



BUSINESS CONDITIONS

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FEDERAL RESERVE BANK OF ST. LOUIS



HIGHWAY DEPT. PHOTO

Autumn Scene in a Missouri Corn Field.

SUMMARY OF EIGHTH DISTRICT

Agriculture:	Nov. 1, 1940 comp. with 1939	Av. 1923-39
Estimated yield of 7 crops.....	6.2%	5.1%
Livestock	Oct., 1940 comp. with Sept., 1940	Oct., 1939
Receipts at National Stock Yards.....	+ 19.6%	+ 20.1%
Shipments from aforesaid Yards.....	+ 6.9	+ 11.7
Production and Distribution:		
Sales by mfrs. and wholesalers.....	+ 2.6	+ 5.1
Department store sales.....	+ 7.1	+ 8.2
Car loadings	+ 11.3	— 2.8
Building and Construction:		
Bldg. permits, incl. repairs { Number... + 10.0	+ 22.9	
Cost..... — 5.4	— 41.2	
Value construction contracts awarded..	+ 6.5	+ 58.8
Miscellaneous:		
Commercial failures. { Number..... + 8.3	+ 2.6	
Liabilities..... — 27.7	+ 122.7	
Consumption of electricity.....	+ 8.8	+ 15.0
Debits to individual accounts.....	+ 27.9	+ 9.9
Life Insurance Sales.....	+ 8.7	+ 4.9
Member Banks (24):	Nov. 13, '40 comp. with Oct. 16, '40	Nov. 15, '39
Gross deposits.....	+ 2.1%	+ 6.4%
Loans.....	+ 3.3	+ 5.1
Investments.....	+ 2.8	+ 7.1

EIGHTH District industry and trade activity during October and the first half of November continued at an accelerated pace the expansion which marked the late spring and summer months. While a very considerable part of the general increase was attributed to production and sale of commodities directly or indirectly for defense requirements, the major portion was accounted for by greater than usual advance in seasonal requirements for regular civilian consumption. According to both retail and wholesale merchants, purchasing by the public is on a larger scale and includes a wider variety and higher grade of goods than has been the case at this season in a number of years. The principal reasons for this are notable improvement in the employment situation, generally good crop prospects, and increased incomes from other sources. In many lines there was increasing evidence of buying for distant requirements, particularly of commodities on which manufacturers' deliveries are delayed or expected to be lengthened as a result of Government purchasing.

Gains in October production and orders were most marked in industries manufacturing defense materials, notably iron and steel, textiles, chemicals, lumber, cement, glass and the general category of building materials. A number of establishments in these lines are operating at, or near capacity, and despite heavy current shipments, have backlogs of unfinished business sufficient to maintain the present rate well into next year. As of mid-November output of steel ingots in this area advanced to 87.5

per cent of capacity, the highest rate since July, 1937, and comparing with 82.5 per cent a month earlier and 81 per cent a year ago.

Stimulated by heavy demands and upward trend in prices, production of lead and zinc at district mines was maintained at the recent high levels. Owing partly to the unusually mild fall which held down domestic heating requirements and the disposition of industrial users to draw on reserves accumulated earlier in the year in anticipation of minimum prices effective October 1, production of bituminous coal receded sharply in October.

Utilities companies in the principal manufacturing centers report consumption of electricity by industrial users in October as being 8.8 per cent greater than in September and 15.0 per cent above that of October, 1939. Preliminary reports indicate an increase in shoe production in the district during October of approximately 12 per cent over the preceding month. The increase reflects in part heavy orders placed by the Government for service shoes.

Unseasonably mild weather during October militated against the movement of certain seasonable merchandise through both retail and wholesale channels. Withal, sales of department stores in the principal cities in October were 7.1 per cent and 8.2 per cent larger, respectively, than a month and a year earlier. Cumulative total for the first ten months exceeded that of the same interval in 1939 by 6.7 per cent. In the first week of November sales were 9.8 per cent in excess of those for the corresponding week last year. Combined sales of all wholesaling and jobbing lines in the district reporting to the Bureau of the Census were 2.6 per cent larger than in September and 5.1 per cent above the October, 1939, total. Retail sales of automobiles in the St. Louis area increased sharply in October.

According to the report of the U. S. Department of Agriculture, based on conditions as of November 1, Eighth District crop prospects improved further in October. Dry weather and mild temperatures were favorable for maturing and harvesting late crops. Production of most of the principal food crops appears ample, and abundant feed and forage crops are also in prospect.

Commercial failures in the Eighth District in October, according to Dun and Bradstreet, numbered 39, with liabilities of \$481,000, which compares with 36 defaults in September involving liabilities of \$665,000, and 38 insolvencies for a total of \$216,000 in October, 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
	October, 1940 compared with Sept., '40 Oct., '39		Oct. 31, 1940 comp. with Oct. 31, 1939
Automotive Supplies.....	+ 8.3%	-12.8%	+ 4.1%
Boots and Shoes.....	- 6.8	+ 6.9	+25.4
Drugs and Chemicals.....	+ 7.1	+ 6.4
Dry Goods.....	- 4.0	- 4.5	- 4.8
Electrical Supplies.....	+21.0	+17.0	+ 1.3
Furniture.....	- 3.6	- 7.8	- 2.0
Groceries.....	+15.1	+ 7.2	- 0.2
Hardware.....	+13.3	+28.3	+46.2
Plumbing Supplies.....	+15.7	+29.9
Tobacco and its Products.....	+ 6.9	+10.7	+25.9
Miscellaneous.....	- 0 -	- 3.8	+ 3.4

Automobiles—Combined passenger car, truck and taxicab production in the United States in October totaled 493,223, as against 269,108 in September and 313,377 in October, 1939.

Iron and Steel Products—Reflecting the usual seasonal demands of regular consumers of steel and the heavy impact of requirements for the national defense program, activities in the iron and steel industry in this area underwent further notable expansion during October and the first half of November. The improvement extended to virtually all branches of the industry, and both producers and distributors reported demands more diversified and extended than has been the case in a number of years. Steel mills and foundries report orders and inquiries from other sections of the country which rarely, if ever, have dealt in this market.

Steel producers report further additions to backlogs of unfilled orders, despite higher production schedules and extraordinary heavy shipments. Delivery dates on a number of steel items, notably shapes, plates, strip and certain descriptions of sheets, continue to lengthen, though at a moderate rate. Operations at structural steel fabricating plants, which in the past rarely exceeded 50 per cent of capacity, are now at from 70 to 75 per cent. The rise is due to a rush of orders for defense program plants and other construction work.

As of mid-November ingot production at steel mills in the area was at 87.5 per cent of capacity, the highest since July, 1937, and comparing with 82.5 per cent and 81 per cent a month and a year earlier, respectively. The melt and deliveries of pig iron in the district during October reached the highest totals for any month this year, and reports covering the first half of November indicate a daily average rate equal to or a shade better than in the preceding month. Shipments of iron and steel scrap also reached the highest point of the year. October sales of steel warehouse and jobbing interests were reported larger by 8 per cent and 12 per cent, respec-

tively, than a month and a year earlier. The increases were due in part to delayed mill deliveries to consumers in urgent need of certain steel commodities.

There is a general disposition on the part of the several steel consuming groups to maintain inventories on a basis of three to four months requirements, and a considerable part of current buying is for delivery in the first quarter of 1941 at prices then prevailing. So far as can be learned there has been practically no evidence of investment or speculative purchasing, and any such effort is being discouraged by producers. Taking into consideration the unusual conditions, business in the industry is proceeding in orderly fashion. While prime consideration is being given to defense requirements, regular customer trade is being adequately served.

October production of pig iron for the entire country, according to the magazine "Steel," totaled 4,384,194 tons, an all-time high record for the month, and comparing with 4,172,551 tons in September and 4,062,670 tons in October, 1939. Steel ingot output in the United States also achieved a new high monthly record in October, the total of 6,461,898 tons being nearly 10 per cent above September's 5,895,232 tons and more than 5 per cent over the prior record of 6,147,783 tons in November, 1939. Output in October, 1939, was 6,080,177 tons.

MINING AND OIL

Coal—Production of bituminous coal receded further during October, and generally throughout the district consumption for heating purposes was held to a minimum by the abnormally mild weather. While industrial consumption continued at high levels, much of the fuel burned was from inventories accumulated earlier in the year. October output of soft coal in the United States totaled 38,300,000 tons, against 38,650,000 tons in September and 46,394,000 tons in October, 1939. Cumulative tonnage for the first ten months was 372,295,000 tons, against 310,101,000 tons for the same time a year earlier. At mines in this general area output during October was 0.8 per cent less than in September and 15.5 per cent less than in October, 1939. During the first ten months this year output was 3.5 per cent greater than for the like period a year ago.

At Illinois mines 3,723,842 tons were lifted in October, against 3,658,826 tons in September and 4,568,586 tons in October, 1939. There were 102 mines in operation in October, with 26,619 men on payrolls, as against 97 active mines and 25,290 operatives in September.

Petroleum—September output of crude oil in states of the Eighth District was 7.4 per cent less than in August and 9.2 per cent greater than in September, 1939. Cumulative total for the first nine months this year was 71.5 per cent in excess of the corresponding period in 1939. Stocks on September 30 were 2.8 per cent less and 3.1 per cent greater, respectively, than a month and a year earlier. Detailed production and stocks by states are given in the following table:

(In thousands of barrels)	Production			Cumulative		Stocks	
	Sept., 1940.	Aug., 1940	Sept., 1939	1940	1939	Sept. 30, 1940	Sept. 30, 1939
Arkansas.....	2,178	2,222	1,874	19,306	14,938	2,048	1,884
Illinois.....	10,925	12,075	10,443	115,550	62,747	13,869	13,881
Indiana.....	516	450	141	3,077	794	3,453	3,312
Kentucky.....	444	445	423	3,893	4,217	1,596	1,257
Totals.....	14,063	15,192	12,881	141,826	82,696	20,966	20,334

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 Oct. 31, '40 comp. with Oct., 31, '39	Stock Turnover	
	October, 1940 compared with Sept., '40	Oct., '39	10 mos. '40 to same period '39		Jan. 1, to Oct. 31, 1940	1939
Ft. Smith, Ark...	+ 6.6%	+ 2.9%	+10.0%	— 4.6%	2.38	2.24
Little Rock, Ark.	+ 0.03	+ 7.0	+ 8.7	— 7.6	2.88	2.59
Louisville, Ky. . .	+12.0	+14.0	+ 8.9	— 6.4	3.60	3.35
Memphis, Tenn. . .	+17.7	+ 7.5	+ 6.1	+ 1.5	2.79	2.82
Pine Bluff, Ark..	+ 4.7	— 9.9	— 0.1	+10.0	2.08	2.42
Quincy, Ill.	+18.2	— 5.5	— 0.2	— 1.1	3.23	3.19
St. Louis, Mo. . .	+ 4.2	+ 8.1	+ 6.1	+ 5.7	3.67	3.74
Springfield, Mo. .	+31.1	+22.8	+15.8	+ 8.0	3.00	2.53
All Other Cities..	+13.8	+ 3.1	+12.5	+19.6	2.65	2.67
8th F. R. District	+ 7.1	+ 8.2	+ 6.7	+ 2.4	3.40	3.37

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

Installment Accounts		Excl. Instal. Accounts	Installment Accounts		Excl. Instal. Accounts
Fort Smith....	%	40.5%	Quincy.....	%	48.9%
Little Rock....	12.6	34.9	St. Louis.....	19.1	57.6
Louisville....	16.5	46.7	Other Cities....	12.3	41.2
Memphis.....	24.5	46.0	8th F. R. District	18.5	51.0

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

	Net Sales			Stocks on Hand Oct. 31, '40 comp. with Oct., 31, '39	Stock Turnover	
	October, 1940 compared with Sept., '40	Oct., '39	10 mos. '40 to same period '39		Jan. 1, to Oct. 31, 1940	1939
Men's Furnishings	+ 7.6%	— 6.4%	+ 4.5%	— 0.9%	2.04	2.11
Boots and Shoes.	— 4.5	+ 5.4	+ 3.1	— 7.9	6.24	5.99

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

Men's Furnishings.....	34.7%	Boots and Shoes.....	38.8%
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TRANSPORTATION

While traffic of railroads operating in this district continued at relatively high levels during October, volume was held down by the smaller movement of coal and cotton than a year ago, also by smaller loadings of grain and grain products, caused by the

large amounts of wheat and corn going into the Government loans.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 91,787 loads in October, as against 82,482 loads in September and 94,454 loads in October, 1939. During the first nine days of November the interchange amounted to 26,148 loads, compared with 25,265 loads during the corresponding period in October and 27,244 loads during the first nine days of November, 1939. In the first ten months this year a total of 816,105 loads was interchanged, against 810,951 loads during the corresponding period in 1939. For the entire country, loadings of revenue freight for the first 45 weeks this year, or to November 9, totaled 31,428,394 cars, against 29,224,341 cars during the same interval in 1939 and 26,291,200 cars in 1938.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in October was 182,600 tons, against 192,076 tons in September and 181,101 tons in October, 1939. Cumulative tonnage for the first ten months was 1,718,718 tons, which compares with 1,574,648 tons during the corresponding period a year ago.

WHISKEY

Of the 61 distilleries in Kentucky, 39 were in operation on October 31, an increase of eleven over the number active on September 30. According to trade reports there have been no notable changes in the whiskey industry during the past sixty days. These sources see no decline in sales this year under last. A factor to be considered in any comparison in sales is the abnormal purchase of whiskey in June by jobbers and retailers in anticipation of the additional State tax which became effective July 1.

According to the Kentucky State Revenue Department, consumption of legal whiskey is decreasing, owing to increased prices. Contributing to the advance in prices are higher Federal taxes, an increase in the State tax from \$1.04 to \$1.20 a gallon, and the Fair Trade State Law which advanced the retail price of legal whiskey from 15c to 20c per pint. A representative of the Department expresses the opinion that the production and consumption of moonshine whiskey is on the increase. He bases his opinion on the smaller revenues received from consumption taxes and the larger number of illicit stills uncovered in Kentucky in recent months.

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

(In thousands of dollars)	September		Cumulative for 9 months		
	1940	1939	1940	1939	1938
Indiana	\$27,878	\$28,047	\$220,526	\$197,635	\$201,813
Illinois	45,775	42,250	412,179	371,555	373,784
Missouri	27,911	30,875	204,922	190,375	178,733
Kentucky	9,517	10,767	109,098	103,468	120,186
Tennessee	9,693	12,451	84,752	87,017	89,315
Mississippi	15,679	26,866	75,368	88,369	88,090
Arkansas	16,836	27,710	75,600	84,015	79,822
Totals	153,289	178,966	1,182,445	1,122,434	1,131,743

Farming Conditions—Weather generally throughout the district during late September and October was extremely auspicious for agricultural activities. Good progress was made in the harvesting of corn, cotton, legumes, late vegetables and fruits and other fall crops. Much headway was also made in fall plowing and planting of winter wheat and other grain crops. Except where retarded by the autumn drouth fall sown grains have made good growth. The above-normal temperatures were especially favorable for maturing corn, and as of mid-November an appreciable amount of the crop had been husked and cribbed. Reports from the tobacco growing areas indicate that crop will be somewhat smaller than a year ago, but of good quality.

According to the report of the U. S. Department of Agriculture, based on conditions as of November 1, also reports of the agricultural departments of the several states, Eighth District crop prospects as a whole underwent no notable changes during October. Outlook for cotton, corn, tobacco, white potatoes and some lesser productions improved moderately during the month. Fruit prospects were virtually unchanged, and the same was true of late truck crops. Indications point to adequate yields of feed and forage crops, also of food products for human consumption. Price trend of a number of important farm products was upward, though showing no material changes from a year ago. As of November 9, the farm products group of the U. S. Bureau of Labor Statistics Index stood at 67.2 per cent of the 1926 average, which compares with 66.1 per cent a month earlier and 67.8 per cent a year ago. Employment on farms decreased less than usual during October, owing mainly to lateness of the cotton picking season, and the belated potato and fruit harvest.

Corn—The Eighth District corn crop this year will be somewhat below that of 1939, and the average during the preceding 17 years. The decrease under a year ago is attributed to smaller acreage, as per-acre yields are higher in most states. With the large carryover, this year's production will furnish ample supplies for all purposes, and leave a

good margin of reserves. The U. S. Department of Agriculture in its November 1 report estimates the district yield at 318,024,000 bushels, an increase of 8,687,000 bushels over the October 1 forecast, and comparing with 342,860,000 bushels harvested in 1939, and the 17-year average of 331,104,000 bushels.

Cotton—In its report based on conditions as of November 1, the U. S. Department of Agriculture estimates the Eighth District cotton yield at 3,379,000 bales, an increase of 34,000 bales over the October 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 indicated per-acre production is heavy, in some sections recording an all-time high.

While the fall season has been very favorable for picking and ginning, the crop is still much later than usual. Very little rainfall occurred during October prior to the last few days and the dry weather together with mild temperatures favored maturing of the crop and bolls opened rapidly. Withal, in Arkansas, Missouri and elsewhere, a considerable part of the crop still remained in the fields at mid-November, and owing to heavy rains and frosts much of this cotton will grade below low middling, hence not eligible for the Commodity Credit Corporation loan. Through November 12 only 98,359 bales of the 1940 crop in states of this district, valued at \$4,654,963, had been placed in the Government loan. A large part of the long staple cotton produced in the Mississippi Delta has been sold.

As indicating the general lateness of the crop, combined receipts at Arkansas and Missouri compresses from August 1 to November 15 totaled only 1,259,916 bales, as against 1,478,787 bales during the similar period a year earlier. Shipments during the period totaled 628,706 bales compared with 779,514 bales a year ago. Stocks on hand as of November 15 amounted to 1,539,006 bales, against 2,056,348 bales on the same date in 1939.

Reflecting heavy demand for finished fabrics, demand for raw cotton during October and early November continued active, and prices were well maintained. Purchasing in mid-South markets centered chiefly in grades strict low middling and middling with staples from 1 inch to 1½ inches. Export interest remained slack. In the St. Louis market the middling grade ranged from 9.05c to 9.30c per pound between October 15 and November 15, closing at 9.10c on the latter date, which compares with 9.15c on October 15 and 9.30c on November 15, 1939.

Livestock—The late summer and autumn drouth,

which extended over broad areas of the district, reduced serviceableness of pastures, necessitating supplementary feeding of hay and roughage on numerous farms. Farmers in many localities were obliged to haul water for livestock, and even for domestic use. Rains since the last week in October have largely corrected this condition. Withal, the general condition of farm animals continues high, owing chiefly to the mild, open season, abundant feed and forage and improved technique of raisers.

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

	Receipts			Shipments*		
	Oct., 1940	Sept., 1940	Oct., 1939	Oct., 1940	Sept., 1940	Oct., 1939
Cattle and Calves.....	162,285	148,874	151,946	74,021	70,617	71,489
Hogs	298,906	225,048	216,555	78,609	62,853	60,448
Horses and Mules	1,600	1,063	1,728	1,484	978	1,736
Sheep	91,672	88,620	91,608	25,989	34,092	27,636
Totals.....	554,463	463,605	461,837	180,103	168,540	161,309

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

Rice—Production in Arkansas is indicated at 10,047,000 bushels, compared with 8,721,000 bushels last year and 8,320,000 bushels, the 1929-1938 average. Harvesting made excellent progress during October under near ideal weather conditions. Cutting and threshing had been completed at mid-November, with yields for the most part satisfactory. Late varieties—blue rose and nira—are showing disappointing yields because of injury from fungus diseases.

Tobacco—Eighth District tobacco prospects improved further in October, the U. S. Department of Agriculture in its November 1 report estimating the yield of all types at 239,623,000 pounds, an increase of 6,896,000 pounds over the October 1 forecast, and comparing with 282,074,000 pounds produced a year earlier and the 17-year (1923-1939) average of 285,401,000 pounds.

Weather during the early fall favored curing of the burley crop, and present indications are for a wide variety of grades, from common to fine quality, with some localities having a high percentage of red leaf. As of mid-November some burley had been bulked preparatory to stripping. Total burley crop will be about 73,500,000 pounds less than in 1939. In the Kentucky markets 294,395,350 pounds were sold in the 1939-1940 season, for a total of \$52,143,269.

While curing of the dark fired crop is somewhat backward, growers are giving unusual care to this work, and a good quality crop is in prospect. In the Green River and stemming district some tobacco has been placed in bulk, but precipitation is required before a sizeable portion of the crop can be handled. Reports indicate this crop will be about 10 per cent

less than in 1939, with quality as a whole below normal. The one sucker crop is reported curing satisfactorily, with quality normal and yield slightly under a year ago.

COMMODITY PRICES

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

	High	Low	Close	
			Nov. 15, 1940	Nov. 15, 1939
Wheat				
*Dec.....per bu.	\$.86½	\$.80½	\$.85¾	\$.83¾
*May.....	.86	.79½	.84½	.82
*July.....	.81½	.74½	.81¾	.80
No. 2 red winter	.95	.87½	.93½	.93
No. 2 hard	.93	.87	.91½	.90¾
Corn				
*Dec.....	.60½	.56½	.60½	.47¾
*May.....	.62	.57½	.61¾	.49¾
*July.....	.62¾	.57½	.62	.49¾
No. 2 mixed	.67½	.60¾	.64½	.48½
No. 2 white	.73½	.63½	.70	.59½
Oats				
*Dec.....	.37½	.32¾	.36½	.35½
*May.....	.36½	.32¾	.35½	.34½
*July.....	.33½	.30½	.32½	.31¾
Flour				
Soft patent....per bbl.	6.05	5.15	5.35 @ 6.05	5.95 @ 6.25
Spring ".....	5.50	5.15	5.35 @ 5.50	6.35 @ 6.65
Middling Cotton per lb.	.0930	.0905	.0910	.0930
Hogs on Hoof..per cwt.	6.40	5.92	6.00	6.20

*Nominal quotations.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in October was 8.5 per cent less than in September and 54.0 per cent less than in October, 1939. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in October amounted to \$27,121,000, which compares with revised figures of \$25,467,000 in September and \$17,082,000 in October, 1939. Building figures for October follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1940	1939	1940	1939	1940	1939	1940	1939
Evansville.....	34	29	\$ 120	\$ 131	112	122	\$ 37	\$ 50
Little Rock.....	46	37	191	334	108	90	58	30
Louisville.....	147	124	251	412	41	31	83	57
Memphis.....	489	297	546	2,461*	213	207	115	68
St. Louis.....	365	265	743	684	190	218	490	252
Oct. Totals....	1,081	752	1,851	4,022	664	668	783	457
Sept. ".....	964	719	2,023	1,645	623	590	762	521
Aug. ".....	1,129	757	3,327	3,451	631	709	507	886

*Includes two housing projects.

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in October as being 8.8 per cent more than in September and 15.0 per cent greater than in October, 1939. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Oct., 1940	Sept., 1940	Oct., 1939	October, 1940 compared with	
		K.W.H.	K.W.H.	K.W.H.	Sept., 1940	Oct., 1939
Evansville.....	40	4,022	3,657	3,632	+10.0%	+10.7%
Little Rock.....	35	2,386	2,488	2,252	— 4.1	+ 6.0
Louisville.....	82	11,462	11,106	10,317	+ 3.2	+11.1
Memphis.....	31	3,148	2,679	2,544	+17.5	+23.7
Pine Bluff.....	20	863	583	980	+48.0	—11.9
St. Louis.....	125	50,637	46,167	43,358	+ 9.7	+16.8
Totals.....	333	72,518	66,680	63,083	+ 8.8	+15.0

BANKING AND FINANCE

Demand for bank credit in the Eighth District during the past thirty days developed further improvement, with virtually all of the principal borrowing groups participating in the upward trend. Requirements of mercantile and manufacturing interests, as reflected in loans and discounts of member banks, reached the highest levels in more than eight years. While still in substantial volume, liquidation at commercial banks was measurably below new borrowings and renewals. Demands for funds to move the cotton and tobacco crops were in considerable volume. Owing to lateness of the cotton crop, repayments of production loans based on that staple were relatively smaller in the aggregate than during the past several seasons. Country banks in the tobacco sections have increased their borrowings from city correspondents in anticipation of needs incident to opening of tobacco markets in early December. Demand for currency continued to rise sharply, circulation of this bank in the third week of November reaching an all-time high record.

Member Banks—In the four-week period ended November 13, total loans and investments of weekly reporting member banks in the principal cities increased 3.0 per cent and at the end of the period were 6.1 per cent greater than on the corresponding report date a year ago. Gross deposits also moved sharply upward, total at mid-November reaching the highest point of record. After recording a new high for the year on October 23, reserve balances declined, and as of November 13 were about on a parity with a month earlier, but still 7.0 per cent larger than a year ago.

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

(In thousands of dollars)	Change from		
	Nov. 13, 1940	Oct. 16, 1940	Nov. 15, 1939
Commercial, industrial, agricultural loans.....	\$203,142	+ 9,656	— 707
Open market paper.....	9,985	+ 424	+ 2,164
Loans to brokers and dealers.....	4,215	+ 152	— 33
Other loans to purchase and carry securities.....	12,443	+ 103	+ 794
Real Estate loans.....	57,698	+ 657	+ 6,206
Loans to banks.....	1,740	— 79	+ 1,018
Other loans.....	65,161	+ 268	+ 11,482
Treasury bills.....	10,500	+ 391	+ 7,404
Treasury notes.....	34,778	+ 2,339	— 20,103
U. S. bonds.....	162,452	+ 4,852	+ 24,608
Obligations guaranteed by U. S. Government.....	72,864	+ 1,095	+ 2,650
Other securities.....	111,495	+ 1,979	+ 11,280
Balances with domestic banks.....	191,317	+ 7,895	+ 1,402
Demand deposits—adjusted*.....	523,498	+ 6,796	+ 44,913
Time deposits.....	192,067	+ 629	+ 1,503
U. S. Government deposits.....	15,111	— 41	— 3,887
Inter-bank deposits.....	384,203	+ 11,841	+ 21,954
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 November 6 was 0.9 per cent greater than on October 2 and 0.3 per cent larger than on November 1, 1939.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,975,132	\$1,442,511,003
Collections (non-cash items) handled.....	123,814	34,644,290
Transfers of funds.....	5,260	393,494,030
Currency received and counted.....	9,719,976	30,735,896
Coin received and counted.....	8,646,366	1,282,685
Rediscounts, advances and commitments.....	13	390,100
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	17,683	42,366,475
Bills and securities in custody—coupons clipped	9,821

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

(In thousands of dollars)	Nov. 19, 1940	Oct. 19, 1940	Nov. 19, 1939
Industrial advances under Sec. 13b.....	\$ 20	— 0 -	— 2
Other advances and rediscounts.....	130	+ 37	— 111
Bills bought (including participations).....	— 0 -	— 0 -
U. S. securities.....	96,204	— 3,769	+ 7,629
Total earning assets.....	96,354	— 3,732	+ 7,516
Total reserves.....	508,427	+ 18,257	+ 66,102
Total deposits.....	389,343	+ 7,746	+ 50,319
F. R. Notes in circulation.....	211,992	+ 5,254	+ 22,323
Industrial commitments under Sec. 13b..	405	— 11	— 5
Ratio of reserve to deposit and F. R. Note liabilities.....	84.5%	+ 1.2%	+ 0.8%

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..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

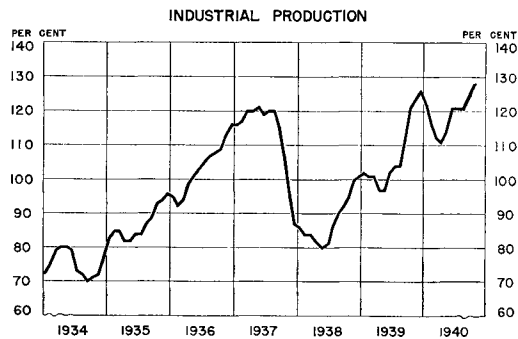
Since the September issue of this review the following banks have become members of the Federal Reserve System: The Gallatin County Bank, Ridgeway, Ill.; State Bank of Keyesport, Keyesport, Ill.; Oaktown Bank, Oaktown, Ind., and Farmers and Merchants Bank, Fenton, Mo.

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

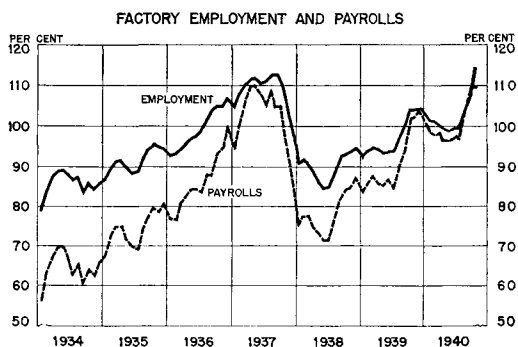
(In thousands of dollars)	Oct., 1940	Sept., 1940	Oct., 1939	Oct., '40 Sept., '40	comp. with Oct., '39
El Dorado, Ark.....	\$ 6,033	\$ 5,234	\$ 5,812	+ 15.3%	+ 3.8%
Fort Smith, Ark.....	16,074	14,020	13,494	+ 14.7	+ 19.1
Helena, Ark.....	2,622	1,247	3,446	+ 110.3	— 23.9
Little Rock, Ark.....	51,102	38,450	46,892	+ 32.9	+ 9.0
Pine Bluff, Ark.....	11,613	8,605	10,617	+ 35.0	+ 9.4
Texarkana, Ark.-Tex.	9,064	7,603	8,531	+ 19.2	+ 6.2
E. St. L.-Nat. S. Y., Ill.	49,177	43,761	41,629	+ 12.4	+ 18.1
Quincy, Ill.....	9,510	8,459	9,075	+ 12.4	+ 4.8
Evansville, Ind.....	36,971	31,261	32,587	+ 18.3	+ 13.5
Louisville, Ky.....	180,120	157,184	159,869	+ 14.6	+ 12.7
Owensboro, Ky.....	6,476	6,047	6,402	+ 7.1	+ 1.2
Greenville, Miss.....	7,726	4,518	7,043	+ 71.0	+ 9.7
St. Louis, Mo.....	638,446	532,254	600,917	+ 20.0	+ 6.2
Sedalia, Mo.....	2,185	2,090	2,081	+ 4.5	+ 5.0
Springfield, Mo.....	17,545	15,967	15,307	+ 9.9	+ 14.6
Memphis, Tenn.....	233,758	122,722	199,689	+ 90.5	+ 17.1
Totals.....	1,278,422	999,422	1,163,391	+ 27.9	+ 9.9

NATIONAL SUMMARY OF BUSINESS CONDITIONS

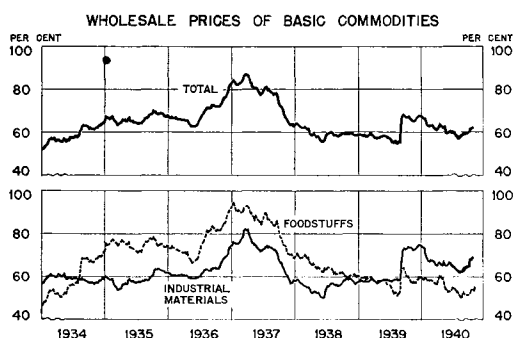
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



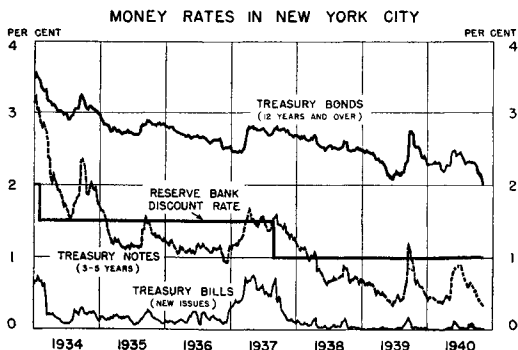
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January, 1934, to October, 1940. Latest figure 128.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to October, 1940. Indexes compiled by the United States Bureau of Labor Statistics.



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934, to November 7, 1940.



For weeks ending January 6, 1934, to November 9, 1940.

Industrial output rose sharply in October and the first half of November and prices of basic commodities advanced further. New orders both for defense purposes and for civilian needs continued in large volume.

Production—Volume of industrial production, as measured by the Board's seasonally adjusted index, rose further in October to about 128 per cent of the 1935-1939 average as compared with 125 in September and 126 at the peak reached last December.

Increases in output were marked in the automobile and textile industries. In the rayon industry, where production in September had been curtailed by a strike, activity increased considerably and cotton textile mills were also more active. Mill sales of cotton goods have been large since the middle of August, reflecting increased civilian and military demand, and have been in excess of production during most of this period. At wool textile mills, where activity had risen sharply in September, there was a further increase in October. Backlogs of orders in this industry are now of considerable size owing to a large volume of orders received during the past two months, particularly from the Government. Automobile production rose to about 500,000 cars and trucks, the largest monthly total since the spring of 1937, and retail sales of both new and used automobiles were reported to be large for this time of year.

In the steel and machinery industries activity continued at a high rate in October. In the first half of November steel ingot production advanced slightly further and was at about 96 per cent of capacity. This high rate of output is expected to be maintained for some time to come, according to trade reports, as new orders for steel have continued large. Lumber production, which had risen sharply since midsummer, declined less than seasonally in October. New orders for lumber were somewhat below the high rate of August and September but remained above production, reflecting in part continued Government demands.

Bituminous coal production declined sharply in October but in the first half of November showed some increase. In this industry output had been maintained in large volume during the summer owing in part to considerable stocking of coal in anticipation of higher prices. Anthracite production also declined in the first half of October but rose sharply in the latter part of the month owing in part to seasonal influences. Crude petroleum production, which had been curtailed during most of the summer, increased further in October.

Value of construction contract awards increased in October, following a decline in the previous month, according to figures of the F. W. Dodge Corporation and the Federal Reserve Bank of San Francisco. Changes in the amount of contract awards in recent months have reflected principally fluctuations in contracts for public projects. Awards for private construction have shown about the usual seasonal changes, following a sharp rise in July and August.

Distribution—In October department store sales declined considerably from the advanced level of the two preceding months, while sales at variety stores, which also had been large in August and September, increased seasonally. In the early part of November department store sales increased somewhat.

Total loadings of revenue freight in October were maintained at about the level reached in September. Shipments of miscellaneous merchandise increased further, while loadings of coal showed a sharp decrease. In the first week of November freight-car loadings declined by less than the usual seasonal amount.

Wholesale Commodity Prices—Prices of basic commodities continued to advance from the middle of October to the middle of November, with the chief increases in industrial materials, particularly lead, hides, wool, and textile yarns. The general index of wholesale commodity prices rose further by about 1 per cent in this period, reflecting increases in prices of some finished goods as well as of materials.

Bank Credit—Total loans and investments at reporting member banks in 101 leading cities have increased substantially since the end of September. Commercial loans showed sizeable increases both in New York City and in other leading cities. Following reductions during August and September, holdings of United States Government obligations at these banks also increased. Federal Reserve System holdings of Government obligations were reduced by \$180,000,000 between September 25 and November 13.

United States Government Security Prices—After rising moderately during the latter part of October prices of United States Government securities advanced sharply in the early part of November. The quotation on the 1960-65 bonds reached a new high level at about 110½, and the yield on this issue declined to 2.12 per cent compared with 2.25 per cent in October and 2.26 per cent in June, 1939 and again in April, 1940. The average yield on 3 to 5 year Treasury notes declined to less than ¾ of 1 per cent.