 per cent on September 14, and 66.7 per cent on October 14, 1939. Reflecting mainly the large quantities going into Government loans, wheat and corn prices were higher. There were rather sharp declines in prices of hogs, poultry, oats, rye and potatoes.

Corn—Under generally favorable weather conditions Eighth District corn prospects improved further during September. In its October 1 report the U. S. Department of Agriculture estimates the district yield at 309,337,000 bushels, an increase of 6,959,000 bushels over the September 1 forecast, and comparing with 342,860,000 bushels harvested in 1939 and the 17-year (1923-1939) average of 331,104,000 bushels. In many important growing sections quality and yield per acre are unusually high. As of mid-October a high percentage of the crop was free from frost danger and considerable shucking had been accomplished. Stocks of corn held on farms in states of this district on October 1 totaled 142,009,000 bushels, as against 181,615,000 bushels a year earlier and the 10-year October 1 average of 67,512,000 bushels.

Cotton—Eighth District cotton prospects underwent little change during September, moderate betterment in Arkansas, Tennessee and Missouri being offset by deterioration in Mississippi. In its October 1 report the U. S. Department of Agriculture estimates the district yield at 3,345,000 bales, an increase of 19,000 bales from the September 1 forecast, and comparing with 3,429,000 bales produced in 1939 and the 17-year (1923-1939) average of 2,954,000 bales. Generally the per-acre production is indicated as very high, and in Arkansas will probably set a new high record for the state.

Scattered reports as of mid-October indicate that the season is from two to four weeks late. September and early October weather was ideal for picking and ginning the crop, withal progress made with these operations is much in arrears of average, and movement to market is unusually slow. One reason for this is that current quotations are so close to the Government loan figure that farmers are hesitating between selling or putting their cotton in the loan. Owing to the lateness and recent rapid maturity of the crop, a scarcity of pickers is reported in some sections. Through October 12 loans made on the 1940 cotton crop produced in Eighth District states totaled only 15,595 bales, valued at \$747,554, according to the Commodity Credit Corporation.

Activity in spot cotton at markets in this area developed considerable improvement during early October. There was a brisk demand for all grades, and inquiries from domestic mills continued numerous for both prompt and deferred deliveries. After declining during early September, prices steadied later in the month and in early October. At the St. Louis market the middling grade ranged from 9.15c to 9.55c per pound, between September 16 and

October 15, closing at 9.15c on the latter date, which compares with 9.40c on September 15 and 8.70c on October 16, 1939.

Indicating lateness of the crop, combined receipts at Arkansas and Missouri compresses from August 1 to October 11 totaled only 523,516 bales, against 1,004,497 bales during the same period a year earlier. Shipments in the same interval totaled 195,882 bales compared with 391,921 bales a year ago. Stocks on hand as of October 11 totaled 1,240,920 bales, against 1,976,572 bales on the corresponding date in 1939.

Fruits and Vegetables—With the exception of sweetpotatoes, which deteriorated slightly, prospects for fruit and vegetable crops improved moderately during September. Owing to smaller yields per acre than a year earlier, production of truck crops for processing is not much larger than in 1939, despite an increase in planted acreage. A slight increase in total pack is in prospect, but this gain will be more than offset by a smaller carryover. In states of the Eighth District the apple crop is estimated at 5,946,000 bushels, against 9,588,000 bushels in 1939 and the 5-year (1934-1938) average of 6,967,000 bushels; peaches, 3,823,000 bushels, against 8,999,000 bushels in 1939 and 10-year (1929-1938) average of 6,985,000 bushels; grapes, 36,850 tons, against 39,580 tons in 1939 and average of 33,816 tons; pears, 2,637,000 bushels, against 2,630,000 bushels in 1939 and average of 2,093,000 bushels; sweetpotatoes, 17,401,000 bushels, against 16,451,000 bushels in 1939 and average of 19,050,000 bushels. In the district proper the white potato crop is estimated at 13,471,000 bushels, as against 12,048,000 bushels in 1939 and 17-year (1923-1939) average of 13,446,000 bushels.

Livestock—Generally through the district the condition of livestock maintained the high average which has marked earlier months this year. Open weather and abundant feed made conditions favorable for the production of milk and eggs. On October 1 milk production at 11.4 pounds per cow was 7.5 per cent higher than a year ago and the 10-year (1929-1938) average.

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

	Receipts			Shipments*		
	Sept., 1940	Aug., 1940	Sept., 1939	Sept., 1940	Aug., 1940	Sept., 1939
Cattle and Calves.....	148,874	122,761	160,437	70,617	56,195	87,255
Hogs.....	225,048	215,704	194,583	62,853	96,799	64,484
Horses and Mules....	1,063	1,116	1,479	978	1,186	1,520
Sheep.....	88,620	77,099	100,550	34,092	24,052	43,455
Totals.....	463,605	416,680	457,049	168,540	178,232	196,714

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

Tobacco—Under more favorable weather conditions, prospects for Eighth District tobacco of all types underwent moderate improvement. In its report based on conditions as of October 1, the U. S. Department of Agriculture estimates the district yield at 232,727,000 pounds, an increase of 3,768,000 pounds over the September 1 forecast, and comparing with 282,074,000 pounds harvested in 1939 and the 17-year (1923-1939) average of 285,401,000 pounds.

At the end of the first week in October, the burley crop had been virtually all housed and indications point to a production about one-fourth less than in 1939. While weather conditions have not been ideal, the crop is reported curing fairly well. Latest reports indicate there will be more tobacco of heavier body than for several years, with corresponding decrease in good, thin, colory grades.

Housing of Green River and stemming district tobacco has been completed, but curing has not progressed far enough to indicate characteristics of the crop. Harvesting of the one sucker crop has also been completed, and with continued favorable weather for curing, a crop of good, useful quality is expected. Although harvesting of dark fired tobacco has been completed, it is reported that cool weather and lack of precipitation make it difficult to cure.

COMMODITY PRICES

Range of prices in the St. Louis market between September 16 and October 15, 1940, with closing quotations on the latter date and on October 16, 1939, follows:

	High	Low	Close	
			Oct. 15, 1940	Oct. 16, 1939
Wheat				
*Dec. per bu.	\$.81½	\$.74	\$.81½	\$.80½
*May .....	.80½	.74¾	.80½	.80
*July .....	.76½	.73¾	.76½	.78
No. 2 red winter ..	.91	.82	.91	.90
No. 2 hard ..	.87½	.80	.86	.86¾
Corn				
*Dec. ....	.57	.52¾	.56¾	.46¾
*May .....	.58½	.53¾	.57¾	.49¾
*July .....	.58¾	.56½	.58¾	.50¾
No. 2 mixed. . . .	.65	.63½	.65	.49½
Oats				
*Dec. ....	.31¾	.28¾	.31¾	.33¾
*May .....	.31¾	.29½	.31¾	.32¾
*July .....	.30	.29½	.29½	.30¾
Flour				
Soft patent. . . . per bbl.	5.90	4.90	5.20 @ 5.90	5.85 @ 6.15
Spring "	5.35	4.90	5.20 @ 5.35	6.15 @ 6.45
Middling Cotton per lb.	.0955	.0915	.0915	.0870
Hogs on Hoof . . . per cwt.	6.61	6.18	6.38	7.13

WHISKEY

Of the 61 distilleries in Kentucky, 28 were operating at the close of business September 30, compared with 15 a month earlier. While there has been no change worthy of note in the industry as a whole in recent weeks, distillers generally are optimistic as to business during the fall and winter. Their views are based on increased consumption of whis-

key and improved general business conditions. Accurate figures for September are not as yet available, but from trade sources it is learned that sales in that month were considerably above the preceding month and September a year ago. Consensus of opinion is that production of whiskey will be considerably increased this fall. Owing to absence of distress stocks, prices continue firm. No additional mergers or consolidations have been announced.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in September was 39.2 per cent less than in August and 23.0 per cent greater than in September, 1939. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in September amounted to \$25,586,000, which compares with \$25,170,000 in August and \$19,989,000 (revised figure) in September, 1939. Building figures for September 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.	24	37	\$ 74	\$ 118	103	115	\$ 32	\$ 62
Little Rock.	47	34	217	95	118	83	34	36
Louisville.	165	134	443	248	59	44	349	43
Memphis.	420	279	601	496	152	172	91	160
St. Louis.	308	235	688	688	191	176	256	220
Sept. Totals. . . .	964	719	2,023	1,645	623	590	762	521
Aug. "	1,129	757	3,327	3,451	631	709	507	886
July "	964	668	1,977	2,777	723	634	647	417

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in September as being 4.5 per cent less than in August and 9.5 per cent greater than in September, 1939. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Sept., 1940 K.W.H.	Aug., 1940 K.W.H.	Sept., 1939 K.W.H.	September, 1940 compared with	
					Aug., 1940	Sept., 1939
Evansville.	40	3,657	4,361	3,375	-16.1%	+ 8.4%
Little Rock.	35	2,488	2,467	2,443	+ 0.9	+ 1.8
Louisville.	82	11,106	11,963	10,279	+ 7.2	+ 8.0
Memphis.	31	2,679	2,758	2,470	+ 2.9	+ 8.5
Pine Bluff.	20	583	529	689	+10.2	-15.4
St. Louis.	125	46,167	47,766	41,657	+ 3.3	+10.8
Totals.	333	66,680	69,844	60,913	- 4.5	+ 9.5

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase of 2.0 per cent in combined postal receipts for the third quarter this year over the corresponding period in 1939 and a decrease of 5.2 per cent under the quarter ended June 30, 1940. Detailed figures follow:

Quarter ending:	Sept. 30, 1940	June 30, 1940	Sept. 30, 1939	Comp. 3rd Qtrs. 1940 and 1939
Evansville.	\$ 169,791	\$ 188,789	\$ 175,268	- 3.1%
Little Rock.	230,366	221,839	216,560	+ 6.4
Louisville.	697,475	739,890	687,714	+ 1.4
Memphis.	629,594	681,467	648,666	+ 2.9
St. Louis.	2,612,356	2,746,015	2,526,044	+ 3.4
Totals.	4,339,582	4,578,000	4,254,252	+ 2.0

BANKING AND FINANCE

Reflecting principally seasonal requirements of mercantile and manufacturing interests, demand for credit in the Eighth District during the past thirty days underwent further moderate improvement and volume was measurably ahead of that at the corresponding time a year ago. Routine liquidation of prior loans, however, was reported in considerable volume and with some city banks exceeded the aggregate of new loans and renewals. Owing to the unusual lateness of the crop, collections in certain typical cotton growing areas are reported backward and repayments of country bank loans to their city correspondents were below the seasonal average at mid-October. Quite generally through the district bankers report a continuance of the upward trend in personal loans. Some inquiry has appeared for funds from manufacturers anticipating procurement of national defense orders, but actual loans of that type thus far have been relatively light. Borrowing by grain handling and flour milling interests is reported below the volume during the past several years, owing chiefly to the large quantities of wheat going into the Government loan. In states including the Eighth District, wheat loans on the 1940 crop placed by the Commodity Credit Corporation totaled 23,786,630 bushels valued at \$18,523,800.

Member Banks—Between September 16 and October 18, total loans and investments of reporting member banks in the principal cities increased 2.6 per cent and on the latter date were 4.2 per cent higher than a year ago. The major part of the increase was in commercial and agricultural loans. Gross deposits rose 5.6 per cent in the four-week period and were 7.5 per cent higher on October 16 than on the same date in 1939. Total reserve balances moved upward to the highest point of the year, and were one-fifth higher than a year earlier.

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

(In thousands of dollars)	Change from		
	Oct. 16, 1940	Sept. 18, 1940	Oct. 18, 1939
Commercial, industrial, agricultural loans...	\$193,486	+11,643	— 6,016
Open market paper.....	9,561	— 192	+ 2,254
Loans to brokers and dealers.....	4,063	+ 304	— 336
Other loans to purchase and carry securities.....	12,340	— 195	+ 1,089
Real Estate loans.....	57,041	+ 1,359	+ 5,477
Loans to banks.....	1,819	— 264	— 916
Other loans.....	64,893	+ 1,529	+12,125
Treasury bills.....	10,109	— 491	+ 1,613
Treasury notes.....	32,439	— 5,767	—19,637
U. S. bonds.....	157,600	+ 8,651	+17,677
Obligations guaranteed by U.S. Government.....	71,769	+ 4	+ 7,038
Other securities.....	109,516	+ 1,243	+10,700
Balances with domestic banks.....	183,422	+ 6,609	— 2,265
Demand deposits—adjusted*.....	516,702	+17,545	+41,455
Time deposits.....	191,438	+ 1,039	+ 1,422
U. S. Government deposits.....	15,152	— 55	+ 4,635
Inter-bank deposits.....	372,362	+23,407	+32,868

*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 as of October 2 declined slightly as compared with a month earlier and was 0.4 per cent smaller than on October 4, 1939.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,230,903	\$1,157,417,198
Collections (non-cash items) handled.....	130,952	28,285,372
Transfers of funds.....	4,512	284,227,967
Currency received and counted.....	8,173,300	27,284,885
Coin received and counted.....	8,655,664	956,895
Rediscounts, advances and commitments.....	10	376,750
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	13,281	19,567,275
Bills and securities in custody—coupons clipped	16,693	.....

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

(In thousands of dollars)	Oct. 19, 1940	Change from	
		Sept. 19, 1940	Oct. 19, 1939
Industrial advances under Sec. 13b.....	\$ 20	— 0 -	— 2
Other advances and rediscounts.....	93	+ 3	— 113
Bills bought (including participations).....	.....	— 0 -	— 0 -
U. S. securities.....	99,973	—12,897	— 7,971
Total earning assets.....	100,086	—12,894	+ 7,856
Total reserves.....	490,170	+19,321	+ 63,251
Total deposits.....	381,597	+ 1,819	+ 53,157
F. R. Notes in circulation.....	206,738	+ 6,280	+ 19,528
Industrial commitments under Sec. 13b..	416	+ 48	+ 1
Ratio of reserve to deposit and F. R. Note liabilities.....	83.3%	+ 2.2%	+ 0.5%

Following are the rates of this bank for accommodations under the Federal Reserve Act:

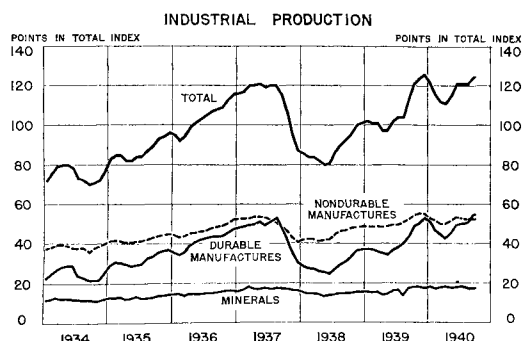
Advances to banks, secured by direct obligations of the United States, under paragraph 13 of Section 13..1	% per annum
Advances to member banks, under paragraph 8 of Section 13, secured by direct obligations of the United States or by such Government guaranteed obligations as are eligible for collateral thereunder.....1	% per annum
Rediscounts and other advances to member banks under Sections 13 and 13a.....1½	% per annum
Advances to member banks under Section 10b.....2	% per annum
Advances to individuals, firms, and corporations, other than banks, secured by direct obligations of the United States, under paragraph 13 of Section 13.....4	% per annum
Rediscounts, purchases, and advances to member banks, nonmember banks, and other financing institutions, under Section 13b:	
(a) On portion for which such institution is obligated	3¼ % 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

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

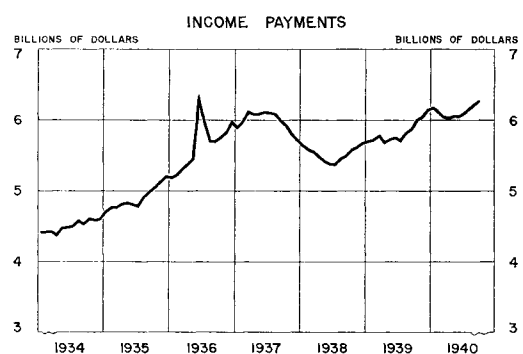
(In thousands of dollars)	Sept., 1940	Aug., 1940	Sept., 1939	Sept., '40 Aug., '40	comp. with Sept., '39
El Dorado, Ark.....	\$ 5,234	\$ 5,339	\$ 5,469	— 2.0%	— 4.3%
Fort Smith, ".....	14,020	11,672	12,575	+20.1	+11.5
Helena, ".....	1,247	1,170	2,412	+ 6.6	—48.3
Little Rock, ".....	38,450	33,997	40,396	+13.1	— 4.8
Pine Bluff, ".....	8,605	6,296	10,599	+36.7	—18.8
Texarkana, Ark.-Tex.....	7,603	6,916	8,393	+ 9.9	— 9.4
E. St. L.-Nat. S. Y., Ill.....	43,761	40,928	41,103	+ 6.9	+ 2.5
Quincy, ".....	8,459	8,733	8,218	— 3.1	+ 6.9
Evansville, Ind.....	31,261	31,993	30,907	— 2.3	+ 1.1
Louisville, Ky.....	157,184	155,143	154,517	+ 1.3	+ 1.7
Owensboro, ".....	6,047	6,072	8,943	— 0.4	—32.4
Greenville, Miss.....	4,518	4,285	6,173	+ 5.4	—26.8
St. Louis, Mo.....	532,254	548,980	569,110	— 4.0	— 6.5
Sedalia, ".....	2,090	2,155	2,167	— 3.0	— 3.6
Springfield, ".....	15,967	15,553	15,276	+ 2.7	+ 4.5
Memphis, Tenn.....	122,722	115,099	161,911	+ 6.6	—24.2
Totals.....	999,422	994,331	1,078,169	+ 0.5	— 7.3

NATIONAL SUMMARY OF BUSINESS CONDITIONS

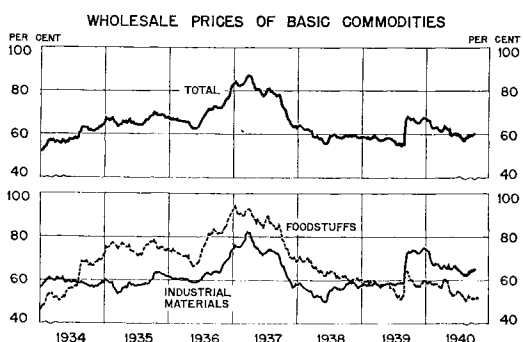
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



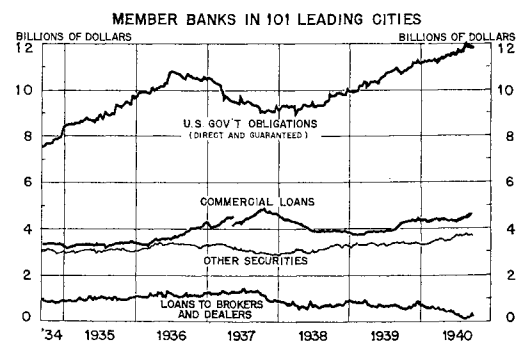
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. Durable manufactures, nondurable manufactures, and minerals expressed in terms of points in the total index. By months, January, 1934, to September, 1940.



U. S. Department of Commerce estimates of the amount of income payments to individuals, adjusted for seasonal variation. By months, January, 1934, to September, 1940.



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934, to October 10, 1940.



Wednesday figures, September 5, 1934, to October 9, 1940. Commercial loans based on new classification beginning May 19, 1937.

Volume of industrial production increased sharply in September, owing mainly to a continued rise in output of durable manufactured products, and this month a further increase is indicated. Prices of basic industrial materials advanced in September and the first half of October.

Production—The Board's seasonally adjusted index of industrial production, which for three months had been at a level of 121 per cent of the 1935-39 average, advanced to about 125 per cent in September. In the durable goods industries increases in output were general. Steel production rose to 93 per cent of capacity, and in the first half of October the rate was slightly higher as new orders continued in large volume both from domestic and foreign sources. Steel exports amounted to about 20 per cent of ingot-producing capacity in August, the latest month for which data are available, with nearly three quarters of these shipments going to the United Kingdom and Canada. Activity in the machinery, aircraft, and shipbuilding industries advanced further in September following considerable increases in August, and automobile output increased sharply as volume production of new model cars was rapidly attained. Plants producing railroad cars and locomotives also showed an expansion in activity. Lumber production continued to rise under impetus of a growing volume of demand for defense program purposes.

Changes in output of nondurable manufactured goods and minerals in September were mixed. At wool textile mills activity advanced sharply further to near the peak reached last autumn, reflecting in part expanding production on Government orders. At cotton mills, however, activity showed less than the usual seasonal rise, following a sharp increase in August, and rayon deliveries declined somewhat owing partly to a strike at plants of one large producer. Shoe production also declined in September. Paper production remained in reduced volume following a high rate of output during the early summer accompanying some inventory accumulation at that time. Output of most metals continued large during September. Crude petroleum production, which had been curtailed sharply during the summer, rose considerably, but coal production, which for several months had been maintained at high levels, showed a smaller increase than is usual at this season.

Value of new construction work started in September was lower than in July and August, according to reports of the F. W. Dodge Corporation and the San Francisco Federal Reserve Bank. The decline occurred chiefly in contracts for defense projects which had been large in the previous two months. Awards for private residential building showed little change from recent high levels. Awards for other private work declined somewhat but continued considerably above the level of a year ago.

Distribution—In September and the early part of October department store sales showed somewhat less than the usual seasonal increase from the exceptionally high level reached in August.

Freight-car loadings rose somewhat more than seasonally in September, reflecting to a large extent increased shipments of miscellaneous freight. Loadings of coal, which have been large in recent months, showed less than the usual seasonal rise.

Commodity Prices—Prices of most industrial materials, particularly lumber, steel scrap, nonferrous metals, hides, and wool, continued to advance from the middle of September to the middle of October, and there were also increases in some manufactured products, notably cotton and woolen goods. Wheat prices were higher while prices of most other foodstuffs showed little change.

Bank Credit—Commercial loans at reporting member banks in New York and 100 other leading cities continued to increase during the four weeks ending October 9, reflecting in part seasonal demands. Holdings of United States Government obligations decreased further with the result that total loans and investments of these banks showed little change.

United States Government Security Prices—Prices of United States Government securities advanced in the second half of September and the first week in October, rising close to the high level of the year reached early last April.