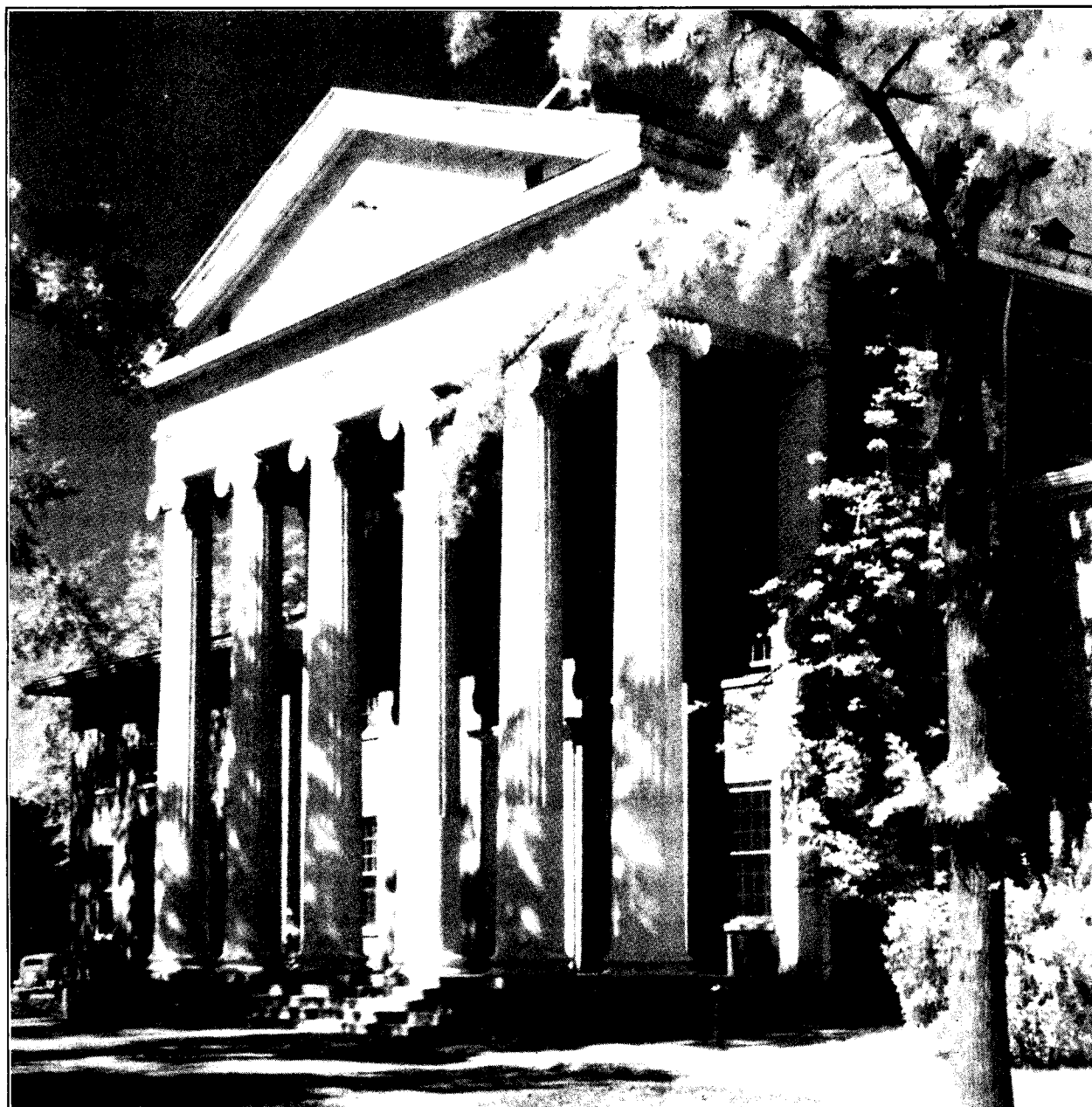




BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication in Afternoon Papers of March 28, 1941

FEDERAL RESERVE BANK OF ST. LOUIS



Lyceum Building, University of Mississippi, Oxford, Miss.

COPFIELD PHOTO

SUMMARY OF EIGHTH DISTRICT

	Feb., 1941, Jan., 1941	comp. with Feb., 1940
Livestock		
Receipts at National Stock Yards.....	23%	4%
Shipments from aforesaid Yards.....	30	8
Production and Distribution:		
Sales by mfrs. and wholesalers.....	+ 3	+ 19
Department store sales.....	4	+ 10
Car loadings	5	+ 13
Building and Construction:		
Bldg. permits, incl. repairs { Number... + 3	+ 24	
Cost..... + 18	— 14	
Value construction contracts awarded.. + 2	+ 31	
Miscellaneous:		
Commercial failures { Number..... + 27	+ 62	
Liabilities..... + 9	+ 73	
Consumption of electricity..... — 6	+ 23	
Debits to individual accounts..... — 15	+ 15	
Life insurance sales..... + 2	+ 4	
Member Banks (24):	Mar. 12,'41 Feb. 12,'41	comp. with Mar. 13,'40
Gross deposits.....	+ 1%	+ 13%
Loans.....	+ 2	+ 16
Investments.....	+ 19	+ 19

INDUSTRY and commerce in the Eighth District during February and the first half of March carried further forward the marked gains which have characterized recent months. Betterment was broadly extended, both with reference to geographic location and the various lines of business. Volumes in virtually all classifications investigated by this bank were measurably greater than during the corresponding period a year ago, and in a number of instances new historical highs were recorded. Some communities which are near to, or in which large Government defense projects are located are experiencing boom conditions. Generally production of commodities has expanded in notable degree, and while the manufacture of goods for defense has shown a sharp and steady increase since last June, civilian requirements have also expanded under impetus of higher employment and payrolls and larger farm income incident to mainly successful results for last season's crops.

In industries manufacturing producers' durable goods, particularly those of importance to the national defense program, output in February exceeded the high levels which obtained during the closing months of 1940, and according to latest reports, there have been further notable gains since March 1. At mills in this area, production of steel ingots as of mid-March reached an all-time peak of 99 per cent of theoretical capacity, an increase of 6 per cent over a month earlier and comparing with 55 per cent a year ago. New orders for finished steel continue in substantial volume, and despite the high rate of production, backlogs continue to rise, with delivery dates on numerous important items still

further deferred. Operations at establishments making machine tools, engines, airplanes, railroad equipment and other commodities of which iron and steel are important components report operations at, or near capacity.

Reflecting extraordinary demands for Government and other construction, production of lumber was maintained above the usual seasonal levels. Mills report incoming orders measurably above current shipments. Output of glass, fire clay products, plumbers' supplies, quarry products and other building materials was also maintained at unusually high levels. Under pressure for deliveries from Government agencies and civilian customers, operations at textile mills moved upward. Production of bituminous coal at mines in this area in February was 6 per cent smaller than in January, and about the same as a year ago. Output of petroleum in states of the district showed little change as compared with other recent months, but was measurably higher than a year ago. Consumption of electricity by industrial users in the chief cities declined 6 per cent from January to February, but was approximately one-fourth greater than a year ago.

The protracted cold weather, which militated against the movement of certain seasonal merchandise, coupled with a much later Easter date than a year ago, was reflected in a decrease in February department store sales in the principal cities of 4 per cent from January. The total, however, was 10 per cent greater than a year ago, and for the January-February period the aggregate exceeded that of the same interval in 1940 by 14 per cent. Early March sales were substantially higher than a year ago. With the exception of groceries, which showed a small decrease, February sales of all wholesaling and jobbing lines whose statistics are available to this bank, were larger than for the same month in 1940. Combined total of all lines was 3 per cent and 19 per cent greater, respectively, than a month and a year earlier. In the St. Louis area retail sales of automobiles in February were approximately 30 per cent above a year ago and highest for the month of record. Purchasing of passenger cars was stimulated by apprehension of higher prices and possible scarcity in coming months.

Commercial failures in the Eighth Federal Reserve District in February, according to Dun and Bradstreet, numbered 42, involving liabilities of \$497,000, as against 33 defaults in January with liabilities of \$458,000, and 26 insolvencies for a total of \$288,000 in February, 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
	February, 1941 compared with Jan., '41	Feb., '40	Feb. 28, 1941 comp. with Feb. 29, 1940
Automotive Supplies.....	+ 7%	+15%%
Boots and Shoes.....	+14	+16	- 2
Drugs and Chemicals.....	-10	+ 1	.....
Dry Goods.....	- 7	+13	+ 2
Electrical Supplies.....	+ 7	+55	+26
Furniture.....	+36	+57	.....
Groceries.....	- 5	- 3	+ 1
Hardware.....	- 0 -	+43	+37
Machinery, Equipment and Supplies	+27	+68	+16
Tobacco and its Products.....	- 0 -	+ 4	+ 9
Miscellaneous.....	- 5	+10	- 5
Total all lines.....	+ 3	+19	+ 7

Automobiles—Combined passenger car, truck and taxicab production in the United States in February totaled 485,523, as against 500,931 in January and 403,627 in February, 1940.

Iron and Steel Products—Reflecting steadily increasing national defense requirements and extraordinarily heavy demands of civilian consumers, activities in the iron and steel industry in this area during February and the first half of March were sustained at the high levels which have marked recent months. Considering all phases of the industry, the rate at mid-March was probably the highest attained since the beginning of the present upward movement. The flow of new orders as a whole tended to level off somewhat, owing mainly to the fact that consumers generally have covered the major part of their requirements during the first half of this year. Shipments of finished products from mills, foundries and other ferrous metal working plants during February were the highest of record for that month. Despite this heavy movement, new business and accumulated backlogs of unfinished orders as of mid-March were sufficient to insure the present pace well into the fall, and in the case of a number of important plants, through the remainder of the year.

Demands are unusually well diversified and virtually all descriptions of steel products have shared in the increased volume of sales. On certain items delivery schedules continue to lengthen, and a growing scarcity of a number of commodities is reported. Among the items on which deliveries are most deferred are plates, sheets, strip, bars, structural and alloy steels. As has been the case since early last fall, plants manufacturing machinery, machine tools and engines were operating at or near full capacity. Steel demands from the railroads continue strong, reflecting principally ordering of new freight cars and extensive repairs on old rolling stock. During the first two months this year domestic freight car awards totaled 20,700, which compares with 1,507

and 2,262, respectively, during the same interval a year and two years earlier. Automotive releases are reported heavy, and demand for all kinds of building materials is on an extensive scale. Operations at structural steel fabricating plants in February were at from 75 to 80 per cent of capacity. Business of warehouse and jobbing interests continues large, February volume being about one-fifth greater than a year ago. As of mid-March steel ingot production at mills in this area was at 99 per cent of rated capacity, the highest of record, and comparing with 93 per cent a month earlier and 55 per cent on March 15, 1940.

Shipments of pig iron to district melters in February were slightly higher than in January, despite the shorter month, and the total was measurably greater than that of February, 1940. The melt at both steel and gray iron foundries continued to rise. Purchasing of iron and steel scrap declined slightly from January to February, but deliveries to consumers continued at a high rate.

For the country as a whole, production of pig iron in February, according to the magazine "Steel", totaled 4,203,557 tons, as against 4,666,233 tons in January and 3,304,368 tons in February, 1940. Steel ingot production in the United States in February totaled 6,250,413 tons, comparing with 6,943,084 tons in January and 4,527,141 tons in February, 1940.

TRANSPORTATION

Bolstered by continued heavy loading of miscellaneous freight, traffic of railroads operating in this area was measurably greater in February and early March than during the similar period in the past several years. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 89,123 loads in February, comparing with 93,671 loads in January and 78,686 loads in February, 1940. During the first nine days of March the interchange amounted to 29,994 loads, as against 26,864 loads during the corresponding interval in February and 25,290 loads during the first nine days of March, 1940. For the entire country loadings of revenue freight during the first ten weeks this year, or to March 8, totaled 7,062,875 cars, against 6,301,846 cars for the period in 1940.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in February was 98,500 tons, comparing with 105,408 tons in January and 79,192 tons in February, 1940. For the first two months this year cumulative tonnage was 203,908 tons, as compared with 162,649 tons for the same time a year ago.

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 Feb. 28, '41 comp. with Feb. 29, '40	Stock Turnover	
	February, 1941 compared with Jan., '41	Feb., '40	2 mos. '41 to same period '40		Jan. 1, to Feb. 28, 1941	1940
Ft. Smith, Ark...	-0%	+7%	+11%	-11%	.47	.39
Little Rock, Ark.	+2	+18	+26	-4	.61	.48
Pine Bluff, Ark.	+8	+43	+46	+7	.46	.35
E. St. Louis, Ill.	+28	+11	+20	...	...	...
Quincy, Ill.	+18	+10	+13	-1	.56	.52
Evansville, Ind.	+9	+2	+6	...	...	...
Louisville, Ky.	-0	+30	+34	+2	.67	.55
St. Louis, Mo.	-6	+3	+7	+9	.68	.68
Springfield, Mo.	+15	+63	+57	+55	.40	.32
Jackson, Tenn.	+11	+57	+49	...	...	...
Memphis, Tenn.	-8	+13	+18	+5	.55	.51
*All Other Cities	+5	+7	+7	+4	.42	.46
8th F. R. District	-4	+10	+14	+7	.64	.60

*El Dorado, Fayetteville, Ark.; Alton, Harrisburg, Mount Vernon, Ill.; Vincennes, Ind.; Danville, Hopkinsville, Ky.; Chillicothe, Mo.

Trading days: Feb., 1941—24; Jan., 1941—26; Feb., 1940—25.

Outstanding orders of reporting stores at the end of February, 1941, were 31 per cent greater than on the corresponding date a year ago.

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

	Installment Accounts	Excl. Instal. Accounts		Installment Accounts	Excl. Instal. Accounts
Fort Smith...%	37%	Quincy.....	17%	47%	
Little Rock.. 15	37	St. Louis....	21	55	
Louisville... 19	43	Other Cities..	16	41	
Memphis.... 25	41	8th F.R. Dist.	21	48	

Indexes of department store sales and stocks, 8th F. R. District (1923-1925 average = 100):

	Feb., 1941	Jan., 1941	Dec., 1940	Feb., 1940
Sales (daily average), Unadjusted.....	81	80	167	73
Sales (daily average), Seasonally adjusted..	94	100	101	85
Stocks, Unadjusted.....	72	62	64	67
Stocks, Seasonally adjusted.....	76	71	69	71

Trading days: Feb., 1941—24; Jan., 1941—26; Feb., 1940—25.

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

	Net Sales			Stocks on Hand Feb. 28, '41 comp. with Feb. 29, '40	Stock Turnover	
	February, 1941 compared with Jan., '41	Feb., '40	2 mos. '41 to same period '40		Jan. 1, to Feb. 28, 1941	1940
Men's Furnishings..	-17%	+13%	+13%	-1%	.41	.37
Boots and Shoes...	+8	+16	+18	-8	.99	.77

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

Men's Furnishings.....	29%	Boots and Shoes.....	36%
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MINING AND OIL

Coal—Continued heavy consumption in January resulted in a slight reduction in bituminous coal stocks held by industrial consumers during that month. Withal, at 41,920,000 tons on February 1, the latest date for which figures are available, aggregate reserves were the highest for that date since 1937. During the past several months industrial users have been accumulating coal as an insurance

against possible labor difficulties should operators and the unions fail to agree on wages and other conditions. Present wage contracts expire at the end of March.

According to the Bituminous Coal Division, U. S. Department of the Interior, production of bituminous coal in the entire country in February totaled 41,450,000 tons, as against 44,070,000 tons in January and 39,277,000 tons in February, 1940. At mines in this general area, output in February was 6 per cent less than in the preceding month and 0.5 per cent less than a year ago. Illinois mines produced 4,548,601 tons in February, comparing with 4,853,420 tons in January and 4,622,625 tons in February, 1940. There were 105 mines in operation in February, with 27,557 men on payrolls, against 107 active mines and 27,806 operatives in January.

Petroleum—In states of the Eighth District, January production of crude oil was 0.1 per cent greater than in December and 5 per cent less than in January, 1940. Stocks on January 31 were 0.2 per cent and 3 per cent greater, respectively, than a month and a year earlier. Detailed production and stocks by states are given in the following table:

(In thousands of barrels)	Production			Stocks	
	Jan., 1941	Dec., 1940	Jan., 1940	Jan. 31, 1941	Jan. 31, 1940
Arkansas.....	2,158	2,121	2,098	2,120	2,049
Illinois.....	10,293	10,354	11,500	14,266	13,473
Indiana.....	617	572	193	3,480	3,795
Kentucky.....	424	421	383	1,395	1,228
Totals.....	13,492	13,468	14,174	21,261	20,545

AGRICULTURE

Farming Conditions—Generally through the Eighth District, weather conditions during the past thirty days have been unfavorable for seasonal farm activities, and soil preparations for planting spring crops as of mid-March were somewhat behind the usual schedule. Protracted cold and, in some areas, rains and snows have prevented farmers from getting into their fields, and in the south planting and progress of early truck crops has been backward. The precipitation, however, was beneficial to fall planted grains and because of its character has considerably improved soil conditions. Stages of inland streams as well as of the upper Mississippi, Missouri and Ohio rivers and their tributaries have been low for this time of year, so that it would require a combination of unusual circumstances to produce any serious threat of flood or backwater this spring. Farm employment, according to the U. S. Department of Agriculture, increased less than ordinarily in February. Farm wage rates on January 1 averaged 5 points higher than a year earlier, and at 124 per cent of the 1910-1914 average the wage rate was the highest for that date since 1931.

Prices of farm products in February averaged

lower than during the preceding month, but were still measurably higher than in February, 1940. As of March 8 the farm products group of the Bureau of Labor Statistics index stood at 70.5 per cent of the 1926 average, as against 70.7 per cent on February 8 and 68.5 per cent on March 9, 1940.

As elsewhere in the United States, substantial repayments of 1940 wheat loans in states of this district have occurred in the immediate past. Repayments in the Eighth District up to March 11 totaled 555,579 bushels, valued at \$397,937. Corn loans in these states on the 1940 crop through March 8 numbered 13,900 on 13,966,244 bushels, with estimated value of \$8,517,712.

According to the U. S. Department of Agriculture, indicated acreage of the principal crops to be planted in states wholly or partly within the Eighth District will be slightly larger this year than last. Indicated planting of all crops, except corn, peanuts, soybeans and tobacco, will be equal to or somewhat larger than the acreage planted in 1940. The following table, based on March 1 planting intentions, shows acreage to be planted by Eighth District farmers, also the number of acres of the several crops planted in the preceding year and the 10-year (1930-1939) average:

	Acreage (In thousands)			
	Planted		Indicated	1941 per cent
	Av. 1930-39	1940	1941	of 1940
Barley.....	365	506	600	119
Corn.....	29,154	26,114	25,978	99
Cowpeas.....	1,063	1,129	1,124	100
Oats.....	7,745	6,708	7,260	108
Peanuts.....	103	102	94	92
Potatoes.....	314	296	295	100
Rice.....	165	191	210	110
Soybeans.....	3,397	5,865	5,428	93
Sweetpotatoes.....	226	201	210	104
Tame Hay.....	11,573	13,913	14,023	101
Tobacco.....	548	474	448	95
Totals.....	54,653	55,499	55,670	100

Cotton—Quite generally in the cotton producing areas of the district, weather conditions during the winter have been adverse to field work, with the result that as of mid-March preparations for the new crop were somewhat in arrears of the usual seasonal schedule. Another factor tending to delay operations was lateness in completing the harvest of the 1940 crop. Picking of late developed cotton in some of the northern tiers of counties was still in progress in early February. However, farmers are taking advantage of all good days to push their work, and ample time remains to overcome early delay and get fields in shape in time for planting.

Apparently farmers plan to use more than the average amount of fertilizer in producing the 1941 crop. According to the National Fertilizer Association, sales of fertilizer tags in states including the Eighth District in February were double those of the same month in 1940, and 50 per cent greater

than in 1939. In the January-February period sales exceeded those of the same interval a year and two years earlier by 45 per cent and 77 per cent, respectively.

Cotton mill activity continued at a high rate during February and early March; unfinished cotton cloth sales increased and prices advanced. Demand for the higher grades of cotton in this area was brisk, but shortage of these grades tended to restrict business. In the St. Louis market the middling grade ranged from 10.40c to 10.85c per pound between February 15 and March 15, closing at 10.80c on the latter date, which compares with 10.40c on February 15, and 10.25c on March 15, 1940.

According to the Commodity Credit Corporation, loans made on 1940-1941 crop cotton by it and lending agencies through March 17 aggregated \$150,659,605 on 3,127,445 bales. Of this \$9,514,676 was on 202,696 bales produced in states of the Eighth District. Combined receipts at Arkansas and Missouri compresses between August 1, 1940, and March 14, 1941, totaled 1,905,614 bales, as against 1,782,654 bales a year earlier; shipments, 1,594,100 bales against 1,862,343 bales. Stocks on hand as of March 14 amounted to 1,219,396 bales, comparing with 1,276,066 bales a year ago.

Fruits and Vegetables—Prospects for tree fruits this year, as reflected in reports of orchardists in scattered sections of the district, are the most promising in a number of years. Owing to the mild winter there has been a minimum of injury from cold, and at the same time low temperatures have been sufficiently protracted to prevent premature rising of sap and budding. Cultivation and spraying last fall was intensive, and programs for similar work this spring are generally on a larger scale than usual. The condition of strawberry beds, on a considerably larger acreage than last year in the early and middle early states of the district, is exceptionally high, and prospects are for a bumper crop.

Livestock—Under abundant feed and forage conditions, coupled with the mild, open winter, condition of livestock generally through the district maintained the high average which has obtained in recent months.

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

	Receipts			Shipments		
	Feb., 1941	Jan., 1941	Feb., 1940	Feb., 1941	Jan., 1941	Feb., 1940
Cattle and Calves.....	79,041	93,167	71,065	23,200	31,575	20,269
Hogs.....	229,778	296,872	243,896	87,185	125,263	96,462
Horses and Mules.....	2,273	1,530	2,099	2,156	1,611	2,788
Sheep.....	20,015	34,080	29,319	804	4,330	3,812
Totals.....	331,107	425,649	346,379	113,345	162,779	123,331

Tobacco—The 1940-1941 marketing season for burley ended on February 14. According to reports

of the U. S. Agricultural Marketing Service and the Kentucky Department of Agriculture, gross sales on all burley markets amounted to 397,734,057 pounds at an average price of \$16.28 per cwt. This compares with gross sales of 407,077,905 pounds, at an average of \$17.38 per cwt., during the preceding season. Of the gross sales, Kentucky markets sold 74 per cent, Tennessee markets 17 per cent and markets of other states 9 per cent. Compared with a year earlier, sales in Kentucky were slightly larger, whereas those in Tennessee and other states were smaller. The general average of Kentucky markets was \$1.89 lower per cwt. than last season; the Tennessee average of \$18.53 was \$1.79 higher, while the average of \$15.79 for the other states was 33c lower. Final prices were at the lowest levels of the season.

Dry, cold weather retarded sales of eastern dark fired tobacco in late February. Sales to March 15 in this district approximated 45,483,000 pounds, at an average of \$9.80 per cwt. In the western dark fired district about 17,371,000 pounds were reported sold to March 15, at an average of \$7.22 per cwt. Increasing stocks and reduced export outlets were factors contributing to the generally lower prices received this year.

Markets for the Green River and stemming district types closed around mid-February, with total sales reported at 17,372,745 pounds, with an average of \$7.63 per cwt. Restricted export buying also militated against best results with this crop.

Markets in the one sucker area closed about February 13, with total sales for the season reported at 20,600,000 pounds, at an average of \$8.05 per cwt. The market was supported throughout the season by domestic manufacturers who bought freely of wrappers and fillers.

WHISKEY

Of the 61 distilleries in Kentucky, 54 were in operation on February 28 the greatest number active since the repeal of Prohibition, and three more than were in production on January 31. The high rate of operation, according to trade reports, reflects the effort on part of distillers to augment their inventories, which in many cases have been heavily depleted by increased consumption. Other incentives are fears of increased costs and possible restrictions on manufacture owing to conservation of raw materials for the defense program. A shortage of barrels for aging whiskey is reported, caused by scarcity of properly cured staves. This condition, it is stated, should be corrected by July 1.

Consumption of whiskey during 1940 was approx-

imately 9 per cent greater than in 1939. The largest increase was in bottled-in-bond products, which showed a gain of 42.5 per cent over the preceding year. Total whiskey of various types consumed during 1940 was 123,148,504 gallons, comparing with 113,244,194 gallons consumed in 1939.

COMMODITY PRICES

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

	High	Low	Close	
			Mar. 15, 1941	Mar. 15, 1940
Wheat				
*May.....per bu.	\$.84½	\$.75½	\$.84½	\$.97½
*July....."	.81	.70½	.81	.95¾
*Sept....."	.81½	.70½	.81½	.95½
No. 2 red winter	.92	.85	.92	1.04½
No. 2 hard "	.90	.86	.90	1.04
Corn				
*May....."	.60¼	.56½	.60¼	.53¾
*July....."	.60½	.56½	.60½	.53¾
*Sept....."	.60¾	.56½	.60¾	.54¾
No. 2 mixed	.66¼	.61	.64½	.58½
No. 2 white	.68	.64¾	.68	.66
Oats				
*May....."	.34½	.32½	.34½	.39¾
*July....."	.31	.29½	.31	.34½
*Sept....."	.30¾	.28¾	.30¾	.31½
Flour				
Soft patent....per bbl.	5.95	4.90	5.05 @ 5.95	5.95 @ 6.65
Spring "....."	5.05	4.45	4.60 @ 5.05	5.80 @ 6.05
Middling Cotton per lb.	.1085	.1040	.1080	.1025
Hogs on Hoof...per cwt.	7.82	7.51	7.69	5.11

*Nominal quotations.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in February was 13 per cent greater than in January and 13 per cent less than in February, 1940. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in February amounted to \$21,864,000, which compares with \$21,367,000 in January and \$16,643,000 in February, 1940. Building figures for February follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1941	1940	1941	1940	1941	1940	1941	1940
Evansville.....	18	11	\$ 49	\$ 119	60	71	\$ 49	\$ 21
Little Rock.....	36	34	168	156	81	96	87	32
Louisville.....	95	58	277	358	34	30	54	34
Memphis.....	496	280	689	422	132	116	75	50
St. Louis.....	204	195	369	731	120	140	288	531
Feb. Totals....	849	578	1,552	1,786	427	453	553	668
Jan. ".....	828	320	1,374	1,398	409	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 February as being 6 per cent less than in January and 23 per cent greater than in February, 1940. Detailed figures follow:

(K.W.H. in thous.)	No. of Custom-ers	Feb., 1941	Jan., 1941	Feb., 1940	February, 1941 compared with	
		K.W.H.	K.W.H.	K.W.H.	Jan., 1941	Feb., 1940
Evansville.....	40	4,880	5,266	4,636	- 7%	+ 5%
Little Rock.....	35	2,279	2,373	1,886	- 4	+21
Louisville.....	82	11,986	11,668	9,762	+ 3	+23
Memphis.....	31	3,624	3,642	2,540	- 1	+43
Pine Bluff.....	20	851	898	1,078	- 5	-21
St. Louis.....	125	45,256	49,333	36,083	- 8	+25
Totals.....	333	68,876	73,180	55,985	- 6	+23

BANKING AND FINANCE

Quite generally through the Eighth District, but more particularly in the principal industrial centers, demand for credit developed noticeable improvement during February and the first half of March. As was the case during the similar period immediately preceding, bankers reported demands more diversified than has been the case in a number of months. Almost universally collections were reported good to excellent, which fact has resulted in extensive liquidation of loans at both city and country banks. Payments of loans by flour milling and grain-handling interests are reported in somewhat larger than usual seasonal volume. Owing to lateness of the season, demand for agricultural production loans is backward. In some sections, however, bankers report prospects for this type of borrowing the best in a number of seasons.

Member Banks—Reflecting additional extensive purchases of Treasury notes and bills issued in connection with the defense program, investments of reporting member banks in the principal cities increased 19 per cent between February 12 and March 12, and on the latter date were 19 per cent more than a year ago. Commercial loans of these banks also continued upward during the four-week period, the total on March 12 being 2 per cent and 16 per cent greater, respectively, than a month and a year earlier. Reflecting larger loans and investments, deposits also moved upward, reaching an all-time high on the final report date in February. Total reserve balances declined sharply in the second week in March to the lowest point of the year.

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

(In thousands of dollars)	Mar. 12, 1941	Change from Feb. 12, 1941	Mar. 13, 1940
Commercial, industrial, agricultural loans..	\$224,495	+ 767	+31,776
Open market paper	12,696	+ 933	+ 1,786
Loans to brokers and dealers.....	4,102	+ 914	+ 1,058
Other loans to purchase and carry securities..	11,915	+ 547	+ 237
Real Estate loans.....	59,584	+ 502	+ 7,466
Loans to banks.....	1,548	+ 848	+ 329
Other loans.....	69,936	+ 1,538	+13,519
Treasury bills.....	77,358	+64,029	+34,643
Treasury notes.....	42,197	+ 2,904	+ 9,435
U. S. bonds.....	165,044	+2,281	+25,933
Obligations guaranteed by U. S. Government	65,643	+ 586	+ 6,014
Other securities.....	113,965	+ 520	+ 9,693
Balances with domestic banks.....	206,368	+ 952	+11,966
Demand deposits—adjusted*.....	551,490	+2,174	+71,615
Time deposits.....	192,395	+ 105	+ 2,663
U. S. Government deposits.....	11,397	+ 24	+5,717
Inter-bank deposits.....	421,591	+ 9,161	+60,019
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% of the resources of all member banks in this district.

The aggregate amount of savings deposits held by selected member banks on March 3 was slightly less than a month earlier and 0.2 per cent greater than on March 6, 1940.

Federal Reserve Operations—The volume of the

major operations of the Federal Reserve Bank of St. Louis, during February, 1941, is indicated below:

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,405,539	\$1,267,115,443
Collections (non-cash items) handled.....	50,163	26,762,314
Transfers of funds.....	4,198	320,871,962
Currency received and counted.....	8,091,222	27,887,317
Coin received and counted.....	10,606,292	941,696
Rediscounts, advances and commitments.....		
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	15,719	22,954,316
Bills and securities in custody—coupons clipped	7,991	

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

(In thousands of dollars)	Mar. 18, 1941	Change from Feb. 18, 1941	Mar. 19, 1940
Industrial advances under Sec. 13b.....	\$ 13	- 0 -	2
Other advances and rediscounts.....			119
Bills bought (including participations).....			
U. S. securities.....	103,139	- 0 -	7,892
Total earning assets.....	103,152	- 0 -	8,013
Total reserves.....	454,823	-60,783	+ 47,496
Total deposits.....	324,959	-66,945	+ 3,700
F. R. Notes in circulation.....	228,081	+ 4,458	+ 35,650
Industrial commitments under Sec. 13b..	177	+ 51	+ 26
Ratio of reserve to deposit and F. R. Note liabilities.....	82.2%	- 1.6%	+ 2.9%

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

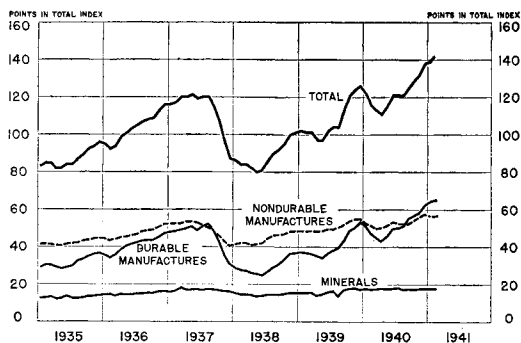
Advances to banks, secured by direct obligations of the United States, under paragraph 13 of section 13..	1	% per annum
Advances to member banks, secured by direct obligations of the United States or by such Government guaranteed obligations as are eligible for collateral, under paragraph 8 of section 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	% 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.....	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 ¾ 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 ¾ of 1% per annum.		

Since the preceding issue of this review, the Fayette County Bank, St. Elmo, Ill., the State Bank of Farina, Farina, Ill., and the Citizens State Bank, Fair Play, Mo., joined the Federal Reserve System.

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

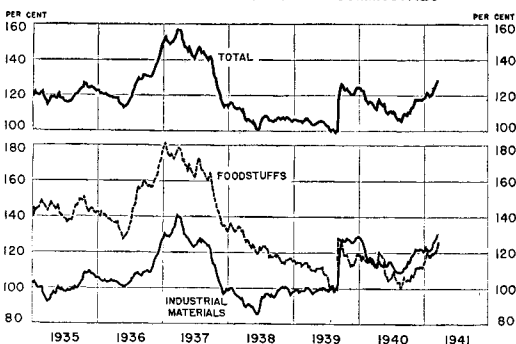
(In thousands of dollars)	Feb., 1941	Jan., 1941	Feb., 1940	Feb., '41 Jan., '41	comp. with Feb., '40
El Dorado, Ark.....	5,194	\$ 6,400	\$ 4,842	- 19%	+ 7%
Fort Smith, Ark.....	12,921	15,918	11,150	- 19	+ 16
Helena, Ark.....	1,425	2,091	1,726	- 32	- 17
Little Rock, Ark.....	43,874	55,424	34,673	- 21	+ 27
Pine Bluff, Ark.....	7,889	9,792	6,574	- 19	+ 20
Texarkana, Ark.-Tex.	8,406	10,002	6,813	- 16	+ 23
E. St. L.-Nat. S. Y., Ill.	39,870	47,626	30,539	- 16	+ 31
Quincy, Ill.....	8,436	9,404	7,785	- 10	+ 8
Evansville, Ind.....	33,177	40,196	30,065	- 17	+ 10
Louisville, Ky.....	195,781	218,712	153,137	- 10	+ 28
Owensboro, Ky.....	6,218	8,045	6,669	- 23	- 7
Greenville, Miss.....	5,813	6,674	5,328	- 13	+ 9
St. Louis, Mo.....	555,934	644,933	518,317	- 14	+ 7
Sedalia, Mo.....	2,256	2,196	2,282	+ 3	- 1
Springfield, Mo.....	16,510	17,449	12,967	- 5	+ 27
Memphis, Tenn.....	164,090	207,555	126,431	- 21	+ 30
Totals.....	1,107,794	1,302,417	959,298	- 15	+ 15

INDUSTRIAL PRODUCTION



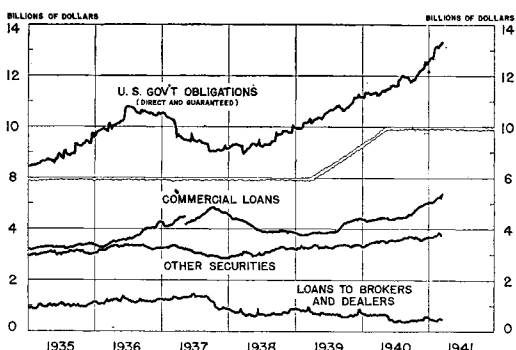
Federal Reserve index of physical volume of production, adjusted for seasonal variation 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January, 1935, to February, 1941.

WHOLESALE PRICES OF BASIC COMMODITIES



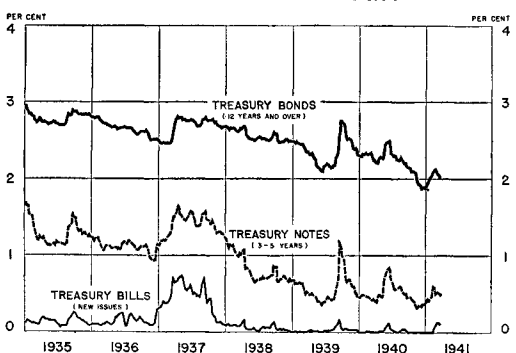
Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August, 1939 = 100. Thursday figures, January 3, 1935, to March 13, 1941.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, January 2, 1935, to March 12, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

MONEY RATES IN NEW YORK CITY



Weekly averages of daily yields of 3 to 5-year tax-exempt Treasury notes, Treasury bonds callable after 12 years, and average discount on new issues of Treasury bills offered within week. For weeks ending January 5, 1935, to March 15, 1941.

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

Industrial activity and employment increased further in February and the first half of March. Buying by producers and consumers continued in large volume and wholesale commodity prices, particularly of imports, advanced.

Production—In February volume of industrial output, on a daily average basis, rose more than seasonally, and the Board's adjusted index advanced from 139 to 141 per cent of the 1935-39 average.

Increases in February, as in other recent months, were largest in the durable goods industries where a large proportion of defense program orders have been placed. Activity continued to rise sharply at machinery plants, aircraft factories, shipyards, and in the railroad equipment industries. Steel production fluctuated around 96 per cent of capacity in January and February and rose to 99 per cent in the first half of March. New orders for steel continued large and, despite the high rate of output, unfilled orders increased further. Many orders have been placed for delivery in the second half of this year, reflecting the prospect of heavy consumption and some uncertainty on the part of steel users regarding future availability of supplies. Output of pig iron, coke, and nonferrous metals was likewise at near capacity rates in February and unfilled orders for these products, too, were at exceptionally high levels. Demand for lumber continued large owing to a high rate of construction activity and output was sustained in large volume for this time of year. Automobile production increased in February and the first half of March to about the peak rate attained last November. Retail sales of new and used cars advanced to unusually high levels.

In industries manufacturing nondurable goods, activity continued at the record levels reached in the latter part of 1940. There were further increases in the cotton textile, rubber, and chemical industries and activity at woolen mills also increased, following a temporary reduction in January. In most other lines activity was maintained at the high levels of other recent months.

Coal production rose less than seasonally in February but increased considerably in the first half of March when, according to trade reports, there was some inventory accumulation in anticipation of a possible shutdown on April 1 at the expiration of the present contract between the mine operators and the miners' union. Copper and zinc production increased in February and recently domestic supplies of copper have begun to be supplemented by imports from South America. Output of crude petroleum continued at about the rate that had prevailed during the three preceding months.

Value of construction contract awards in February declined somewhat more than seasonally, reflecting decreases in both public and private work, according to reports of the F. W. Dodge Corporation. Awards for public construction, although sharply reduced from high levels reached in the latter half of 1940, were somewhat above those of a year ago, and awards for private construction were nearly half again as large as in February of last year.

Distribution—Distribution of commodities to consumers increased more than seasonally from January to February. Sales at variety stores and by mail-order houses were the largest on record, making allowance for usual seasonal changes, and department store sales were also at a high level. Freight-car loadings increased by about the usual seasonal amount. Shipments of miscellaneous freight, consisting mostly of manufactured products, showed an increase while loadings of forest products rose less than seasonally and grain shipments declined.

Wholesale Commodity Prices—Prices of a number of basic imports rose sharply from the early part of February to the middle of March. Cotton yarns and gray goods and nonferrous metal scrap showed further increases in this period and there were also advances in prices of some other domestic commodities, including lead, wheat, cotton, and oils and fats.

Bank Credit—Commercial loans continued to increase at member banks in 101 leading cities in February and the first half of March and these banks also purchased additional Treasury notes and bills issued in connection with the defense program. As a result of the increase in loans and investments, bank deposits showed a further marked advance.

United States Government Security Prices—Prices of Government securities increased after February 15, following a sharp decline in the preceding ten weeks. The 1960-65 bonds on March 15 were about 3½ points above their price on February 15 and about 1¼ points below the all-time peak of December 10. The yield on this issue, which increased from 2.03 per cent at the peak in prices on December 10 to 2.30 per cent on February 15, had declined to 2.14 per cent on March 15.