



BUSINESS CONDITIONS

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



Loading Cotton in Tennessee

SUMMARY OF EIGHTH DISTRICT

	Dec., 1940	comp. with Nov., 1940	Dec., 1939
Livestock			
Receipts at National Stock Yards.....	—	4.0%+	11.3%
Shipments from aforesaid Yards.....	+	0.7	+ 3.1
Production and Distribution:			
Sales by mfrs. and wholesalers.....	—	3.4	+ 29.9
Department store sales.....	+	48.6	+ 7.2
Car loadings	+	0.8	+ 3.5
Building and Construction:			
Bldg. permits, incl. repairs {	Number... +	25.3	— 23.1
Cost.....	+	26.7	+ 53.4
Value construction contracts awarded..	+	11.1	— 73.9
Miscellaneous:			
Commercial failures {	Number.....	— 9.1	+ 2.6
Liabilities.....	+	36.1	+ 85.5
Consumption of electricity.....	+	1.2	+ 23.1
Debits to individual accounts.....	+	11.5	+ 6.8
Life Insurance Sales.....	+	24.3	+ 6.2
Member Banks (24):			
	Jan. 15, '41	comp. with	Dec. 18, '40
Gross deposits.....	+	1.9%	+ 10.1%
Loans.....	—	0 -	+ 11.7
Investments.....	+	3.5	+ 7.5

THE marked upswing in Eighth District business and industry, which had its rise toward the end of last spring, continued with practically no interruption through December and the first half of January. In the case of a number of important lines in which activities usually contract at this time of year, there was little, if any, evidence of the expected decline. In virtually all lines investigated by this bank, volume of sales and production in December were measurably above a year ago and the average of all years since 1929. This was true of both durable goods and merchandise for ordinary consumption. A particularly favorable exhibit was made by iron and steel, nonferrous working metal, textile, and other industries directly affected by the Government's defense program. In this district alone contracts placed by the various Government agencies between June 1 and November 1, 1940, reached a total value of approximately \$382,200,000, and since that time a substantial volume of additional orders for a broad variety of goods has been placed.

In spite of the extraordinary volume of shipments during the period, unfilled orders as of mid-January were still sufficiently large to insure the recent high rate of operations during the next several months. A number of important firms in the steel and some other industries report that their prospective outputs during the first quarter of this year have been sold. Reflecting the high rate of activities in the building industry, demand for all descriptions of building materials maintained the high levels obtaining during the fall. Lumber production in December, while somewhat below the preceding

month, was substantially greater than a year earlier, and largest for the month in recent years. Production of glass, cement, quarry and fire clay products was also in exceptionally large volume for this time of year.

Reflecting generally higher public purchasing power incident to increased employment and favorable returns from the year's crops in the district, retail trade expanded more than seasonally in December. While mild temperatures tended to hold down the movement of cold weather goods, holiday shopping got an earlier start than usual, and in both the urban centers and country was in larger volume than in any recent year. December department store sales in the principal cities were approximately 50 per cent greater than in November and 7.2 per cent above the December, 1939, total. For the twelve months aggregate sales were 7.1 per cent in excess of those in 1939. Gains in volume of wholesale merchants noted earlier in the year were well maintained during December and total for all lines whose statistics are available to this bank showed a substantial increase over a year earlier. Postal receipts in the principal cities during the final quarter of 1940 were 5.6 per cent greater than for the same period a year earlier, and for the entire year an increase of 6.5 per cent was recorded.

Reflecting the high rate of industrial activity, consumption of electric current by industrial users in six large cities during December was greater by 1.2 per cent and 23.1 per cent, respectively, than a month and a year earlier. Output of bituminous coal at mines in this general area in December was 4.8 per cent more than in November and 10.9 per cent greater than in December, 1939. For the year production exceeded that of the preceding twelve months by 4.3 per cent. Stimulated by heavy demand and relatively high prices, production of lead, zinc and other metals at district mines reached the highest levels in recent years. As of mid-January production of steel ingots at mills in this area was at 87.5 per cent of capacity, the same as during the preceding six or eight weeks, and comparing with 83 per cent a year ago.

Commercial failures in the Eighth Federal Reserve District in December, according to Dun and Bradstreet, numbered 40, involving liabilities of \$727,000, as against 44 insolvencies in November with liabilities of \$534,000 and 39 defaults for a total of \$392,000 in December, 1939. In 1940 there were 443 failures with liabilities of \$5,534,000, as against 400 failures in 1939 for a total of \$6,104,000.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	December, 1940 compared with Nov., '40 Dec., '39		Dec. 31, 1940 comp. with Dec. 31, 1939
Automotive Supplies.....	-29.2%	-11.5%	- 2.9%
Boots and Shoes.....	+12.2	+41.5
Drugs and Chemicals.....	+ 6.3	+14.2
Dry Goods.....	-29.8	+23.0	- 8.7
Electrical Supplies.....	+14.2	+ 2.2	+15.5
Furniture.....	-15.3	+12.9	-26.6
Groceries.....	-15.9	- 1.3	+ 1.1
Hardware.....	- 1.6	+37.0	+41.1
Tobacco and its Products.....	- 3.3	+ 7.3
Miscellaneous.....	- 4.8	+13.8	+ 6.7
Total all lines.....	- 3.4	+29.9	+ 2.9

Automobiles—Combined passenger car, truck and taxicab production in the United States in December totaled 483,567, as against 487,352 in November and 452,024 in December, 1939. In 1940 production amounted to 4,455,493 vehicles compared with 3,574,678 in 1939 and 2,489,555 in 1938.

Iron and Steel Products—The high rate of activity in the steel industry, which obtained in this area during the fall of 1940, continued during the closing weeks of December and the first half of January. Interruptions to production at mills, foundries, machine shops and other ferrous metal working plants incident to the holidays were less in evidence than during any preceding season. The past thirty days were marked by some recession in new ordering of steel, but backlogs and strong pressure for deliveries on the part of customers resulted in practically continuous operations, and indications are that the present pace will be maintained during the next several months. In the case of a number of producers, shipments during December exceeded those of the preceding month, and were the largest ever recorded for the period. This was true particularly of makers of sheets, plates, strip and other flat rolled steel commodities. Some companies are virtually out of the market and are booking orders only for delivery when materials are available.

Demands are reported exceptionally well diversified, and while defense needs are accounting for heavy tonnages, requirements for civilian purposes still predominate in current business. Machine tool, engine and general machinery manufacturers are operating at or near capacity schedules. Railroad equipment builders have a substantial volume of unfinished orders, reflecting heavy purchasing of freight cars by carriers in 1940. Total of freight cars placed in the past twelve months is estimated at 65,277 units, against 57,775 units in 1939 and 16,303 units in 1938.

Releases by the automotive industry continue on a liberal scale, and purchasing by structural steel

fabricators is in large volume. December sales of warehouse and jobbing interests were the largest for the month since 1929, with orders for flat rolled steel and special steels being stimulated by delayed mill deliveries. Consumption of steel scrap during the last half of 1940 was the heaviest of record for any similar period. As of mid-January production of steel ingots at mills in this general area was at 87.5 per cent of capacity, equal to the best rate reached in 1940. December shipments of pig iron to district melters exceeded the November total by a liberal margin, and were the highest of record for the month.

For the entire country, according to the magazine "Steel," production of pig iron in December totaled 4,571,715 tons, a new all-time monthly high, and comparing with 4,397,656 tons in November and 4,219,718 tons in December, 1939. Total output in 1940 was 46,923,527 tons, exceeded only in 1929 when 47,342,605 tons were produced. December production of steel ingots in the United States totaled 6,300,768 tons, against 6,282,824 tons in November and 5,822,014 tons in December, 1939. For the twelve months of 1940 output amounted to 65,246,953 tons.

MINING AND OIL

Coal—In spite of the extremely mild weather prevailing generally through the district during the late fall and early winter, activity in the bituminous coal industry continued at a high rate toward the end of the year and during the first weeks in January. Smaller tonnages burned for domestic heating purposes were more than offset by heavy industrial consumption. Production at district mines in December was measurably higher than a year ago.

In the United States production of soft coal in December was 40,600,000 tons, according to the Bituminous Coal Division, U. S. Department of the Interior. This compares with 40,012,000 tons in November and 38,066,000 tons in December, 1939. In 1940 there were 453,307,000 tons lifted, as against 391,468,000 tons in 1939 and 342,317,000 tons in 1938. At mines in this general area December output was 4.8 per cent more than in November and 10.9 per cent greater than in December, 1939. Total production of these mines in 1940 exceeded that of the preceding year by 4.3 per cent.

Illinois mines produced 4,941,569 tons in December, as against 4,234,360 tons in November and 4,318,953 tons in December, 1939. There were 110 mines in operation in December with 27,284 men on payrolls, which compares with 98 active mines and 27,013 operatives in November.

Petroleum—November output of crude oil in states of the Eighth District was 5.8 per cent less than in October and 1.3 per cent greater than in November, 1939. Cumulative total for the eleven months of 1940 exceeded that of the like period in 1939 by 55.1 per cent. Stocks on November 30 were 4.8 per cent and 9.7 per cent larger, 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	
	Nov., 1940	Oct., 1940	Nov., 1939	1940	1939	Nov. 30, 1940	Nov. 30, 1939
						1940	1939
Arkansas.....	2,035	2,121	2,071	23,462	19,002	2,172	1,896
Illinois.....	10,089	10,795	10,222	136,434	83,570	14,175	13,123
Indiana.....	611	583	222	4,271	1,196	3,491	3,209
Kentucky.....	415	464	472	4,772	5,132	1,645	1,361
Totals.....	13,150	13,963	12,987	168,939	108,900	21,483	19,589

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
	December, 1940 compared with Nov., '40	12 mos. '40 to same period '39	Dec. 31, '40 comp. with Dec. 31, '39		
Ft. Smith, Ark..	+34.1%	+4.8%	+10.6%	— 8.1%	3.25 2.99
Little Rock, Ark.	+40.5	+12.2	+ 9.9	— 5.7	3.92 3.47
Louisville, Ky..	+64.2	+12.5	+10.1	+ 2.7	4.87 4.48
Memphis, Tenn..	+59.8	+ 7.5	+ 6.6	+ 6.2	3.75 3.75
Pine Bluff, Ark..	+58.9	+10.9	+ 4.6	+22.7	2.83 3.14
Quincy, Ill.....	+42.8	— 2.7	+ 1.0	+ 3.1	4.24 4.15
St. Louis, Mo....	+44.5	+ 5.6	+ 6.2	+ 3.8	4.72 4.76
Springfield, Mo.	+47.1	+13.4	+15.3	+17.7	3.78 3.30
All Other Cities..	+42.8	+ 6.0	+12.1	+23.8	3.59 3.64
8th F. R. District	+48.6	+ 7.2	+ 7.1	+ 3.3	4.45 4.38
Trading days: December, 1940—25; November, 1940—25; December, 1939—25.					

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

	Installment Accounts			Excl. Instal. Accounts	
	%			%	
Fort Smith.....	40.8%		Quincy.....	50.3%	
Little Rock....	14.2	33.3	St. Louis.....	18.7	59.5
Louisville....	16.2	50.4	Other Cities....	9.7	40.4
Memphis.....	28.9	47.3	8th F. R. District	19.1	52.4

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

	Net Sales			Stocks on Hand	Stock Turnover
	December, 1940 compared with Nov., '40	12 mos. '40 to same period '39	Dec. 31, '40 comp. with Dec. 31, '39		
Men's Furnishings	+33.4%	+10.6%	+ 7.2%	+ 2.8%	2.81 2.80
Boots and Shoes.	+33.3	+ 6.8	+ 4.5	— 5.8	7.86 7.36

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

Men's Furnishings.....	35.9%	Boots and Shoes.....	37.0%
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TRANSPORTATION

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 87,281 loads in December, as against 86,601 loads in November and 84,309 loads in December, 1939. During the first nine days of January the interchange amounted to 25,187 loads, compared

with 26,627 loads during the corresponding period in December and 23,321 loads during the first nine days of January, 1940. During 1940 a total of 989,987 loads was interchanged, which compares with 982,081 loads in 1939 and 904,081 loads in 1938. For the entire country loadings of revenue freight in 1940 amounted to 36,353,609 cars, as against 33,911,498 cars in 1939 and 30,457,078 cars in 1938.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in December was 114,700 tons, comparing with 142,208 tons in November and 127,833 tons in December, 1939. For the twelve months of 1940 total tonnage handled was 1,974,516 tons, an increase of 4.2 per cent over 1939.

AGRICULTURE

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

(In thousands of dollars)	November		Cumulative for 11 months		
	1940	1939	1940	1939	1938
Indiana.....	\$29,561	\$27,441	\$277,729	\$254,574	\$249,564
Illinois.....	50,230	48,991	514,380	475,802	458,001
Missouri.....	32,177	28,645	274,496	251,252	229,228
Kentucky.....	9,922	8,579	129,017	122,003	137,532
Tennessee.....	18,121	13,712	122,937	116,862	123,090
Arkansas.....	23,148	23,395	132,956	147,752	159,766
Mississippi.....	31,466	20,863	152,704	135,845	143,315
Totals.....	194,625	171,626	1,604,219	1,504,090	1,500,496

Farming Conditions—According to the post-harvest report of the U. S. Department of Agriculture on acreage and yields obtained on individual farms, production of many crops in 1940 exceeded earlier expectations. Yields per acre of certain productions in the Eighth District averaged higher than in any preceding year, and total production—on a smaller acreage than a few years ago—was larger than in any year except 1937. Crop production, although only slightly above the average of the last three remarkable seasons, appears high when contrasted with production in previous years and particularly high compared with averages for periods that include the drouth years of 1934 and 1936. Unlike the large crops of 1937, which came when reserves were depleted, the 1940 crops were harvested after three good years and supplies of some products are much higher than the production figures alone would indicate.

The Department's January 1 inventory of grain and hay on farms shows a volume of supplies slightly above holdings during the last two or three years and much above the average January 1 holdings during the 1931-1937 period. Holdings in Eighth District states this year included less corn than in either of the last two years, but as much

hay, slightly more wheat and much more oats than in either year. In these states farm stocks of corn on January 1 totaled 618,957,000 bushels, as against 712,105,000 bushels a year earlier and the 1930-1939 average of 519,846,000 bushels; wheat, 24,976,000 bushels, against 18,256,000 bushels last year and average of 23,871,000 bushels; oats, 161,869,000 bushels, against 102,264,000 bushels a year earlier and average of 121,820,000 bushels. In states where large amounts of 1939 and previous corn crops were carried over, stocks continue unusually heavy. This is especially true in Illinois where re-sealing of old corn in Government loans was extensive.

The winter to date has been in the main favorable for agricultural activities and the progress of fall-sown crops. Quite generally farm routine has been brought up to the seasonal schedule though in sections of the south field work has been held up by excessive moisture during December and early January. The acreage seeded to winter wheat in states of the district last fall is estimated at 6,220,000 acres, compared with 6,013,000 a year earlier and the 10-year (1928-1937) average of 6,791,000 acres.

The trend of farm prices since mid-December has been upward, with marked advances in grains, livestock, cotton and potatoes. Tobacco prices have declined rather sharply since the opening of markets for the 1940 crop in early December. As of January 4, the farm products group of the Bureau of Labor Statistics index stood at 71.2 per cent of the 1926 average, as against 69.1 per cent on December 21, 1940, and 69.6 per cent on January 6, 1940.

Cotton—The 1940 cotton crop was one of the latest in recent years, and as of the second week in January there still remained in the fields a substantial portion of the crop, grades and character of which suffered deterioration with each successive rain. Reversing conditions early in the season, when weather was ideal for harvesting, rains and freezes in November and later on seriously retarded development of late bolls. Practically none of the very late picked cotton will grade high enough to qualify for the Government loan.

Demand for spot cotton early in January developed moderate improvement over recent weeks, and in the second week of the month prices advanced to the highest levels since last May. Owing to this fact and the absence of high grades in current ginnings, loan stocks are being drawn upon to supply desired varieties. While this has not reached any considerable volume, indications point to increasing demand as the season progresses. In the St. Louis market the middling grade ranged from 9.55c to 10c per pound between December 16 and January 15,

closing at 9.90c on the latter date, which compares with 9.60c on December 16 and 10.50c on January 15, 1940.

As indicating lateness of the crop, cotton ginned in states of the Eighth District prior to December 13 totaled 3,264,389 bales, as against 3,755,916 bales a year earlier and 3,751,574 bales during the corresponding period in 1938. Combined receipts at Missouri and Arkansas compresses from August 1, 1940, to January 17, 1941, totaled 1,731,256 bales, against 1,726,307 bales for the same period a year earlier; shipments, 1,268,324 bales, against 1,513,819 bales. Stocks on hand as of January 17 amounted to 1,472,068 bales, against 1,569,047 bales on the corresponding date in 1940.

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

	Receipts			Shipments		
	Dec., 1940	Nov., 1940	Dec., 1939	Dec., 1940	Nov., 1940	Dec., 1939
Cattle and Calves.....	99,484	112,665	84,372	32,689	44,729	32,535
Hogs.....	337,069	330,211	292,512	87,646	70,939	82,306
Horses and Mules.....	1,210	1,422	2,735	1,182	1,346	1,570
Sheep.....	37,188	50,662	46,959	4,519	8,206	5,829
Totals.....	474,951	494,960	426,578	126,036	125,220	122,240

The following table shows comparative receipts and shipments for the years 1939 and 1940:

	Receipts		Shipments	
	1940	1939	1940	1939
Cattle and Calves.....	1,315,821	1,294,236	536,162	556,554
Hogs.....	3,264,991	2,625,951	1,059,010	776,368
Horses and Mules.....	18,483	28,683	19,145	26,718
Sheep.....	831,665	820,080	260,722	232,033
Totals.....	5,430,960	4,768,950	1,875,039	1,591,673

Tobacco—When the markets for burley tobacco closed for the holidays, 162,000,000 pounds, or about half the crop, had been sold at an average price of \$17.75 per cwt. Since reopening of the markets on January 2, prices declined and on January 11 the average dropped to \$14.10 per cwt. The low prices are attributed principally to weakness in medium trashes and flyings and in medium and common grades of leaf selling from \$10 to \$18 per cwt. As of mid-January approximately three-fourths of the burley crop had been sold, with average prices considerably below those of a year ago.

The Commodity Credit Corporation will make loans on the 1940 crop through farmer cooperative associations, according to announcement made by the U. S. Department of Agriculture on January 8. Total loans of not more than \$6,000,000 on not to exceed 30,000,000 pounds of tobacco were authorized, the amount advanced not to exceed 75 per cent of the parity for the grade. Only farmers participating in the A. A. A. farm program will be eligible.

Practically all the dark fired crop has been placed in bulk and as of January 15 about half of it had been stripped. Markets opened January 6 and 7.

Due to lack of export buying, not more than half the offerings have been sold, and a considerable part of the remainder has gone to the Farmers Cooperative Association.

Prior to the closing of the markets for Green River and stemming crop at the holiday season, approximately 5,000,000 pounds were sold at a general average of \$7.90 per cwt. Domestic manufacturers purchased the majority of the offerings, relatively little being taken for export. It is estimated that the Cooperative Association has taken about 30 per cent of the offerings to date.

The one sucker crop is reported of good quality, with an estimated total of 22,000,000 pounds. Prior to the Christmas holidays about 4,000,000 pounds were sold on the auction floors at an average price of \$7.85 per cwt. As of mid-January about 60 per cent of the crop had been sold, with prices generally satisfactory to growers.

COMMODITY PRICES

Range of prices in the St. Louis market between December 16, 1940, and January 15, 1941, with closing quotations on the latter date and on January 15, 1940, follows:

	High	Low	Close	
			Jan. 15, 1941	Jan. 15, 1940
Wheat				
*May..... per bu.	\$.85¾	\$.81	\$.84¾	\$.97¾
*July..... "	.79¾	.76	.79½	.94¾
*Sept..... "	.80¾	.76¼	.80	.94¾
No. 2 red winter "	.94½	.89¾	.93½	1.03
Corn				
*May..... "	.60¾	.57½	.60¾	.55¾
*July..... "	.60¾	.57½	.60¾	.56¾
*Sept..... "	.60¾	.57½	.60¾	.56½
No. 2 mixed.... "	.67	.58½	.64	.60½
No. 2 white.... "	.68½	.64¾	.67	.64
Oats				
*May..... "	.35¾	.33¾	.35¾	.39
*July..... "	.31¾	.29¾	.31¾	.33¾
*Sept..... "	.30¾	.30¾	.30¾	.31¾
Middling Cotton per lb.	.10	.0955	.0990	.1050
Hogs on Hoof . . . per cwt.	8.49	6.15	8.49	5.71

*Nominal quotations.

WHISKEY

Of the 61 distilleries in Kentucky, 48 were in operation on December 31, compared with 44 active on November 30. Condition of the industry is reported satisfactory and there is talk of increasing production during the coming several months. Tone of the market for bulk whiskey continues firm, with excess stocks practically nil. During November, 1940, 4,973,000 gallons were produced in Kentucky, compared with 3,907,000 gallons in November, 1939.

Final figures for December are not available, but it is believed that the amount of whiskey withdrawn from warehouses will show a decrease from November, owing to the fact that bulk of liquor for the holiday trade was packaged during November and early December.

The percentage of bottled-in-bond whiskey sold compared with total gallonage marketed, according to trade sources, continues to increase. This is emphasized by the fact that 17.5 per cent of total

tax payments in November were on that type of whiskey, the highest percentage for any month since Prohibition was repealed. There is also a tendency to increase the age of bottled whiskey.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in December was 38.6 per cent greater than in November and 62.6 per cent greater than in December, 1939. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in December amounted to \$35,214,000, which compares with revised figures of \$31,697,000 in November and \$134,744,000 in December, 1939. During 1940, construction contracts totaled \$271,654,000, as against \$351,125,000 for 1939. Building figures for December 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.....	11	9	\$ 47	\$ 258	54	47	\$ 20	\$ 35
Little Rock....	24	18	106	52	60	47	21	9
Louisville.....	49	58	126	126	28	18	58	19
Memphis.....	366	233	1,870*	591	136	105	109	46
St. Louis.....	177	162	629	682	92	99	257	296
Dec. Totals....	627	480	2,778	1,709	370	316	465	405
Nov. ".....	823	631	2,005	1,514	474	539	555	761
Year ".....	10,465	8,206	26,254	26,084	6,974	7,200	6,565	5,986

*Includes a housing project.

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in December as being 1.2 per cent more than in November and 23.1 per cent greater than in December, 1939. Total consumption in 1940 was 13.7 per cent greater than in 1939. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Dec., 1940 K.W.H.	Nov., 1940 K.W.H.	Dec., 1939 K.W.H.	December, 1940 compared with Nov., 1940 and Dec., 1939	
Evansville.....	40	4,851	4,600	4,511	+ 5.5%	+ 7.5%
Little Rock....	35	2,309	2,365	2,055	+ 2.4	+12.4
Louisville.....	82	11,572	11,157	9,285	+ 3.7	+24.6
Memphis.....	31	3,306	3,371	2,369	+ 1.9	+39.6
Pine Bluff.....	20	927	864	1,268	+ 7.3	+26.9
St. Louis.....	125	48,305	48,099	38,399	+ 0.4	+25.8
Totals.....	333	71,270	70,456	57,887	+ 1.2	+23.1

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase of 27.2 per cent in combined postal receipts for the final quarter of 1940 over the preceding three months, and of 5.6 per cent over the last quarter of 1939. Detailed figures follow:

Quarter ending:	Dec. 31, 1940	Sept. 30, 1940	Dec. 31, 1939	Comp. Last Qtrs. 1940 and 1939
Evansville.....	\$ 215,665	\$ 169,791	\$ 202,823	+ 6.3%
Little Rock....	257,192	230,366	246,022	+ 4.5
Louisville.....	877,376	697,475	849,013	+ 3.3
Memphis.....	901,182	629,594	870,703	+ 3.5
St. Louis.....	3,267,824	2,612,356	3,055,954	+ 6.9
Totals.....	5,519,239	4,339,582	5,224,515	+ 5.6

The following table shows the comparative totals for the years 1938, 1939 and 1940:

	1940	1939	1938	1940 comp. with 1939	1938
Totals.....	\$19,003,859	\$18,411,947	\$17,840,176	+3.2%	+6.5%

BANKING AND FINANCE

Save as affected by seasonal influences, banking and financial conditions in the Eighth District underwent no notable change during the past thirty days as compared with the similar period immediately preceding. Demand for credit from commercial and industrial sources developed moderate improvement, but liquidation of routine loans was in substantial volume, so that net gains in credit extended were not large. According to many bankers in the large cities, only a relatively small part of the increase in loans can be attributed to defense projects, owing mainly to the promptness with which Government payments on contractual obligations are being made. While demands for currency incident to the holiday season were of record size, the return flow to mid-January had been relatively smaller than in past years. The volume of bankers' acceptances outstanding in this district as of December 31 was 15 per cent greater than a month earlier and 15 per cent less than on December 31, 1939.

Member Banks—Total loans and investments of reporting member banks in the principal cities increased 1.8 per cent between December 18, 1940, and January 15, 1941, and on the latter date were 9.5 per cent greater than a year earlier. Loans fluctuated in minor degree only, bulk of the increase being in investments, and more specifically in holdings of Government securities. Deposits during the four-week period continued the sharp upward trends which have prevailed since last summer and, at \$1,230,034,000 at mid-January, represented an all-time high.

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

(In thousands of dollars)	Change from		
	Jan. 15, 1941	Dec. 18, 1940	Jan. 17, 1940
Commercial, industrial, agricultural loans...	\$220,326	+ 1,170	+20,395
Open market paper.....	9,931	— 302	+ 389
Loans to brokers and dealers.....	3,987	— 296	+ 1,266
Other loans to purchase and carry securities.	12,788	— 84	+ 417
Real Estate loans.....	58,626	+ 357	+ 7,139
Loans to banks.....	2,805	— 573	+ 1,228
Other loans.....	67,989	— 320	+11,013
Treasury bills.....	14,138	— 1,703	+11,298
Treasury notes.....	35,860	— 1,177	+ 8,423
U. S. bonds.....	161,559	+17,330	+21,602
Obligations guaranteed by U.S. Government.	63,421	— 530	+ 6,939
Other securities.....	113,896	— 644	+ 9,733
Balances with domestic banks.....	196,672	+ 5,784	+ 2,843
Demand deposits—adjusted*.....	542,071	+ 6,396	+64,964
Time deposits.....	192,136	+ 1,222	+ 2,287
U. S. Government deposits.....	10,231	— 1,290	+ 7,785
Inter-bank deposits.....	413,833	+18,347	+45,485
Borrowings.....	—	— 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 January 1 was 1 per cent greater than a month earlier, and slightly larger than on the corresponding report date in 1940.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,919,894	\$1,483,119,130
Collections (non-cash items) handled.....	164,834	32,598,012
Transfers of funds.....	4,910	403,734,589
Currency received and counted.....	9,355,583	33,438,983
Coin received and counted.....	9,560,669	1,029,998
Rediscounts, advances and commitments.....	26	1,611,810
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	14,817	40,414,736
Bills and securities in custody—coupons clipped	21,381	—

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

(In thousands of dollars)	Change from		
	Jan. 21, 1941	Dec. 24, 1940	Jan. 23, 1940
Industrial advances under Sec. 13b.....	\$ 18	+ 3	— 8
Other advances and rediscounts.....	11	— 117	+ 205
Bills bought (including participations).....	—	— 0	— 0
U. S. securities.....	103,139	— 8,763	— 7,952
Total earning assets.....	103,168	+ 8,649	— 8,165
Total reserves.....	515,257	— 5,538	+ 81,358
Total deposits.....	392,802	+ 349	+ 40,897
F. R. Notes in circulation.....	220,229	— 496	+ 30,418
Industrial commitments under Sec. 13b..	254	— 170	+ 102
Ratio of reserve to deposit and F. R. Note liabilities.....	84.1%	— 0.6%	+ 4.0%

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	2	{ 1½% to % per annum
(b) On remaining portion—No charge to financing institution. Federal Reserve Bank will retain interest collected from borrower.		
Advances to established industrial or commercial businesses under section 13b.....	3½	% to % per annum
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.		

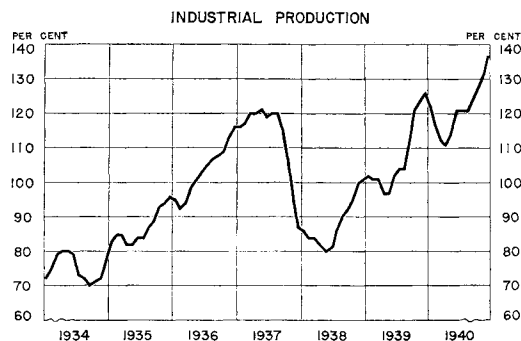
Since the preceding issue of this review the First State Bank of Olmsted, Olmsted, Ill., and the First Bank and Trust Company, Cairo, Ill., became members of the Federal Reserve System.

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

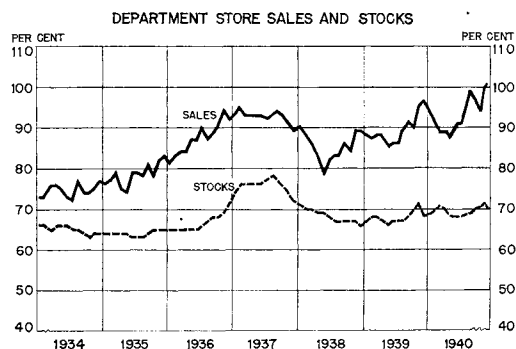
(In thousands of dollars)	Dec., 1940	Nov., 1940	Dec., 1939	Dec., '40 comp. with Nov., '40	comp. with Dec., '39
El Dorado, Ark.....	\$ 5,807	\$ 5,749	\$ 6,060	+ 1.2%	— 4.2%
Fort Smith, Ark.....	16,285	14,436	13,849	+ 12.8	+17.6
Helena, Ark.....	2,069	2,267	3,196	— 8.7	—35.3
Little Rock, Ark.....	56,152	48,745	46,747	+ 15.1	+40.1
Pine Bluff, Ark.....	10,112	10,299	11,307	— 1.8	—10.6
Texarkana, Ark.-Tex.	9,951	8,278	9,328	+ 20.2	+ 6.7
E. St. L.-Nat. S. Y., Ill.	44,707	43,872	38,640	+ 1.9	+15.7
Quincy, Ill.....	9,648	10,056	9,169	+ 4.1	+ 5.2
Evansville, Ind.....	38,943	35,101	36,825	+ 10.9	+ 5.8
Louisville, Ky.....	214,516	183,849	196,738	+ 16.7	+ 9.0
Owensboro, Ky.....	7,354	6,939	8,054	+ 6.0	— 8.7
Greenville, Miss.....	5,853	6,619	7,610	— 11.6	—23.1
St. Louis, Mo.....	729,650	627,970	688,373	+ 16.2	+ 6.0
Sedalia, Mo.....	2,396	2,216	2,510	+ 8.1	— 4.5
Springfield, Mo.....	16,651	16,018	14,039	+ 4.0	+18.6
Memphis, Tenn.....	207,849	213,841	197,290	— 2.8	+ 5.4
Totals.....	1,377,943	1,236,245	1,289,735	+ 11.5	+ 6.8

NATIONAL SUMMARY OF BUSINESS CONDITIONS

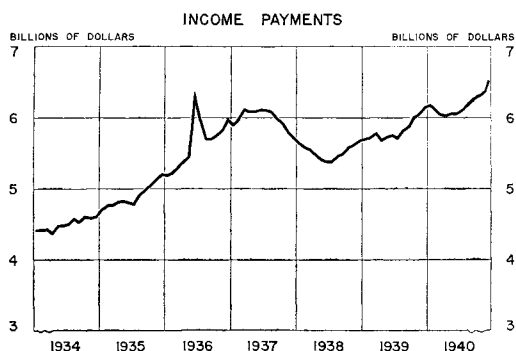
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



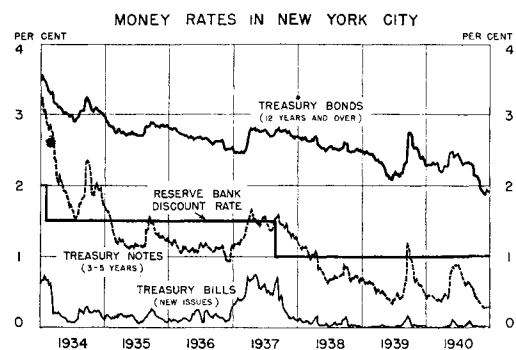
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January, 1934, to December, 1940. Latest figure 136.



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



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



For weeks ending January 6, 1934 to January 11, 1941.

Industrial activity continued at a high rate in December and the first half of January and distribution of commodities to consumers was maintained in large volume. There was some increase in wholesale commodity prices.

Production—Volume of industrial production showed little change from November to December, although usually there is a decline at this season, and consequently the Board's adjusted index rose further by four points to 136 per cent of the 1935-39 average. Steel ingot production was sustained at about 96 per cent of capacity. New orders for steel continued large, according to trade reports, and were equal to or slightly greater than production; consequently the volume of unfilled orders remained at about the peak level reached in November. In the first half of January steel output increased to around 98 per cent of capacity. Activity in the machinery, aircraft, and ship-building industries continued to increase sharply and working forces were expanded further. In these lines and in some others, such as wool textiles, unfilled orders are exceptionally large, owing in the main to the defense program.

Automobile production declined somewhat more than seasonally in December following an unusually large volume of output in November and October. Retail sales of new cars during the last quarter of 1940 were about one-fourth greater than in the corresponding period last year and used car sales also were large. In the nonferrous metals industries activity increased further in December and output of lumber and cement showed less than the usual seasonal decline. Textile production, which in November had exceeded the previous record levels reached a year ago, continued at this high rate in December, not showing the usual seasonal decrease. At cotton and rayon mills, activity increased somewhat further and at wool textile mills output was sustained at peak rates. In the shoe industry, where output had been in reduced volume during the first ten months of the year, there was less than the usual seasonal decline in November and December and, on a seasonally adjusted basis, production was close to earlier peak levels.

At mines bituminous coal production declined less than seasonally and anthracite production increased. Output of crude petroleum showed a reduction in December owing mainly to the fact that wells in Texas were closed for ten days as compared with nine days in November. Output of metals continued in large volume. Value of construction contract awards, as reported by the F. W. Dodge Corporation, increased contraseasonally in December, reflecting further sharp increases in awards for defense construction and private nonresidential building. Contracts for private residential building declined by somewhat less than the usual seasonal amount.

Distribution—Distribution of commodities to consumers increased more than seasonally in December. Department and variety store sales showed the customary sharp expansion during the Christmas season and sales at mail-order houses rose more than is usual at this time of year. Freight-car loadings showed a seasonal decline from November to December. Shipments of forest products and miscellaneous freight decreased less than seasonally, while ore loadings, which had been unusually large in November, declined sharply.

Wholesale Commodity Prices—Basic commodity prices generally increased from the middle of December to the middle of January, following little change during the preceding four weeks. Currently these prices are substantially above the level prevailing last summer. Increases in the past month were most marked for foodstuffs, especially hogs, pork, lard, and cottonseed oil, but there were advances also in a number of industrial materials, particularly pig iron, cotton, cotton goods, paint materials, and hides. Steel scrap prices, after increasing during most of the period, subsequently declined and lumber prices also decreased somewhat from the sharply advanced peak reached in November.

Bank Credit—Total loans and investments at reporting member banks in 101 leading cities continued to increase substantially during the six weeks ending January 8, reflecting principally increases in holdings of United States Government obligations at New York City banks. Commercial loans rose somewhat further while loans to New York security brokers and dealers, which had increased in December, subsequently declined somewhat. Excess reserves, after declining during the first half of December, have since increased to about \$6,900,000,000. The increase reflected reductions in Treasury deposits with the Reserve Banks, a continued inflow of gold, and since Christmas a seasonal return flow of currency from circulation.

United States Government Security Prices—Prices of United States Government securities reacted somewhat after reaching record high levels early in December. Bonds of 1960-65 showed on January 8 a net decline of about 2½ points from the all-time peak of December 10, but subsequently fluctuated somewhat above this level. The yield on this issue, which was 2.03 per cent at the peak in prices, was 2.16 per cent on January 14.