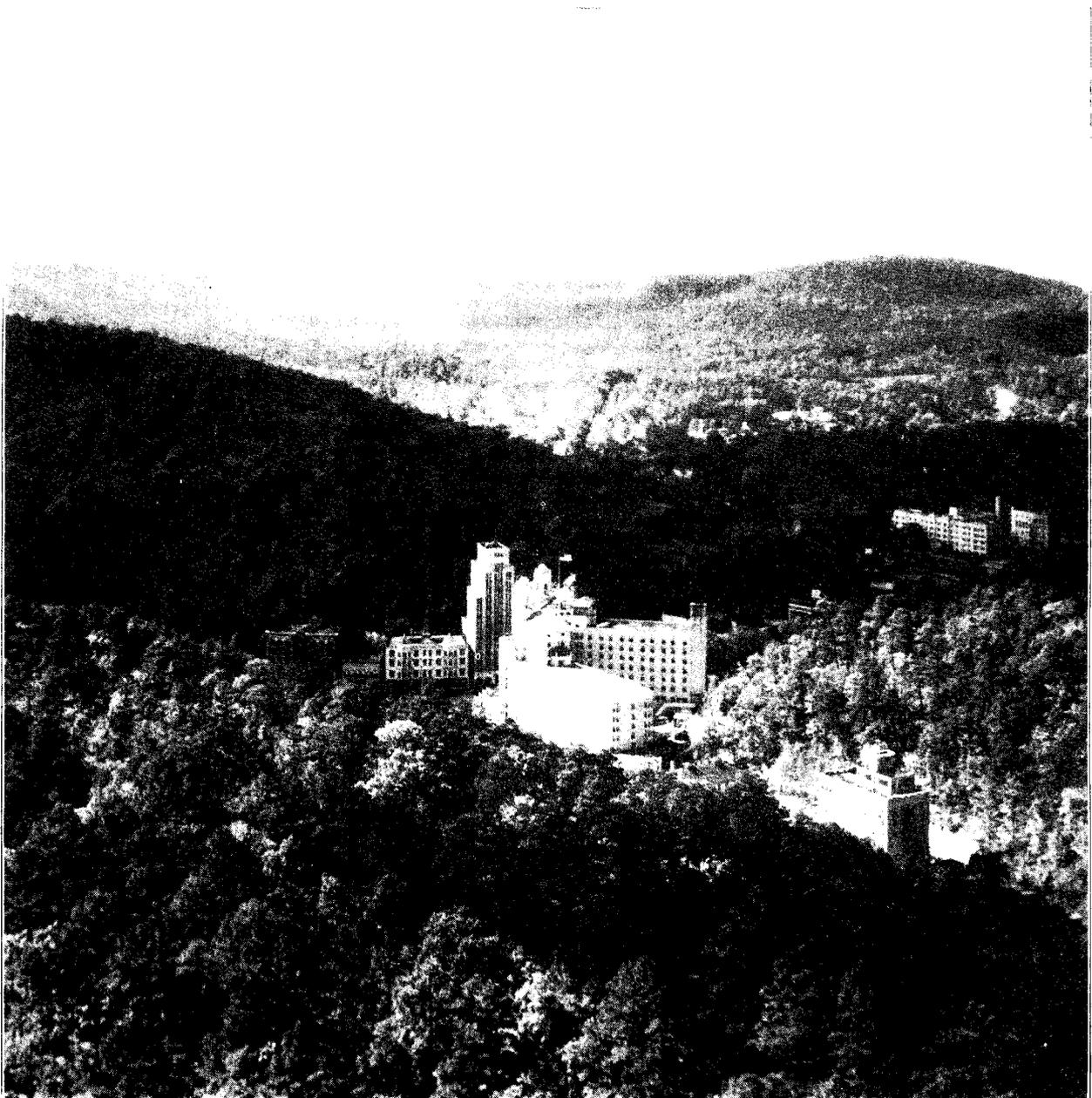




# BUSINESS CONDITIONS

*Monthly Review of Agriculture, Industry, Trade and Finance  
Released for Publication in Morning Papers of Dec. 31, 1940*

FEDERAL RESERVE BANK OF ST. LOUIS



*Hot Springs National Park, Arkansas.*

## SUMMARY OF EIGHTH DISTRICT

	Dec. 1, 1940	comp. with	
	1939	Av. 1923-39	
<b>Agriculture:</b>			
Estimated yield of 7 crops.....	—	4.3%	— 3.2%
<b>Livestock</b>			
	Nov., 1940	comp. with	
	Oct., 1940	Nov., 1939	
Receipts at National Stock Yards.....	—	10.7%	+ 18.4%
Shipments from aforesaid Yards.....	—	30.5	— 6.2
<b>Production and Distribution:</b>			
Sales by mfrs. and wholesalers.....	—	8.6	+ 12.0
Department store sales.....	+	3.6	+ 10.1
Car loadings.....	—	5.7	— 0.3
<b>Building and Construction:</b>			
Bldg. permits, incl. repairs {	Number... —	25.7	+ 10.9
Cost..... —	2.8	+ 12.5	
Value construction contracts awarded..	+ 18.5	+ 91.4	
<b>Miscellaneous:</b>			
Commercial failures. {	Number..... +	12.8	+ 37.5
Liabilities..... +	11.0	+ 12.4	
Consumption of electricity.....	—	2.8	+ 19.2
Debits to individual accounts.....	—	3.3	+ 11.2
Life Insurance Sales.....	—	11.6	— 8.4
<b>Member Banks (24):</b>			
	Dec. 18, '40	comp. with	
	Nov. 20, '40	Dec. 20, '39	
Gross deposits.....	+ 1.4%	+ 8.6%	
Loans.....	+ 4.6	+ 9.4	
Investments.....	+ 0.2	— 0.05	

THE course of general business in the Eighth District during November and the first half of December continued upward, following trends which have been in effect with practically no interruption since last spring. Advances prevailed in most lines of manufacturing, including many which ordinarily are affected by seasonal declines at this time of year. Taking into consideration the usual seasonal factors, the situation as a whole at mid-December, as indicated by a majority of measures used in gauging trade and industrial activity, was the most satisfactory in more than a decade. While production of durable goods continued to lead in the rise, output and distribution in the nondurable category were also pushed to higher levels. Increasingly greater activity was noted in materials required for the national defense program, but as earlier in the year in this area bulk of the betterment in business was attributable to expansion in civilian needs. Consumers' goods have responded in marked degree to rising employment and payrolls, public purchasing power and advent of the holiday season.

As invariably is the case at this season, interest centered to a great extent in retail distribution. The mild open fall had the effect of retarding the movement of some cold weather merchandise, notably apparel, certain drugs and chemicals, heavy footwear, fuel, etc. Withal clearance in these lines is reported relatively satisfactory, particularly with the arrival of more seasonable temperatures since

late November. In both the large cities and country holiday shopping began earlier than usual, and preliminary reports from scattered sections indicate the largest sales volume since 1929. Department store, variety store and mail order house sales in November increased in somewhat more than the expected seasonal amount. November volume of department stores in the principal cities was 3.6 per cent greater than in October and 10.1 per cent above a year ago. For the eleven months cumulative sales were 7.1 per cent above the same period in 1939. In the St. Louis area sales of new automobiles in November fell slightly behind the high October total but were 17 per cent greater than a year ago.

After declining in October, production of bituminous coal at mines in this general area increased sharply, November output being 14.5 per cent larger than in the preceding month and 5 per cent above a year ago. Production of crude oil in states of the district in October was maintained at about the September rate and for the ten months this year cumulative production was approximately 60 per cent greater than in the like period in 1939. Lumber production declined slightly from October to November, but was still unusually high for the month and orders continued considerably above current output.

As of mid-December steel ingot production at district mills was at 87.5 per cent of capacity, the same as a month earlier and comparing with 85 per cent a year ago. Consumption of electric current by industrial users in the principal cities in November was 2.8 per cent less than in October but 19.2 per cent greater than in November, 1939. Prices of scrap iron and steel rose sharply and the price of pig iron was advanced \$1 per ton by a number of producers in December.

Agricultural prospects in the Eighth District, as reflected in the final report of the U. S. Department of Agriculture, based on December 1 conditions, showed no notable changes as contrasted with official forecasts earlier in the fall. The late summer and fall drouth in some areas reduced yields of certain late crops, but weather conditions were ideal for harvesting, housing and moving the principal productions.

Commercial failures in the Eighth Federal Reserve District in November, according to Dun and Bradstreet, numbered 44 with liabilities of \$534,000, as against 39 defaults in October involving liabilities of \$481,000 and 32 defaults for a total of \$475,000 in November, 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
	November, 1940 compared with Oct., '40    Nov., '39		Nov. 30, 1940 comp. with Nov. 30, 1939
Automotive Supplies.....	+19.8%	+17.8%	.....%
Boots and Shoes.....	-29.0	+26.0	+25.1
Drugs and Chemicals.....	- 8.5	- 0 -	.....
Dry Goods.....	- 1.5	+10.6	-10.4
Electrical Supplies.....	- 4.6	+12.6	+ 8.5
Furniture.....	-10.8	- 3.4	-24.9
Groceries.....	- 5.8	- 2.7	+ 5.9
Hardware.....	- 7.9	+28.1	+46.8
Tobacco and its Products.....	+ 4.3	+10.6	+17.9
Miscellaneous.....	+10.1	+ 2.0	+ 3.5
Total all lines.....	- 8.6	+12.0	+12.2

**Automobiles**—Combined passenger car, truck and taxicab production in the United States in November totaled 487,352, as against 493,223 in October and 357,782 in November, 1939.

**Iron and Steel Products**—During November virtually all sections of the iron and steel industry in this district underwent further marked expansion. Production of raw, semi-finished and completed materials reached the highest point of the year, and in the case of numerous plants, the highest of record. Shipments continued at the high rate which has marked recent months, but despite this fact accretions to unfinished orders were the rule. Defense program requirements accounted for a substantial part of the increased business, but the greater portion was ascribed to extraordinary civilian demands. Since December 1 there has been some tapering off in new ordering, owing to the usual seasonal influences, reaffirmation of current prices for first quarter of 1941, and the fact that numerous consumer requirements for December and January have been satisfied.

The principal consuming groups, including railroad equipment builders, machinery and engine manufacturers, the building industry and heating apparatus interests, increased their takings. Demands for sheets, plates, strip and other flat rolled steel continued to mount, and deliveries on all such items were further extended. Lengthier delivery dates were also reported on wire, bars, alloy steels and other important products. Warehouse and jobbing interests report November sales approximately 8.5 per cent greater than in October, and about one-fifth above the November total a year ago. Volume of these interests during the past three months has been markedly stimulated by backward deliveries by mills and other primary sources.

The melt and shipments of pig iron in November exceeded those of the preceding month by a large margin and were the highest for the month in more than a decade. Reports covering the first half of

December indicate that pig iron deliveries to melters will be well ahead of November. Scrap iron and steel prices continued to advance, reaching the highest point of the movement at mid-December. At mills in this area steel ingot production at mid-December was at 87.5 per cent of capacity, the same as a month earlier and comparing with 85 per cent at the same time last year. Working schedules at steel foundries and grey iron and malleable shops advanced further, and operations at structural steel fabricating yards maintained the high record of the preceding two months.

For the entire country production of pig iron in November was at the highest daily rate of record. Total output at 4,397,656 tons, according to the magazine "Steel," was slightly below that of October, but 231,144 tons more than in November, 1939. November production of steel ingots in the United States totaled 5,864,333 tons, against 6,063,845 tons in October and 5,694,788 tons in November, 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
	November, 1940 compared with Oct., '40	11 mos. '40 to same period '39	Nov. 30, '40 comp. with Nov. 30, '39	Nov. 30, '40 comp. with Nov. 30, '39	Jan. 1, to Nov. 30, 1940 1939
Ft. Smith, Ark. . . . .	+13.6%	+24.4%	+11.8%	- 8.9%	2.73 2.50
Little Rock, Ark. . . . .	+19.5	+14.2	+ 9.4	- 6.4	3.28 2.92
Louisville, Ky. . . . .	+13.0	+14.7	+ 9.6	- 1.8	4.04 3.73
Memphis, Tenn. . . . .	+ 7.1	+ 9.3	+ 6.5	+ 1.6	3.12 3.13
Pine Bluff, Ark. . . . .	+19.3	+35.9	+ 3.4	+ 8.2	2.36 2.63
Quincy, Ill. . . . .	+13.5	+17.3	+ 1.6	- 2.9	3.62 3.51
St. Louis, Mo. . . . .	- 1.8	+ 7.9	+ 6.3	+ 0.5	4.06 4.10
Springfield, Mo. . . . .	- 1.0	+14.3	+15.6	+12.8	3.28 2.81
All Other Cities. . . . .	+27.9	+19.9	+13.4	+10.9	3.01 3.00
8th F. R. District	+ 3.6	+10.1	+ 7.1	- 0.04	3.78 3.73

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

	Installment Accounts	Excl. Instal. Accounts		Installment Accounts	Excl. Instal. Accounts
	Fort Smith. . . . . %	44.6%			Quincy. . . . . %
Little Rock. . . . . 15.8	40.4		St. Louis. . . . . 19.7	59.1	
Louisville. . . . . 16.7	52.4		Other Cities. . . . . 10.8	48.0	
Memphis. . . . . 27.3	47.2		8th F. R. District 19.8	53.5	

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

	Net Sales		Stocks on Hand	Stock Turnover
	November, 1940 compared with Oct., '40	11 mos. '40 to same period '39	Nov. 30, '40 comp. with Nov. 30, '39	Jan. 1, to Nov. 30, 1940 1939
Men's Furnishings	+28.1	+21.9	+ 6.6	- 4.2
Boots and Shoes	- 7.5	+16.5	+ 4.2	-11.5

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

Men's Furnishings. . . . . 38.4%	Boots and Shoes. . . . . 40.5%
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## MINING AND OIL

**Coal**—More seasonable weather which caused a pickup in demand for domestic sizes, coupled with continued heavy industrial consumption, was reflected in a noticeable increase in November production of bituminous coal at mines in this area over the preceding month and a year ago. Owing to mild weather in the early fall, stocks at retail yards as of mid-December were relatively high, and little reordering from mines by these interests has taken place.

November output of soft coal in the United States, according to the Bituminous Coal Division, U. S. Department of the Interior, totaled 40,300,000 tons, as against 38,700,000 tons in October and 43,301,000 tons in November, 1939. Cumulative tonnage for the first eleven months of the year was 412,995,000 tons, comparing with 353,402,000 tons during the same interval in 1939. At mines in this general area output during November was 14.5 per cent greater than in October and 5.1 per cent more than in November, 1939. Cumulative tonnage in the first eleven months was greater by 3.7 per cent than in the corresponding period last year.

At Illinois mines 4,234,360 tons were lifted in November, against 3,723,842 tons in October and 4,228,066 tons in November, 1939. There were 98 mines in operation in November, with 27,013 men on payrolls, comparing with 102 active mines and 26,619 operatives in October.

**Petroleum**—October output of crude oil in states of the Eighth District was 0.7 per cent less than in September and 5.6 per cent greater than in October, 1939. Cumulative total for the first ten months this year was 62.4 per cent in excess of the corresponding period in 1939. Stocks on October 31 were 2.2 per cent less and 2.3 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			Cumulative		Stocks	
	Oct., 1940.	Sept., 1940	Oct., 1939	1940	1939	Oct. 31, 1940	Oct. 31, 1939
Arkansas.....	2,121	2,178	1,993	21,427	16,931	2,007	1,826
Illinois.....	10,795	10,925	10,601	126,345	73,348	13,716	13,824
Indiana.....	583	516	180	3,660	974	3,222	2,917
Kentucky.....	464	444	443	4,357	4,660	1,556	1,467
Totals.....	13,963	14,063	13,217	155,789	95,913	20,501	20,034

## TRANSPORTATION

According to officials of railroads operating in this district, freight traffic during November and the first part of December showed considerably less than the usual seasonal decline. The exhibit of southern carriers was helped by the belated cotton movement, also an extraordinarily heavy movement of forest products. Coal loadings picked up and

those of miscellaneous merchandise held at relatively high levels.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 86,601 loads in November, as against 91,787 loads in October and 86,821 loads in November, 1939. During the first nine days of December the interchange amounted to 26,627 loads, comparing with 26,148 loads during the corresponding period in November and 25,768 loads during the first nine days of December a year ago. For the entire country, loadings of revenue freight for the first 49 weeks this year, or to December 7, totaled 34,374,215 cars, against 32,033,910 cars for the corresponding period in 1939 and 28,777,422 cars in 1938.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in November was 143,000 tons, against 181,490 tons in October and 192,435 tons in November, 1939. Cumulative tonnage for the first eleven months was 1,860,608 tons, which compares with 1,767,083 tons for the similar period in 1939.

## WHISKEY

Of the 61 distilleries in Kentucky, 44 were in operation as of December 1, compared with 39 a month earlier. According to latest trade reports, general conditions in the industry continue favorable, and optimism is felt relative to business during the next few months. Although whiskey made in the season of 1936-1937, a large production period, is coming of age this year, no excess of bulk whiskey is reported on the market. Prices on bulk liquor have been strengthened considerably in recent months, including those on the distillation of 1936-1937. Despite the price advance, consumption is expected to expand, due to generally improved economic conditions. The U. S. Collector of Internal Revenue for the Kentucky district is reported to have announced that whiskey taxes paid to the department in November were the largest for any month since repeal of the Prohibition amendment.

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

(In thousands of dollars)	October		Cumulative for 10 months		
	1940	1939	1940	1939	1938
Indiana.....	\$27,642	\$29,498	\$248,168	\$227,133	\$225,461
Illinois.....	51,971	55,256	464,150	426,811	417,335
Missouri.....	37,397	32,232	242,319	222,607	205,574
Kentucky.....	9,997	9,956	119,095	113,424	129,412
Tennessee.....	20,064	16,133	104,816	103,150	108,585
Mississippi.....	34,440	35,988	109,808	124,357	132,216
Arkansas.....	45,638	30,967	121,238	114,982	123,916
Totals.....	227,149	210,030	1,409,594	1,332,464	1,342,499

**Farming Conditions**—Final estimates of the principal crops in the Eighth District given by the U. S. Department of Agriculture in its report based on December 1 conditions, show no marked changes from forecasts made in the preceding monthly bulletin. Fall harvesting was accomplished under mainly auspicious weather conditions, and late crops were garnered and housed with a minimum of loss to quality and quantity. An exception was cotton, a considerable portion of which crop remained in the fields and quality of the staple has been somewhat lowered by rains. Tobacco markets for the 1940 crop opened early in December and while initial averages were above a year ago, prices have declined since. Acreage planted to winter wheat this fall in states of this district was somewhat larger than a year earlier, but 8.4 per cent below the 10-year (1928-1937) average. Condition as of December 1 was 82 per cent, comparing with 72 per cent a year earlier and 85 per cent, the 10-year average.

**Corn**—Eighth District corn production for all purposes in 1940 is estimated at 326,128,000 bushels, against 339,742,000 bushels harvested in 1939 and the 17-year (1923-1939) average of 330,920,000 bushels. Husking and cribbing of corn had been about completed as of mid-December, and reports from many sections reflect generally high quality. Yields varied broadly with location. In Illinois and Indiana the crop suffered severely from July and early August drouth. According to the Government report, over half the total acreage this year in the Corn Belt was planted with hybrid seed, as compared with about four-tenths last year and about one-fourth in 1938. For the entire country this year's corn crop is estimated at 2,499,200,000 bushels, against 2,602,133,000 bushels in 1939 and the 10-year average of 2,299,342,000 bushels.

**Cotton**—An Eighth District cotton crop of 3,335,000 bales is forecast by the Crop Reporting Board of the U. S. Agricultural Marketing Service, based on indications as of December 1. This is a decrease of about 1.0 per cent from the November 1 forecast, and compares with 3,429,000 bales produced in 1939 and the 17-year (1923-1939) average of 2,954,000 bales. The indicated average yield per acre is unusually high, that in Arkansas of 350 pounds being the highest of record for the State.

While weather early in the season was very favorable for harvesting, development of late bolls was retarded by adverse weather in November. Freezes in the middle of the month and rains in some sections during the latter part were especially injurious because of the lateness of the crop. As of December 1 a substantial portion of the crop remained in the

fields, with grades and staples deteriorating with each rainy spell. It is generally conceded that practically none of this belatedly picked cotton will be eligible for the Government loan. In many sections planters were handicapped by a shortage of pickers.

Reflecting the lateness of the crop, in states including the Eighth District only 2,992,557 bales had been ginned from the 1940 growth prior to December 1, as against 3,714,567 bales during the like period in 1939 and 3,717,813 bales in 1938. Combined receipts at Missouri and Arkansas compresses from August 1 to December 13, totaled 1,528,496 bales, compared with 1,594,148 bales for the corresponding period a year earlier; shipments, 892,289 bales, against 1,108,614 bales. Stocks on hand as of December 13 amounted to 1,532,209 bales, against 1,867,371 bales on the corresponding date in 1939.

Trading in cotton in the Mid-South continued fairly active. Offerings from the country receded further on the higher grades, but showed some pick-up on the lower grades. Demand centered chiefly in grades ranging from middling through strict good ordinary with staples from 1 to 1½ inches. In the St. Louis market the middling grade ranged from 9.10c to 9.65c per pound between November 15 and December 16, closing at 9.60c on the latter date, which compares with 9.10c on November 15 and 10.60c on December 15, 1939.

**Livestock**—The most important development in the cattle feeding situation during November was the sharp drop in the movement of stocker and feeder cattle into the Corn Belt States. The number, inspected at stockyards, was 25 per cent smaller than a year earlier, and except for the drouth years of 1934 and 1936, was the smallest of record for the month. However, for the five months, July through November, total in-shipments through stockyards were about 2 per cent larger this year than last, and the largest for the period since 1924.

The number of lambs fed in the United States during the 1940-1941 feeding season will be larger than the 1939-1940 season. Total shipments of feeder lambs into the Corn Belt States during the five months, July through November, were the largest of record. Shipments into Indiana, while below a year ago, were much above average.

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

	Receipts			Shipments		
	Nov., 1940	Oct., 1940	Nov., 1939	Nov., 1940	Oct., 1940	Nov., 1939
Cattle and Calves.....	112,665	162,285	115,856	44,729	74,021	54,321
Hogs .....	330,211	298,906	237,943	70,939	78,609	67,938
Horses and Mules ....	1,422	1,600	1,876	1,346	1,484	1,402
Sheep .....	50,662	91,672	62,307	8,206	25,989	9,868
Totals.....	494,960	554,463	417,982	125,220	180,103	133,529

Taken as a whole weather during the fall was aus-

picious for livestock, and most recent reports from scattered sections, notably in Illinois, Indiana and Missouri, indicate that the condition of herds has maintained the high average which featured earlier months this year. Almost universally feed and forage crops are sufficient to supply normal rations per head during the remainder of the season without heavy impingement upon reserves. Eighth District hay production is estimated by the U. S. Department of Agriculture at 8,210,000 tons, against 7,689,000 tons in 1939 and the 17-year (1923-1939) average of 6,585,000 tons.

**Tobacco**—Production of all types of tobacco in the Eighth District is estimated by the U. S. Department of Agriculture in its December 1 report at 245,430,000 pounds, which compares with 282,059,000 pounds harvested in 1939, and the 17-year (1923-1939) average of 285,401,000 pounds. Stocks of leaf tobacco owned by dealers and manufacturers in the United States and Puerto Rico on October 1 totaled 2,716,703,000 pounds, against 2,211,696,000 pounds a year earlier. Total stocks were 78,881,000 pounds higher than on July 1, 1940, and 505,007,000 pounds greater than on October 1, 1939.

Initial sales for the 1940 crop were held in Lexington, Ky., on December 2 and at other burley markets on December 3. Prices by grades on the opening day were \$1 to \$8.50 per cwt. higher than at the opening last year, though volume of sales was smaller. Sales during the first week totaled 25,600,250 pounds, bringing sellers \$4,534,327. This compares with sales of 66,722,459 pounds in the opening week of 1939 for a total of \$10,987,353. While the average price, \$17.71 per cwt., received during the opening week was higher than for the same week last year, it was the exact price received per cwt. for the entire 1939 crop.

Unfavorable weather retarded handling of the dark fired crop, and as a result it is estimated that only 40 per cent in the Eastern Fired district and 75 per cent in the Western Fired district had been placed in bulk as of December 2. While sound and well finished, it is indicated that this type will not yield as much dark brown leaf as previously estimated. Markets for the Eastern Fired district will open at Clarksville, Tenn., on January 7, while opening sales in Kentucky will be held at Hopkinsville on January 9.

Relatively little Green River tobacco has been stripped, and indications point to light sales in the early part of the season. Opening sales for the type were held at Owensboro, Ky., on December 9, at Henderson, Ky., on December 10 and Madisonville, Ky., on December 11.

A large part of the one sucker tobacco has been prepared for market and reports indicate a normal-quality crop. Opening sales for this type were held at Russellville, Ky., on December 10 and at other markets on December 11.

### COMMODITY PRICES

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

	High	Low	Close	
			Dec. 16, 1940	Dec., 15, 1939
<b>Wheat</b>				
*Dec. .... per bu.	\$ .87½	\$ .84½	\$ .84¾	\$ 1.00¾
*May .....	.85½	.80½	.80½	.98¾
*July .....	.82	.75¾	.75¾	.96¾
No. 2 red winter " "	.96¾	.91	.91	1.05
No. 2 hard " "	.92¾	.88¾	.88½	1.04½
<b>Corn</b>				
*Dec. .... " "	.62¾	.56½	.56½	.53
*May .....	.62¾	.56¾	.56¾	.54¾
*July .....	.62½	.56¾	.56¾	.54¾
No. 2 mixed ... " "	.68	.59	.59	.56¾
No. 2 white.... " "	.70½	.63½	.63½	.61¾
<b>Oats</b>				
*Dec. .... " "	.38½	.36¼	.37¼	.40
*May .....	.36¾	.32¾	.33¾	.38
*July .....	.32¾	.29½	.29½	.33¾
No. 2 white " "	.39½	.38½	.38½	.42½
<b>Flour</b>				
Soft patent.... per bbl.	6.05	5.35	5.35 @ 6.05	5.90 @ 6.70
Spring " " "	5.50	5.35	5.35 @ 5.50	5.90 @ 6.15
Middling Cotton per lb.	.0965	.0910	.0960	.1060
Hogs on Hoof .. per cwt.	6.35	5.89	6.35	5.25

\*Nominal quotations.

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in November was 8.3 per cent more than in October and 32.4 per cent greater than in November, 1939. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in November amounted to \$32,140,000, which compares with \$27,121,000 in October and \$16,791,000 (revised) in November, 1939. Building figures for November follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1940	1939	1940	1939	1940	1939	1940	1939
Evansville.....	20	29	\$ 66	\$ 144	92	79	\$ 47	\$ 34
Little Rock.....	39	39	153	226	66	104	22	59
Louisville.....	127	117	363	193	43	28	19	152
Memphis.....	380	223	561	284	138	163	156	77
St. Louis.....	257	223	862	667	135	165	311	439
Nov. Totals....	823	631	2,005	1,514	474	539	555	761
Oct. " " " "	1,081	752	1,851	4,022	664	668	783	457
Sept. " " " "	964	719	2,023	1,645	623	590	762	521

### CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in November as being 2.8 per cent less than in October and 19.2 per cent greater than in November, 1939. Detailed figures follow:

(K.W.H. in thous.)	No. of Custom-ers	Nov., 1940	Oct., 1940	Nov., 1939	November, 1940 compared with	
		K.W.H.	K.W.H.	K.W.H.	Oct., 1940	Nov., 1939
Evansville.....	40	4,600	4,022	3,886	+14.4%	+18.4%
Little Rock.....	35	2,365	2,386	2,184	— 0.9	+ 8.3
Louisville.....	82	11,157	11,462	9,697	— 2.7	+15.1
Memphis.....	31	3,371	3,148	2,517	+ 7.1	+33.9
Pine Bluff.....	20	864	863	1,068	+ 0.1	—19.1
St. Louis.....	125	48,099	50,637	39,732	— 5.0	+21.1
Totals.....	333	70,456	72,518	59,084	— 2.8	+19.2

## BANKING AND FINANCE

During the past thirty days demand for credit continued at a somewhat accelerated pace the improvement which began early last fall. As was the case during the initial stages of the upward trend, the betterment was well distributed among all classes of borrowers. Seasonal requirements were more in evidence than has been the case during the past several years, and in addition there are increasing evidences of financial needs of interests undertaking defense contracts. Despite a substantial volume of routine liquidation at both city and country banks, new loans and renewals as a whole are well above the volume of current collections. With opening of the tobacco markets for the 1940 crop in early December, demands for funds to finance that commodity have increased in the typical tobacco areas. Influenced by the holiday season and generally improved economic conditions, demand for currency increased considerably, circulation of this bank reaching a new record high as of mid-December.

**Member Banks**—Total loans of weekly reporting member banks in the principal cities increased 4.6 per cent between November 20 and December 18, and on the latter date were approximately 9.5 per cent greater than a year ago. On the other hand, total investments during the four-week period showed little change, and at its end were 0.05 per cent smaller than a year earlier. Gross deposits continued the sharp upward swing which began in late September and, at \$1,207,182,000, on December 18 were the highest ever recorded.

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

(In thousands of dollars)	Dec. 18, 1940	Change from Nov. 20, 1940	Dec. 20, 1939
Commercial, industrial, agricultural loans...	\$219,156	+11,084	+12,885
Open market paper.....	10,233	+ 567	+ 1,750
Loans to brokers and dealers.....	4,283	+ 48	+ 719
Other loans to purchase and carry securities.....	12,872	+ 424	+ 217
Real Estate loans.....	58,269	+ 660	+ 6,848
Loans to banks.....	3,378	+ 587	+ 1,088
Other loans.....	68,309	+ 3,278	+10,432
Treasury bills.....	15,841	+ 5,341	+ 9,451
Treasury notes.....	37,037	+ 2,265	+17,133
U. S. bonds.....	144,229	+ 5,170	+ 3,377
Obligations guaranteed by U. S. Government.....	63,951	+ 3,787	+ 7,262
Other securities.....	114,540	+ 2,062	+11,402
Balances with domestic banks.....	190,888	+ 106	+ 4,640
Demand deposits—adjusted*.....	535,675	+12,529	+54,932
Time deposits.....	190,914	+ 700	+ 2,002
U. S. Government deposits.....	11,521	+ 3,497	+ 6,492
Inter-bank deposits.....	395,486	+ 5,197	+35,429
Borrowings.....	300	+ 300	+ 300

\*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 75.0% of the resources of all member banks in this district.

The aggregate amount of savings deposits held by selected member banks on December 4 was a shade higher than a month earlier and 0.3 per cent less than on December 6, 1939.

**Federal Reserve Operations**—The volume of the major operations of the Federal Reserve Bank of

St. Louis, during November, 1940, is indicated below:

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,496,216	\$1,365,957,364
Collections (non-cash items) handled.....	118,131	37,152,030
Transfers of funds.....	4,739	372,741,187
Currency received and counted.....	8,928,648	30,497,489
Coin received and counted.....	9,261,327	979,922
Rediscounts, advances and commitments.....	17	455,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	12,774	13,641,032
Bills and securities in custody—coupons clipped	10,917	.....

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

(In thousands of dollars)	Dec. 17, 1940	Change from Nov. 19, 1940	Dec. 18, 1939
Industrial advances under Sec. 13b.....	\$ 20	- 0 -	+ 1
Other advances and rediscounts.....	843	+ 713	+ 488
Bills bought (including participations).....	.....	- 0 -	- 0 -
U. S. securities.....	94,376	- 1,828	+ 9,449
Total earning assets.....	95,239	- 1,115	+ 9,936
Total reserves.....	511,849	+ 3,422	+ 72,343
Total deposits.....	385,751	- 3,592	+ 58,626
F. R. Notes in circulation.....	218,637	+ 6,645	+ 25,341
Industrial commitments under Sec. 13b..	427	+ 22	+ 39
Ratio of reserve to deposit and F. R. Note liabilities.....	84.7%	+ 0.2%	+ 0.2%

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, secured by direct obligations of the United States or by such Government guaranteed obligations as are eligible for collateral, under paragraph 8 of section 13.....	1	% per annum
Rediscounts and other advances to member banks under sections 13 and 13a.....	1½	% per annum
Advances to member banks under section 10(b).....	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
Industrial advances to member banks, nonmember banks, and other financing institutions under section 13b:		
(a) On portion for which such institution is obligated	1½	% to
(b) On remaining portion—No charge to financing institution. Federal Reserve Bank will retain interest collected from borrower.	2	% per annum
Advances to established industrial or commercial businesses under section 13b.....	3½	% to
Commitments to member banks, nonmember banks, and other financing institutions, under section 13b.....	1	% per annum
Provided: that on commitments issued for periods of 90 days or less the minimum charge shall be ¼ of 1% flat; and further provided, that on commitments for loans secured by assignment of "Emergency Plant Facilities Contract" with the United States Government, the rate may be as low as ¼ of 1% per annum.		
The rates on industrial loans and commitments were changed to above effective December 14.		

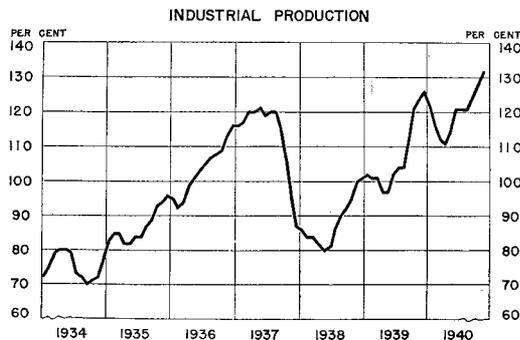
Since the preceding issue of this review the First Bank of Charlestown, Charlestown, Ind., and the Bank of Maxwell, Arnold, Mo., became members of the Federal Reserve System.

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

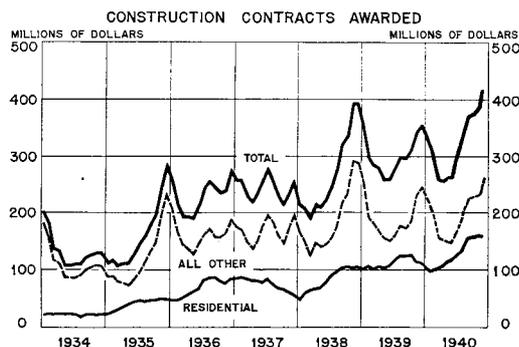
(In thousands of dollars)	Nov., 1940	Oct., 1940	Nov., 1939	Nov., '40 Oct., '40	comp. with Nov., '39
El Dorado, Ark.....	\$ 5,739	\$ 6,033	\$ 5,237	- 4.9%	+ 9.6%
Fort Smith, ".....	14,436	16,074	11,997	- 10.2	+20.3
Helena, ".....	2,267	2,622	2,959	- 13.5	-23.4
Little Rock, ".....	48,745	51,102	39,150	- 4.6	+24.5
Pine Bluff, ".....	10,299	11,613	9,666	- 11.3	+ 6.5
Texarkana, Ark.-Tex.....	8,278	9,064	7,304	+ 8.7	+13.3
E. St. L.-Nat. S. Y., Ill.....	43,872	49,177	36,526	+ 10.8	+20.1
Quincy, ".....	10,056	9,510	8,791	+ 5.7	+14.4
Evansville, Ind.....	35,101	36,971	29,832	+ 5.1	+17.7
Louisville, Ky.....	183,849	180,120	154,697	+ 2.1	+18.8
Owensboro, ".....	6,939	6,476	6,205	+ 7.1	+11.8
Greenville, Miss.....	6,619	7,726	7,071	+ 14.3	- 6.4
St. Louis, Mo.....	627,970	638,446	605,600	+ 1.6	+ 3.7
Sedalia, ".....	2,216	2,185	2,201	+ 1.4	+ 0.7
Springfield, ".....	16,018	17,545	13,875	- 8.7	+15.4
Memphis, Tenn.....	213,841	233,758	170,511	- 8.5	+24.4
Totals.....	1,236,245	1,278,422	1,111,622	- 3.3	+11.2

# NATIONAL SUMMARY OF BUSINESS CONDITIONS

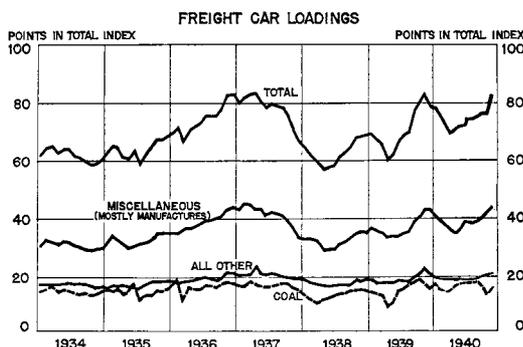
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



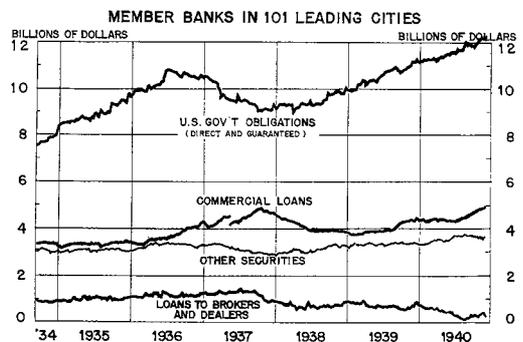
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January, 1934, to November, 1940. Latest figure 132.



Three-month moving averages of F. W. Dodge Corporation data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for October and November and estimate for December.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. Miscellaneous, coal, and all other expressed in terms of points in the total index. By months, January, 1934, to November, 1940.



Wednesday figures, September 5, 1934, to December 11, 1940. Commercial loans based on new classification beginning May 19, 1937.

Industrial activity continued at a high rate in November and the first half of December and distribution of commodities increased considerably. Commodity prices generally showed little change following earlier advances.

**Production**—Volume of industrial production, which usually declines at this season, showed little change from October to November, and the Board's seasonally adjusted index rose 3 points further to 132 per cent of the 1935-1939 average. Reflecting work on a large volume of orders for national defense purposes and for civilian needs, activity in the machinery and textile industries continued to increase sharply. At machinery plants and at cotton textile mills activity reached new high levels and at woolen mills output was close to the previous peak reached early in 1937.

Steel ingot production, which had been at about 94 per cent of capacity in October, increased somewhat further in November and the first half of December. Automobile production continued in unusually large volume, amounting in November to around 500,000 cars and trucks. Retail sales of new cars have been large this autumn and production has been maintained at high levels in order to supply this demand and to build up dealers' stocks. Lumber production declined less than seasonally from October to November. New orders for lumber continued somewhat above the current rate of production although below the high level of the three preceding months when large orders were placed for cantonnement construction. Lumber stocks at mills continued to decline and were smaller than at any time in recent years. Bituminous coal production increased considerably in November, following a sharp decline in the previous month, while output of crude petroleum was maintained at about the October rate. Production of most metals continued in large volume.

Value of total construction contract awards declined less than seasonally in November. In the 37 eastern States for which F. W. Dodge Corporation data are available total contracts showed little change; awards for public construction increased further and those for private work declined by somewhat less than the usual seasonal amount. In the far western States contract awards showed a decline from the unusually high level reached in October.

**Distribution**—Distribution of commodities to consumers increased considerably in November. Sales at department stores and mail-order houses rose sharply, while variety store sales increased by about the usual seasonal amount. In the first half of December there was the customary large expansion in retail sales. Total freight-car loadings showed considerably less than the usual seasonal decline in November and the early part of December. Loadings of coal, which had been curtailed in October, increased sharply and shipments of ore and of miscellaneous merchandise declined much less than is usual at this time of the year.

**Wholesale Commodity Prices**—Prices of basic commodities, which had risen substantially since August, generally showed little change from the middle of November to the middle of December. Prices of a few imported commodities, particularly cocoa, burlap, and shellac, increased considerably and there were small advances in steel scrap and some other domestic commodities, while moderate declines were reported for such varied commodities as lead, grains, and lard.

**Bank Credit**—Total loans and investments at reporting member banks in 101 leading cities have increased sharply since the beginning of October. Commercial loans continued to increase in November and the first half of December, and holdings of United States Government obligations at New York City banks rose sharply. Principally as a result of the expansion of bank loans and investments, Government expenditures, and foreign disbursements financed by additional gold imports, bank deposits increased to new high levels. At the same time there has been a considerable increase in currency in circulation partly in response to seasonal trade demands.

**United States Government Security Prices**—Prices of United States Government securities continued to rise during the latter half of November and the early part of December, and the 1960-65 bonds advanced to successive new high levels, with a peak of about 111% on December 10. The yield on this issue declined to a low point of 2.03 per cent on the latter date, but increased slightly toward the middle of the month, reflecting some easing in prices.