



BUSINESS CONDITIONS

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



New Bridge over Ohio River at Owensboro, Ky.

SUMMARY OF EIGHTH DISTRICT

	Jan., 1941, Dec., 1940	comp. with Jan., 1940
Livestock		
Receipts at National Stock Yards.....	- 10%	- 7%
Shipments from aforesaid Yards.....	+ 29	+ 10
Production and Distribution:		
Sales by mfrs. and wholesalers.....	+ 12	+ 21
Department store sales.....	- 50	+ 18
Car loadings	+ 7	+ 9
Building and Construction:		
Bldg. permits, incl. repairs {	Number... + 55	+170
Cost.....	- 54	- 11
Value construction contracts awarded..	- 29	+ 53
Miscellaneous:		
Commercial failures {	Number..... - 17	- 15
Liabilities.....	- 37	- 8
Consumption of electricity.....	+ 3	+ 27
Debits to individual accounts.....	- 5	+ 18
Life insurance sales.....	- 15	+ 3
Member Banks (24):	Feb. 12,'41 Jan. 15,'41	comp. with Feb. 14,'40
Gross deposits.....	+ 2%	+ 11%
Loans.....	+ 2	+ 15
Investments.....	+ 4	+ 11

STIMULATED by an increasing volume of defense expenditures and steadily expanding civilian consumer demand, Eighth District trade and industry during January and the first half of February maintained the high rate of activity which characterized the final quarter of 1940. In certain lines the showing made in January exceeded that of any month last year, and in the case of certain units new high records were established. During December major defense contracts awarded by the War and Navy Departments in this district represented a dollar value of \$11,900,708, bringing to \$399,883,000 the volume of such contracts let since June 1, 1940. Since January 1 there has been a substantial volume of additional orders for a wide variety of commodities placed by the several Government agencies. As a result of expanded manufacturing activities and gains in agricultural and other seasonal occupations, the general employment situation developed noticeable improvement, and in a number of localities was reported the most satisfactory at this particular time in more than a decade.

Increased production extended to practically all lines investigated, but was most marked in iron and steel, aircraft, engines, railroad equipment, machine tools and other lines directly or indirectly affected by the national defense program. Output of steel ingots at mills in this area was stepped up to 93 per cent of rated capacity in the first week of February. This was the highest rate since May, 1937, and compares with 87.5 per cent a month earlier and 68 per cent a year ago. Operations at lumber mills and wood working plants were at an unusually high rate for this season, and as has been the case for a

number of months, new orders exceeded current output. A moderate increase was reported in January production at cotton textile mills, with a number of plants operating at full capacity. Activities at shoe factories increased in about the usual amount from December to January.

Consumption of electricity by industrial users in six large cities of the district in January was 3 per cent and 27 per cent greater, respectively, than a month and a year earlier and highest for any January of record. Output of bituminous coal at mines in this area was 8 per cent greater than a month earlier, but 10 per cent below the unusually heavy January production in 1940. Reflecting urgent defense requirements and heavy demands from routine consumer sources, production of lead and zinc at district mines was increased substantially in January over a year ago. Refinery stocks of zinc as of January 1 were the smallest in recent years. The trend of wholesale prices showed little change during January but as of the first week in February the Bureau of Labor Statistics index was 1.8 per cent higher than on the corresponding date a year earlier.

Recent gains in employment, coupled with generally expanded income payments were reflected in a continued heavy volume of distribution of commodities both through wholesale and retail channels. Following the extraordinarily heavy Christmas trade, department store sales declined in about the expected amount from December to January, but have increased markedly during the past several weeks. Cumulative total for the year to February 8 was approximately one-fifth greater than in the corresponding period a year ago. January sales of chain stores and mail-order houses were also measurably above a year earlier. Without exception all wholesaling and jobbing lines whose statistics are available to this bank reported January sales larger than a year ago, a particularly favorable exhibit being made by electrical goods, boots and shoes, hardware and furniture. In the St. Louis area retail sales of automobiles showed little change from December, but were considerably greater than in January, 1940. Freight car loadings increased contraseasonally in January, reflecting chiefly heavy movement of miscellaneous freight and forest products.

Commercial failures in the Eighth Federal Reserve District in January numbered 33, involving liabilities of \$458,000, comparing with 40 defaults in December with liabilities of \$727,000 and 39 insolvencies for a total of \$500,000 in January, 1940.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities Data furnished by Bureau of Census, U. S. Dept. of Commerce.	Net Sales		Stocks
	January, 1941 compared with Dec., '40 Jan., '40		Jan. 31, 1941 comp. with Jan. 31, 1940
Automotive Supplies.....	+33%	+ 4%	...%
Boots and Shoes.....	+67	+26	+ 8
Drugs and Chemicals.....	+ 2	+11	...
Dry Goods.....	+23	+14	- 5
Electrical Supplies.....	-23	+52	+39
Furniture.....	-14	+28	- 9
Groceries.....	+ 8	+ 7	+ 3
Hardware.....	- 6	+47	+34
Tobacco and its Products.....	-21	+ 3	+19
Miscellaneous.....	-11	+ 2	+ 7
Total all lines.....	+12	+21	+ 6

Automobiles—Combined passenger car, truck and taxicab production in the United States in January totaled 500,931, as against 483,567 in December and 432,101 in January, 1940.

Iron and Steel Products—Activities in the iron and steel industry in this area increased further in January and the first half of February from the high levels obtaining during the final quarter of 1940. While there was some recession in the volume of new business placed with mills, foundries and some other ferrous metal working plants, backlogs of unfilled orders continued large, and deliveries on numerous commodities, notably plain steel, are still further extended. A steadily growing part of current activity is attributable to defense requirements, direct and incidental, but regular civilian needs still furnish outlet for the bulk of production. Purchasing is widely diversified, both with reference to commodities and consumers. Increased activity was reported by manufacturers of machine tools, engines, miscellaneous machinery, aircraft, freight cars, and a number of specialized products.

Mills report pressure for delivery of sheets, strip, plates, bars and other flat rolled items. Owing partly to delayed mill deliveries, a heavy volume of fill-in orders have been placed with warehouse and jobbing interests. This fact was reflected in an increase in January sales of warehouses of approximately 6 per cent over December. Because of heavy orders placed by the warehouses a few months ago, and which are now reaching the delivery stage, stocks are fairly heavy and assortments good. Generally steel mills report prospective production disposed of through the present quarter, and on some products, well into the second three-month period. Exceptional demands created by defense housing work, coupled with scarcity of zinc, are reflected in firm situation in all descriptions of galvanized materials.

Combined melt of pig iron and scrap at district mills and foundries in January was well above that in December and largest for the month of record. Prices of scrap iron and steel declined during the

past thirty days, but otherwise price changes of both finished and raw materials were negligible. As of mid-February steel ingot production at mills in this area was at 93 per cent of capacity, best since May, 1937, and comparing with 87.5 per cent and 68 per cent, respectively, a month and a year earlier.

Production of pig iron in the entire country in January totaled 4,666,233 tons, an all time monthly record, according to the magazine "Steel." This compares with 4,542,864 tons in December and 4,024,556 tons in January, 1940. Steel ingot output in the United States in January amounted to 6,943,084 tons, compared with 6,493,849 tons in December and 5,768,729 tons in January, 1940.

MINING AND OIL

Petroleum—December output of crude oil in states of the Eighth District was 2 per cent greater than in November and 1 per cent less than in December, 1939. Total production in 1940 exceeded that of 1939 by 49 per cent. Stocks on December 31 were 1 per cent less and 6 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	
	Dec., 1940	Nov., 1940	Dec., 1939	1940	1939	Dec. 31, 1940	Dec. 31, 1939
Arkansas.....	2,121	2,035	2,141	25,583	21,143	2,197	1,907
Illinois.....	10,354	10,089	10,732	146,788	94,302	13,944	12,983
Indiana.....	572	611	247	4,843	1,443	3,393	3,698
Kentucky.....	421	415	449	5,193	5,581	1,684	1,389
Totals.....	13,468	13,150	13,569	182,407	122,469	21,218	19,977

Coal—Stocks of bituminous coal held by industrial consumers and retail dealers declined approximately 2 per cent during December, 1940, according to the Bituminous Coal Division, U. S. Department of the Interior. As of January 1, the latest date for which information is available, stocks amounted to 50,958,000 net tons, compared with 44,571,000 net tons at the beginning of 1940. Industrial consumption in December showed a substantial increase over the preceding month, with virtually all the chief branches of industry sharing in the increase.

For the entire country, production of bituminous coal in January totaled 43,905,000 tons, comparing with 41,400,000 tons in December and 44,976,000 tons in January, 1940. At mines in this general area January output was 8 per cent greater than in December and 10 per cent less than in January, 1940. Illinois mines produced 4,853,420 tons in January, as against 4,941,569 tons in December and 5,522,343 tons in January, 1940. There were 107 mines in operation in January, with 27,806 men on payrolls, comparing with 110 active mines and 28,964 operatives in December.

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	Stock	
	January, 1941 compared with Dec., '40	Jan., '40	on Hand Jan. 31, 1941 comp. with Jan. 31, 1940	Turnover Jan. 1, to Jan. 31, 1941	1940
Fort Smith, Ark.....	-48%	+15%	- 8%	.24	.19
Little Rock, Ark.....	-54	+35	- 4	.33	.23
Pine Bluff, Ark.....	-54	+48	+ 1	.23	.18
E. St. Louis, Ill.....	-60	+34	....	..	..
Quincy, Ill.....	-60	+16	....	..	..
Evansville, Ind.....	-64	+10	....	..	..
Louisville, Ky.....	-59	+38	- 4	.35	.28
St. Louis, Mo.....	-47	+12	+ 7	.37	.35
Springfield, Mo.....	-53	+50	+44	.18	.16
Jackson, Tenn.....	-59	+42	....	..	..
Memphis, Tenn.....	-55	+23	+ 3	.30	.27
All other cities.....	-56	+ 8	+ 8	.23	.26
8th F. R. District.....	-50	+18	+ 4	.34	.31

Outstanding orders of reporting stores during January, 1941, were 19 per cent greater than in the corresponding month a year ago.

Percentage of accounts and notes receivable outstanding January 1, 1941, collected during January, by cities:

	Installment Accounts	Excl. Instal. Accounts		Installment Accounts	Excl. Instal. Accounts
Fort Smith.....%	43%		Quincy.....	17%	58%
Little Rock.....	14	38	St. Louis.....	20	58
Louisville.....	14	50	Other Cities.....	11	53
Memphis.....	24	47	8th F. R. District.	19	52

Indexes of Department Store Sales and Stocks, 8th F. R. District (1923-1925 average = 100):

	Jan., 1941	Dec., 1940	Nov., 1940	Jan., 1940
Sales (daily average), Unadjusted.....	80	167	112	69
Sales (daily average), Seasonally adjusted..	100	101	96	87
Stocks, Unadjusted.....	62	64	79	60.
Stocks, Seasonally adjusted.....	71	69	71	68

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

	Net Sales		Stocks	Stock	
	January, 1941 compared with Dec., '40	Jan., '40	on Hand Jan. 31, 1941 comp. with Jan. 31, 1940	Turnover Jan. 1, to Jan. 31, 1941	1940
Men's Furnishings.....	-53%	+14%	+ 8%	.23	.21
Boots and Shoes.....	-47	+21	-10	.53	.41

Percentage of accounts and notes receivable outstanding January 1, 1941, collected during January:

Men's Furnishings.....	37%	Boots and Shoes.....	38%
Trading days: Jan., 1941 — 26; Dec., 1940 — 25; Jan., 1940 — 26.			

TRANSPORTATION

According to officials of railroads operating in this area, the volume of freight traffic handled during January and early February was considerably greater than during the similar period a year and two years earlier. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 93,671 loads in January, as against 87,281 loads in December and 85,725 loads in January, 1940. During the first nine days of February the interchange amounted to 26,864 loads, comparing with 25,187 loads during the correspond-

ing interval in January and 25,097 loads during the first nine days of February, 1940. For the entire country loadings of revenue freight for the first six weeks this year, or to February 8, totaled 4,164,614 cars against 3,842,994 cars for the similar period in 1940 and 3,438,209 cars in 1939.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in January was 106,100 tons, comparing with 114,694 tons in December and 83,457 tons in January, 1940.

WHISKEY

As of January 31, the largest number of distilleries in Kentucky was in production since the repeal of the Prohibition Amendment. Of the 61 establishments, 51 were in operation, an increase of three over a month earlier. While final figures for January are not yet available, total Kentucky output for December was 5,904,947 gallons, comparing with 4,238,851 gallons in December, 1939. According to trade sources, demand shows a steady increase, owing mainly to improved business conditions. There is a disposition on the part of certain consumers to lay in stocks in anticipation of possible advance in taxes later on. Production is being stimulated at this time by the belief that the manufacture of whiskey might be curtailed in order to conserve raw materials in the event of a national emergency.

On January 26, a decision was handed down by Circuit Judge W. B. Ardery of Franklin County, Ky., declaring unconstitutional the Liquor Fair Trades Act of 1940. Under this act a minimum mark-up of 15 per cent by wholesalers and of 33-1/3 per cent by retailers on the price of whiskey was mandatory. It is reported than an appeal from Judge Ardery's decision will be taken to the Court of Appeals.

AGRICULTURE

Farming Conditions—Weather generally through the district during the late fall and to the middle of February, while variable, has been for the most part favorable for growth and development of fall-sown crops, also for progress of routine agricultural activities, including feeding of livestock for market and dairying. Precipitation has been adequate and well distributed and subsoil conditions in numerous localities are reported best for this particular season in a number of years. Preparation of land for planting spring crops in both the north and south has made fair progress, and except where interfered with by rainfall, is close to the seasonal schedule. Universally supplies of farm labor are adequate for all purposes, with average wages showing little

change from the corresponding time a year ago.

The general level of farm prices tended upward during January, but turned rather sharply downward during the early part of February. Declines were most marked in livestock and grains, notably cattle and hogs and wheat and rye. Prices of tobacco have receded rather markedly since the markets for the 1940 crop opened early in December. As of February 1, the farm products group of the Bureau of Labor Statistics index stood at 71.7 per cent of the 1926 average, as against 72.6 per cent on January 25; 71.4 per cent on January 18; 71.2 per cent on January 4 and 69.6 per cent on February 3, 1940.

Farmers in states partly or entirely within the Eighth District received a total cash farm income, including Government benefit payments, of \$1,795,739,000 in 1940, according to estimates of the U. S. Bureau of Agricultural Economics. This represents an increase of 5 per cent, or \$91,153,000, compared with cash income received in 1939. Detailed figures by states are given in the following table:

(In thousands of dollars)	1940				1939	
	Income from		Cash Farm Income	Govt. Payments	Cash Income and Govt. Payments	Cash Income and Govt. Payments
	Income from Crops	Livestock and its Products				
Indiana	\$74,518	\$209,550	\$284,068	\$22,657	\$306,725	\$276,813
Illinois	199,663	336,211	535,874	35,750	571,624	533,658
Missouri	62,601	214,405	277,006	25,091	302,097	278,036
Kentucky	74,073	72,434	146,507	13,318	159,825	146,922
Tennessee	66,566	58,717	125,283	16,207	141,490	133,847
Mississippi	81,629	32,911	114,540	32,681	147,221	171,548
Arkansas	103,295	37,736	141,031	25,726	166,757	163,762
Totals	662,345	961,964	1,588,309	171,430	1,795,739	1,704,586

Cotton—In states including the Eighth District, cotton ginned from the 1940 crop prior to January 16, according to the Bureau of the Census, totaled 3,512,009 bales, which compares with 3,768,039 bales a year earlier and 3,770,034 bales two years ago. Combined ginnings in Arkansas and Missouri amounted to 1,798,206 bales, of which 113,870 bales, or 6.3 per cent, went into the 1940-1941 Government Cotton Loan. Of total ginnings for the country's entire crop, 24 per cent was claimed by the Government loan. The relatively small percentage of Arkansas and Missouri cotton going into the loan was accounted for by the fact that a very large percentage of this cotton was 15/16 inch or better.

Various circumstances have militated against bringing farming preparations for the new crop up to the seasonal schedule. During the preceding two seasons, as of mid-February, considerable work had been done and as a whole was as far advanced as desirable at this time. In the present instance it was possible to accomplish little progress prior to the first week in January, due to precipitation since November 1 and lateness of the 1940 crop. There

was still an appreciable amount of cotton remaining in fields in the North Mississippi Delta, Arkansas and Missouri in late January. At that time some other areas had just about completed picking. In the recent past a great deal of work has been done, and with ample labor and sufficient equipment the late start may be easily overcome.

The demand for spot cotton continued active during January, and sales were relatively large for this time of year. Consumption in the United States during January was of record proportions, and inquiries from domestic mills indicate a disposition to protect future requirements. According to trade reports, demand centers chiefly in the higher grades. In the St. Louis market the middling grade ranged from 9.85c to 10.40c per pound between January 15 and February 15, closing at 10.40c on the latter date, which compares with 9.90c on January 15 and 10.60c on February 15, 1940.

Combined receipts at Arkansas and Missouri compresses between August 1, 1940, and February 14, 1941, totaled 1,822,378 bales, as against 1,761,724 bales during the corresponding period a year earlier. Shipments during the period amounted to 1,383,028 bales, comparing with 1,718,329 bales in the preceding season. Stocks on hand as of February 14 were 1,348,586 bales, against 1,399,480 bales on the corresponding date in 1940.

Fruits and Vegetables—Reports received from scattered sections of the district, particularly areas where horticulture is important, indicate fruit trees have come through the winter to the middle of February in good condition. Fall spraying and cultivation of orchards were intensive and extensive programs for improving quality of apples, peaches and pears will be put into practice this spring. Strawberry beds are reported in better condition than at this time in a number of years. In the three early and second early states of this district, Mississippi, Arkansas and Tennessee, acreage for picking this season is estimated at 41,000 acres, which is 21.6 per cent and 20 per cent larger, respectively, than a year ago and the 10-year (1930-1939) average.

Livestock—The mild, open winter to mid-February was very favorable for livestock and poultry, in sharp contrast to the similar period a year ago. In virtually all sections of the district feeding operations proceeded satisfactorily. The movement to market of cattle, sheep and swine combined, was somewhat smaller than a year earlier, but of about seasonal proportions. Milk production through January continued at a record-breaking level for the season. The number of cows has been increased and,

according to the U. S. Department of Agriculture, they are being fed better than in any recent year. On February 1 milk production per cow in states of this district was 7.6 per cent greater than a year earlier and 8.8 per cent above the 10-year (1930-1939) February 1 average.

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

	Receipts			Shipments		
	Jan., 1941	Dec., 1940	Jan., 1940	Jan., 1941	Dec., 1940	Jan., 1940
Cattle and Calves.....	93,167	99,484	90,614	31,575	32,689	28,964
Hogs.....	296,872	337,069	325,511	125,263	87,646	113,039
Horses and Mules.....	1,530	1,210	1,598	1,611	1,182	2,205
Sheep.....	34,080	37,188	42,006	4,330	4,519	4,078
Totals.....	425,649	474,951	459,729	162,779	126,036	148,286

Tobacco—As of the close of business on February 7, all burley markets in Kentucky, with the exception of Lexington and Owensboro, had closed for the season. Total burley sales to that date were 293,813,401 pounds, for which producers received \$46,482,675. The average price per cwt. was \$15.85, or \$1.86 less per cwt. than the average price for the 1939 crop. The weekly average ranged downward from \$17.71 during the opening week of the 1940 season to \$12.13 for the week ended February 7. Offerings during the closing days of the season were relatively light and the decline in average prices was due to inferior quality of offerings and lower prices paid for tips, red leaf and common, greenish-cast tobaccos.

To the end of January it was reported that about 8,000,000 pounds of tobacco in the western dark fired district had been sold at approximately \$7.50 per cwt. In the eastern dark fired area about 16,000,000 pounds had been sold at a reported average of \$9.85 per cwt. A very large part of the tobacco in both districts has been delivered to the Farmers Co-operative Association.

About 16,000,000 pounds of Green River and stemming district tobacco had been sold to the end of the first week in February at an average price of \$7.85 per cwt. Of the one sucker type approximately 17,000,000 pounds had been sold up to February 1 at an average price of \$8.50 per cwt.

Winter Wheat—Prospects for the growing winter wheat crop were reported mainly favorable in the principal growing areas of the district. Precipitation has been adequate, and while snow covering during the early winter was mainly light, temperatures were not sufficiently low to cause damage on this account. To mid-February reports of apparent injury from cold were negligible.

Wheat markets during early February became more settled, following the lower trend evident in the latter part of January. General improvement in demand for flour, a broad milling demand for cash

wheat and less willingness on the part of holders of "free" wheat to release at the lower prices tended to stimulate buying interest. Final returns on the 1940 wheat loan program released by the Commodity Credit Corporation indicate that in states of this district 62,433 loans had been made on 26,039,636 bushels, of which 1,283,522 bushels were stored on farms and 24,756,114 bushels in warehouses.

COMMODITY PRICES

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

	High	Low	Close	
			Feb. 15, 1941	Feb. 15, 1940
Wheat				
*May..... per bu.	\$.84	\$.76½	\$.76½	\$.96½
*July.....	.78½	.70¾	.70¾	.94¾
*Sept.....	.79¾	.71	.71	.93¾
No. 2 red winter	.94	.85	.86¾	1.04¾
Corn				
*May.....	.60¾	.57¾	.57¾	.53¾
*July.....	.60¾	.57¾	.57¾	.54¾
*Sept.....	.60¾	.57	.57	.54¾
No. 2 mixed.....	.67¾	.61½	.62	.63½
No. 2 white.....	.68¾	.66	.66	.64½
Oats				
*May.....	.35¾	.33½	.33½	.39¾
*July.....	.31¾	.29½	.29½	.34¾
*Sept.....	.30¾	.29½	.29½	.32½
Flour				
Soft patent..... per bbl.	5.90	4.90	4.90 @ 5.80	5.90 @ 6.60
Spring ".....	5.00	4.45	4.45 @ 4.90	5.75 @ 6.00
Middling Cotton per lb.	.1040	.0985	.1040	.1060
Hogs on Hoof..... per cwt.	8.52	7.60	8.00	5.38

*Nominal quotations.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in January was 62 per cent less than in December and 24 per cent less than in January, 1940. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in January amounted to \$22,074,000, which compares with \$30,952,000 (revised) in December and \$14,438,000 in January, 1940. Building figures for January follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1941	1940	1941	1940	1941	1940	1941	1940
Evansville.....	15	1	\$ 39	\$ 2	39	41	\$ 20	\$ 29
Little Rock.....	30	28	63	206	63	47	26	29
Louisville.....	93	22	184	335	36	8	41	44
Memphis.....	504	224	676	374	166	94	131	58
St. Louis.....	186	45	105	481	416	64	199	109
Jan. Totals.....	828	320	1,067	1,398	720	254	417	269

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in January as being 3 per cent more than in December and 27 per cent greater than in January, 1940. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Jan., 1941	Dec., 1940	Jan., 1940	January, 1941 compared with	
		K.W.H.	K.W.H.	K.W.H.	Dec., 1940	Jan., 1940
Evansville.....	40	5,266	4,851	4,741	+ 9%	+11%
Little Rock.....	35	2,373	2,309	2,006	+ 3	+18
Louisville.....	82	11,668	11,572	9,896	+ 1	+18
Memphis.....	31	3,642	3,306	2,528	+10	+44
Pine Bluff.....	20	898	926	1,183	- 3	-24
St. Louis.....	125	49,333	48,305	37,277	+ 2	+32
Totals.....	333	73,180	71,269	57,631	+ 3	+27

BANKING AND FINANCE

Reflecting improvement in the general business situation, demand for credit from commercial and industrial sources in the Eighth District during the past thirty days has continued the more or less steady upward trends which have been in effect since last summer. According to officials of commercial banks inquiries for funds are unusually well diversified. Many customers who have not been in the market for loans in a number of months are now taking advantage of their credit lines. On the other hand, routine and seasonal liquidation has been in substantial volume with the result that the total loans item of these banks at mid-February was not greatly changed from a month earlier. In some sections bankers report that increase in their loans is partly due to activity incident to the defense program. In the typical tobacco producing areas, liquidation of loans at country banks has been on an extensive scale, and in turn these institutions have substantially reduced their borrowings from city correspondents.

Member Banks—Between January 15 and February 12, reporting member banks in the principal cities showed an increase of 3 per cent in total loans and investments, and on the latter date the aggregate was 13 per cent higher than on the corresponding report date a year ago. During the four-week period total loans increased 2 per cent and investments 4 per cent. Reserves decreased slightly, but at the end of the period were 6 per cent greater than a year earlier. Gross deposits continued to soar, and at \$1,249,856,000 on February 12, established a new historical high record.

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

(In thousands of dollars)	Change from		
	Feb. 12, 1941	Jan. 15, 1941	Feb. 14, 1940
Commercial, industrial, agricultural loans.....	\$223,728	+ 3,402	+29,358
Open market paper.....	11,763	+ 1,832	+ 722
Loans to brokers and dealers.....	5,016	+ 1,029	+ 500
Other loans to purchase and carry securities.....	12,462	+ 326	+ 201
Real Estate loans.....	59,082	+ 456	+ 7,380
Loans to banks.....	2,396	+ 409	+ 1,046
Other loans.....	68,398	+ 409	+10,470
Treasury bills.....	13,329	+ 809	+ 2,700
Treasury notes.....	45,101	+ 9,241	+10,730
U. S. bonds.....	167,325	+ 5,766	+27,939
Obligations guaranteed by U. S. Government.....	65,057	+ 1,636	+ 5,493
Other securities.....	113,445	+ 451	+10,550
Balances with domestic banks.....	207,320	+10,648	+13,270
Demand deposits—adjusted*.....	553,664	+11,593	+66,691
Time deposits.....	192,290	+ 154	+ 2,680
U. S. Government deposits.....	11,373	+ 1,142	+ 6,293
Inter-bank deposits.....	430,752	+16,919	+54,685
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 75.0% of the resources of all member banks in this district.

The aggregate amount of savings deposits held by selected member banks on February 5 declined slightly from a month earlier and was 0.3 per cent greater than on February 7, 1940.

Federal Reserve Operations—The volume of the major operations of the Federal Reserve Bank of St. Louis, during January, 1941, is indicated below:

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,700,897	\$1,424,915,328
Collections (non-cash items) handled.....	99,173	30,776,326
Transfers of funds.....	4,900	395,134,254
Currency received and counted.....	11,594,270	38,231,518
Coin received and counted.....	12,680,595	1,129,787
Rediscounts, advances and commitments.....	2	15,684
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	15,190	16,114,768
Bills and securities in custody—coupons clipped	10,342	.....

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

(In thousands of dollars)	Change from		
	Feb. 18, 1941	Jan. 21, 1941	Feb. 17, 1940
Industrial advances under Sec. 13b.....	\$ 13	+ 5	+ 2
Other advances and rediscounts.....	—	+ 11	+ 188
Bills bought (including participations).....	—	—	—
U. S. securities.....	103,139	+ 0	+ 7,952
Total earning assets.....	103,152	+ 16	+ 8,142
Total reserves.....	515,606	+ 349	+ 66,422
Total deposits.....	391,904	+ 898	+ 24,484
F. R. Notes in circulation.....	223,623	+ 3,394	+ 32,711
Industrial commitments under Sec. 13b..	228	+ 26	+ 77
Ratio of reserve to deposit and F. R. Note liabilities.....	83.8%	+ 0.3%	+ 3.3%

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:	(1½% to 2 % per annum
(a) On portion for which such institution is obligated	(2 % 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 1 5½% 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 Bank of Eldon, Eldon, Mo., became a member of the Federal Reserve System.

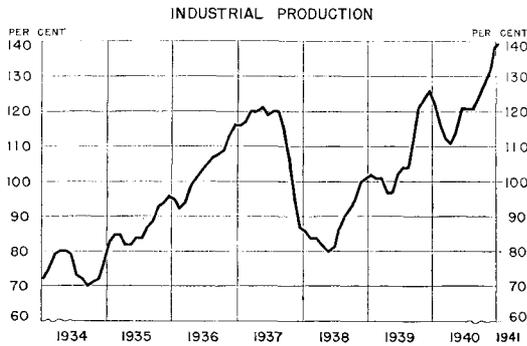
Debits to Individual Accounts—The following comparative table of debits to individual accounts reflects spending trends in this district:

(In thousands of dollars)	Jan., 1941	Dec., 1940	Jan., 1940	Jan., '41 comp. with Dec., '40	Jan., '40
El Dorado, Ark.....	\$ 6,400	\$ 5,807	\$ 6,315	+ 10%	+ 1%
Fort Smith, ".....	15,918	16,285	11,881	+ 2	+34
Helena, ".....	2,091	2,069	1,921	+ 1	+ 9
Little Rock, ".....	55,424	56,152	39,894	— 1	+39
Pine Bluff, ".....	9,792	10,112	6,826	— 3	+43
Texarkana, Ark.-Tex.	10,002	9,951	7,272	+ 1	+38
E. St. L.-Nat. S. Y., Ill.	47,626	44,707	35,070	+ 7	+36
Quincy, ".....	9,404	9,648	8,282	— 3	+14
Evansville, Ind.....	40,196	38,943	35,551	+ 3	+13
Louisville, Ky.....	218,712	214,516	179,475	+ 2	+22
Owensboro, ".....	8,045	7,354	7,475	+ 9	+ 8
Greenville, Miss.....	6,674	5,853	5,707	+ 14	+17
St. Louis, Mo.....	644,933	729,650	595,060	— 12	+ 8
Sedalia, ".....	2,196	2,396	2,045	— 8	+ 7
Springfield, ".....	17,449	16,651	13,672	+ 5	+28
Memphis, Tenn.....	207,555	207,849	151,601	— 0	+37
Totals.....	1,302,417	1,377,943	1,108,047	— 5	+18

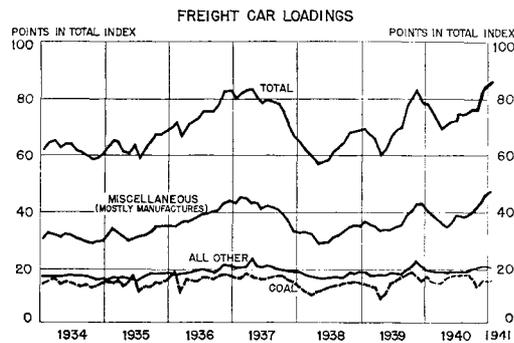
(Completed February 20, 1941)

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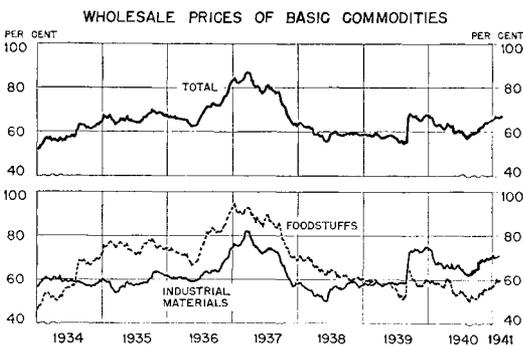
NATIONAL SUMMARY OF BUSINESS CONDITIONS
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



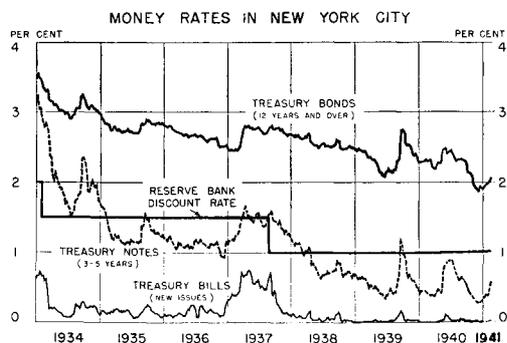
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January, 1934, to January, 1941. Latest figure 139.



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 January, 1941.



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934, to February 13, 1941.



For weeks ending January 6, 1934, to February 15, 1941.

Industrial activity continued at a high level in January and distribution of commodities was maintained in large volume.

Production—In January volume of industrial production declined less than seasonally and the Board's adjusted index rose one point further to 139 per cent of the 1935-39 average. There were further considerable increases in activity in industries making machinery, aircraft, ships, and similar products important in the defense program, and output of industrial materials, such as steel and nonferrous metals, continued at near capacity rates. Lumber production also was in unusually large volume owing to demand arising from construction under the defense program as well as from private building. Automobile production, which ordinarily declines considerably at this time of year, was maintained at a high rate in January and the first half of February. This reflected in part an unusually large volume of retail sales and in part the industry's efforts to build up dealers' stocks of cars as much as possible with a view to having an adequate supply on hand in case priorities or work on defense orders should necessitate curtailment of automobile production. Currently dealers' stocks of new cars are probably near record levels.

In the cotton textile industry, activity in January showed some further increase from the record level reached in December but the rise was less than usually occurs at this season. At wool textile mills there was some decline from the high level of November and December, while output at rayon mills was maintained in large volume. Defense program orders for textiles, particularly wool and cotton products, have been substantial for some time, and these combined with considerable civilian demand have resulted in the accumulation of large order backlogs at most mills. Activity at meatpacking establishments was reduced in January owing chiefly to a sharp decline in hog slaughter, which had been exceptionally large in the latter part of 1940. Shoe production advanced by less than the usual seasonal amount following a high rate of output in November and December. At mines output of most metals continued at record levels in January. Production of fuels was sustained in large volume but was not at such high levels as output of other minerals owing in part to the existence of considerable stocks, particularly of petroleum products.

Value of construction contracts, as reported by the F. W. Dodge Corporation, declined in January. The decrease reflected chiefly a sharp reduction in awards for public construction from the exceptionally large December total, which had included a number of defense projects not previously reported by the Dodge Corporation for lack of detailed information. Contracts awarded for private nonresidential building declined somewhat in January but as in December were twice as large as the amount awarded in the corresponding period a year ago. Awards for private residential building increased and on a seasonally adjusted basis were at the highest level since the middle of 1929.

Distribution—Distribution of commodities to consumers in January was maintained at the high level reached in the latter part of 1940. Sales at department and variety stores declined seasonally following an unusually large amount of Christmas trade, while sales of automobiles continued near the rate prevailing in December. In the early part of February department store sales were sustained in large volume. Total freight-car loadings, which usually decline from December to January, showed little change this year and the Board's seasonally adjusted index rose two points further to 86 per cent of the 1923-25 average.

Wholesale Commodity Prices—Prices of industrial materials and foodstuffs generally showed little change from the middle of January to the middle of February. Some imported commodities, principally coffee, cocoa, rubber, and tin, rose slightly and there were increases also in prices of lard and wool tops, while declines were reported for livestock and meats, hides, grains, lumber, and scrap metals. Prices of some finished commodities, particularly textile products, showed advances in this period.

Bank Credit—Total loans and investments at reporting member banks in 101 leading cities increased substantially during January and the first half of February, reflecting largely purchases of new Defense Notes issued by the Government. Commercial loans at these banks increased further while loans to New York security brokers and dealers declined.

United States Government Security Prices—Prices of United States Government securities continued to decline in the latter half of January and the first half of February, more than canceling the gains from the end of October to the peak on December 10. The 1960-65 bonds on February 14 were selling on a yield basis of 2.28 per cent, compared with a low of 2.03 per cent on December 10.