

BUSINESS CONDITIONS

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FEDERAL RESERVE BANK OF ST. LOUIS



HERBERT GEORG PHOTO

Aerial View of Fort de Chartres State Park, Randolph County, Illinois

The Fort, seat of civil and military government in the Illinois Country for half a century, was first completed in 1720. In 1753-56 it was rebuilt of stone and became one of the strongest forts in North America. Fort de Chartres was occupied by a French garrison until 1765. It was the seat of British Government in the Illinois Country until 1772. The site was made a State Park in 1913.

SUMMARY OF EIGHTH DISTRICT

	April 1, 1941, comp. with 1940 Av. 1930-39	
Agriculture:		
Estimated production of winter wheat.....	22%	17%
	Mar., 1941 comp. with Feb., 1941 Mar., 1940	
Livestock:		
Receipts at National Stock Yards.....	5%	6%
Shipments from aforesaid Yards.....	17	22
Production and Distribution:		
Sales by mfrs. and wholesalers.....	12	29
Department store sales.....	34	9
Car loadings.....	18	24
Building and Construction:		
Bldg. permits, incl. repairs { Number... + 49	+ 15	
Cost..... +214	+102	
Value construction contracts awarded... +277	+311	
Miscellaneous:		
Commercial failures { Number..... + 14	+ 78	
Liabilities..... + 61	+515	
Consumption of electricity..... + 6	+ 20	
Debits to individual accounts..... + 17	+ 21	
Life insurance sales..... + 13	+ 2	
Member Banks (24):	Apr. 16,'41 comp. with Mar. 19,'41 Apr. 17,'40	
Gross deposits.....	3%	14%
Loans.....	1	19
Investments.....	2	11

EIGHTH District trade and industry during March and the first half of April recorded additional gains, and in virtually all lines investigated volumes were measurably higher than at the corresponding period a year ago. During the period several new high production records were established, but taken as a whole specific increases were not as marked as has been the case in the preceding several months, owing mainly to the fact that near-capacity production has been approximated in a number of important lines. Reflecting steadily increasing volume of national defense requirements and noticeable expansion in civilian requirements for a broad variety of goods, new orders in many important lines continued ahead of current shipments, with the result that backlogs of unfinished business rose to still higher levels. Steel ingot production at mills in this area was maintained at 99 per cent of capacity, and output of manufacturing of engines, machine tools, machinery and other heavy goods was at the highest rate of record.

Considerable progress has been made on a number of important defense construction projects, and it is expected that shortly employment will shift from construction of plants to those who will be engaged in operating them. During January and February the Army and Navy Departments let major contracts with an aggregate value of \$101,070,323, bringing to \$500,953,323 the total of such contracts placed since June 1, 1940. Since March 1, this amount has been considerably increased by orders placed for a wide variety of goods by the several

Government agencies. Reflecting the upsurge in industrial activity, trade, transportation, and gains in agricultural and other seasonal occupations, the employment situation improved further.

As was the case in the entire country, production of bituminous coal at mines in this general area in March increased sharply over both a month and a year earlier, being stimulated by efforts of consumers to stock up in anticipation of mine shut-downs. Lumber output continued at recent high levels, and according to trade reports, numerous small southern mills which have not been active for years have resumed operations. New orders are still substantially above production. As indicating the high rate of industrial activity, consumption of electric current by industrial users in the principal cities in March was 6 per cent greater than in February and 20 per cent above March, 1940. Output at lead and zinc mines in the district was at approximately the same average rate as during January and February, but considerably greater than a year ago. A substantial rise in construction activities in March is reflected in building permits in the principal cities and construction contracts let.

As reflected in tonnage handled by transportation companies and sales of retail and wholesale merchants, distribution of commodities in March and early April reached new high levels on the present upward movement, the usual seasonal factors considered. Reports from both the large cities and country indicate volume of Easter shopping exceeded expectations. March sales of department stores in the large centers were about one-third greater than in February and 9 per cent more than a year ago. For the first quarter this year cumulative sales were greater by 13 per cent than during the same interval in 1940. In the four weeks ended April 12, sales were 17 per cent above the corresponding period a year earlier. Combined sales of all wholesaling and jobbing firms whose statistics are available to this bank, were 12 per cent and 29 per cent larger, respectively, than a month and a year earlier. In the St. Louis area retail sales of automobiles in March exceeded the high February volume by 27 per cent and were 16 per cent greater than in March, 1940.

Commercial failures in the Eighth Federal Reserve District in March, according to Dun and Bradstreet, numbered 48, involving liabilities of \$800,000, comparing with 42 insolvencies in February with liabilities of \$497,000 and 27 defaults for a total of \$130,000 in March, 1940.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities <small>Data furnished by Bureau of Census, U. S. Dept. of Commerce.</small>	Net Sales		Stocks
	<small>March, 1941 compared with Feb., '41 Mar., '40</small>		<small>Mar. 31, 1941 comp. with Mar. 31, 1940</small>
Automotive Supplies.....	+ 5%	+ 26%%
Boots and Shoes.....	+ 3	+ 28	+ 6
Drugs and Chemicals.....	+ 2	+ 7	.....
Dry Goods.....	+ 6	+ 23	+ 5
Electrical Supplies.....	- 3	+ 109	+ 98
Furniture.....	+ 33	+ 51	- 17
Groceries.....	+ 23	+ 15	+ 16
Hardware.....	+ 12	+ 30	+ 34
Machinery, Equipment and Supplies	+ 19	+ 76	+ 34
Plumbing Supplies.....	+ 42	+ 15	.....
Tobacco and its Products.....	+ 15	+ 9	+ 17
Miscellaneous.....	+ 15	+ 42	+ 5
Total all lines.....	+ 12	+ 29	+ 10

Automobiles—Combined passenger car, truck and taxicab production in the United States in March totaled 507,868, as against 485,523 in February and 423,299 in March, 1940.

Iron and Steel Products—March and early April were marked by further gains in virtually all sections of the iron and steel industry in this area. Owing, however, to the close approach to capacity limits, increases were not measurably as large as during some recent months. This was true of steel ingots, machinery, machine tools and certain other commodities going into defense work. Contrary to conditions in other sections, there was relatively little interruption to production in this district from labor troubles. March deliveries of finished products by mills, foundries, machine shops and other ferrous metal working plants were the highest for any month this year, and in numerous instances, the largest of record. Despite this fact, backlogs of unfilled orders continued to mount and delivery dates were further extended by the mills. The leading district manufacturer of sheets, plates and other flat rolled material reports operations and unfilled orders the largest in its history.

Purchasing by the railroads has broadened considerably. Orders for new freight cars placed in March totaled 8,074 units, and during the first quarter this year the total was 28,751, comparing with 4,611 and 3,062 for the same period a year and two years earlier, respectively. With mills under urgent pressure to supply increasing needs of the defense program, railroads and railroad equipment builders are experiencing difficulty in obtaining adequate supplies of materials. Demand for all descriptions of building materials continued at the high rate which has obtained in recent months. The movement of repair materials to rural districts was reported less than usual at this season, owing to diversion of many items where more urgently required.

The melt of pig iron during March was the highest for that month of record. Blast furnaces are

rationing their customers, but up to this time there have been few complaints of scarcity. The schedule which establishes maximum prices on iron and steel scrap was issued on April 3 by the Price Stabilization Division of the National Defense Advisory Commission. The immediate reaction to this order was considerable confusion in the trade, and feverish efforts on the part of sellers to complete deliveries on outstanding orders. As a result shipments of scrap to melters increased markedly, particularly from country dealers. Prices of pig iron and most finished and semi-finished materials remained unchanged. As of mid-April, steel ingot production at mills in this area was at the record rate of 99 per cent of capacity, the same as a month earlier and comparing with 45 per cent a year ago.

For the entire country March production of pig iron, according to the magazine "Steel," totaled 4,702,905 tons, the highest for any month of record, and comparing with 4,206,826 tons in February and 3,270,575 tons in March, 1940. Steel ingot output in the United States in March amounted to 7,146,372 tons, comparing with 6,250,413 tons in February and 4,390,090 tons in March, 1940.

TRANSPORTATION

Freight traffic of railroads operating in this district increased sharply during March and early April, with total volume considerably greater than during the same interval in any recent year. Compared with a year ago, all classes of freight showed increases, but heaviest gains were in miscellaneous freight, coal and forest products. The movement of coal was stimulated by heavy industrial consumer specifications in anticipation of possible shutdowns in the fields after April 1.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 104,955 loads in March, as against 89,123 loads in February and 84,595 loads in March, 1940. During the first nine days of April the interchange amounted to 29,566 loads, comparing with 29,994 loads during the same interval in March and 22,410 loads during the first nine days of April, 1940. For the entire country loadings of revenue freight during the first 14 weeks this year, or to April 5, totaled 10,065,603 cars, against 8,773,365 cars for the same period in 1940 and 8,083,203 cars in 1939.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in March was 130,100 tons, comparing with 99,966 tons in February and 157,517 tons in March, 1940. For the first

quarter this year cumulative tonnage was 334,008 tons, as against 320,166 tons for the first three months of 1940.

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		3 mos. '41 to same period '40	Stocks on Hand Mar. 31, '41 comp. with Mar. 31, '40	Stock Turnover Jan. 1, to March 31, 1941	1940
	March, 1941 compared with Feb., '41	Mar., '40				
Ft. Smith, Ark...	+28%	-5%	+4%	-8%	.75	.66
Little Rock, Ark.	+26	+9	+19	-0-	.95	.79
Pine Bluff, Ark.	+19	+19	+34	+2	.74	.60
E. St. Louis, Ill.	+59	+19	+19	...	..	..
Quincy, Ill.	+33	-1	+6	+3	.93	.90
Evansville, Ind.	+61	+1	+4	...	..	..
Louisville, Ky.	+49	+30	+32	+2	1.15	.93
St. Louis, Mo. ...	+31	+7	+7	+7	1.06	1.06
Springfield, Mo. ..	+56	+39	+48	+56	.68	.64
Jackson, Tenn. ...	+57	+27	+39	...	..	..
Memphis, Tenn. ...	+24	+2	+11	+8	.82	.81
*All Other Cities	+39	+1	+5	+2	.67	.76
8th F. R. District	+34	+9	+12	+7	1.00	.96

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

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

Outstanding orders of reporting stores at the end of March, 1941, were 77 per cent greater than on the corresponding date a year ago.

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

Installment Accounts	Excl. Instal. Accounts	Installment Accounts	Excl. Instal. Accounts
Fort Smith...%	41%	Quincy.....	19%
Little Rock..	15	St. Louis...	20
Louisville ...	22	Other Cities..	16
Memphis	25	8th F.R. Dist.	20
	41		50

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

	Mar., 1941	Feb., 1941	Jan., 1941	Mar., 1940
Sales (daily average), Unadjusted.....	97	81	80	91
Sales (daily average), Seasonally adjusted..	107	94	100	92
Stocks, Unadjusted.....	77	72	62	72
Stocks, Seasonally adjusted.....	75	76	71	70

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

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

	Net Sales		3 mos. '41 to same period '40	Stocks on Hand Mar. 31, '41 comp. with Mar. 31, '40	Stock Turnover Jan. 1, to March 31, 1941	1940
	March, 1941 compared with Feb., '41	Mar., '40				
Men's Furnishings.	+35%	-6%	+5%	-0-%	.64	.63
Boots and Shoes...	+58	-13	+2	+5	1.67	1.57

Percentage of accounts and notes receivable outstanding March 1, 1941, collected during March:
Men's Furnishings.....41% Boots and Shoes.....38%

MINING AND OIL

Coal—Reflecting a heavy buying movement among industrial users during late February and through March, in anticipation of a possible suspension of mining operations after April 1, production of bituminous coal moved sharply upward during March. Industrial consumption continued at a high rate,

and due to the unusually late spring demands for heating purposes were extraordinarily heavy.

According to the Bituminous Coal Division, U. S. Department of the Interior, production of bituminous coal for the entire country during March totaled 48,250,000 tons, as against 41,695,000 tons in February and 35,244,000 tons in March, 1940. During the first quarter 134,015,000 tons were produced, comparing with 119,497,000 tons for the same period last year. At mines in this general area, output in March was 15 per cent more than in the preceding month and 37 per cent greater than in March, 1940. Illinois mines produced 5,261,639 tons in March, as against 4,548,601 tons in February and 3,916,956 tons in March, 1940.

Petroleum—February production of crude oil in states of the Eighth District was 11 per cent less than in January and 17 per cent smaller than in February, 1940. Cumulative total for the first two months this year was 11 per cent below the corresponding period in 1940. Stocks on February 28 were 1 per cent less and 2 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	
	Feb., 1941	Jan., 1941	Feb., 1940	1941	1940	Feb. 28, 1941	Feb. 29, 1940
Arkansas.....	1,950	2,158	2,010	4,108	4,108	1,889	1,934
Illinois.....	9,069	10,293	11,727	19,362	23,227	14,557	13,630
Indiana.....	574	617	235	1,191	428	2,973	3,664
Kentucky.....	387	424	422	811	805	1,530	1,289
Totals.....	11,980	13,492	14,394	25,472	28,568	20,949	20,517

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-February, 1939, 1940 and 1941, and during February, 1940 and 1941, are given in the following table:

(In thousands of dollars)	February		Cumulative for 2 months		
	1941	1940	1941	1940	1939
Indiana.....	\$23,650	\$19,592	\$50,291	\$47,865	\$40,020
Illinois.....	42,295	44,918	95,246	102,762	85,045
Missouri.....	21,888	16,739	48,890	45,262	34,712
Kentucky.....	10,646	13,148	44,016	44,811	36,879
Tennessee.....	11,035	10,048	28,632	22,180	22,203
Mississippi.....	9,430	10,980	18,828	20,829	23,575
Arkansas.....	9,966	9,925	21,074	18,894	11,609
Totals.....	128,910	125,350	306,977	302,603	254,043

Farming Conditions—The spring survey of the U. S. Department of Agriculture indicates that the new season is starting off with better than average prospects. In the southern half of the country crops and pastures are late, but in states of the Eighth Federal Reserve District, the lateness apparently is not serious, and can be easily overcome with average conditions from this time forward. During the past several months precipitation has been light from the Tennessee and Missouri river valleys northward, but winter moisture in this area is not

ordinarily important except for hay crops and in most sections late March and April rains have already brought partial relief.

Winter wheat prospects are mainly good, the exception being in northern Missouri and portions of adjoining areas, where considerable winter wheat was killed by cold weather in November and the land is being replanted in other grains. Stocks of grain on farms are large. Reserves of corn are smaller than a year ago, but stocks of oats are much larger because of heavy production in 1940. Production of milk per cow was outstandingly heavy in April as in earlier months this year. Egg production per 100 hens was also exceptionally high during the early part of the year. Average condition of pastures in this district was about the same as last year but 6 per cent below the 10-year (1930-1939) April 1 average.

Surplus labor is rapidly disappearing from farming areas near active industrial centers and some of the part-time of subsistence type farms may not be actively worked this year. Present indications, however, are that the total acreage in crops will be fully maintained and that the numbers of milk cows, beef cattle, sheep and chickens will be increased. The trend of farm products prices was upward during March and early April, and throughout the period prices were measurably above a year ago. As of April 5, the farm products group of the Bureau of Labor Statistics index stood at 72.7 per cent of the 1926 average, as against 70.4 per cent on March 1 and 67.0 per cent on April 6, 1940.

Cotton—Farm preparations for the new cotton crop as of the first week of April were unusually backward, in many sections two weeks behind the relatively late season last spring. The soil was too wet and cold for the desired progress. Since April 1, however, farmers have taken advantage of every interval of favorable weather and have pushed field work. Numerous planters with tractors have equipped them with lights and plowed at night. Cover crops are in the main doing well. Some planting has been done in the extreme lower tier of counties.

Loans made by the Commodity Credit Corporation on 1940-1941 crop cotton through April 14 in states of the Eighth District, and repayments on loans are as follows:

(Amounts in thous.)	Total Loans		Repayments		Loans Outstanding	
	Bales	Amount	Bales	Amount	Bales	Amount
Arkansas	128,369	\$ 6,083	95,582	\$4,554	32,787	\$1,529
Mississippi.....	77,144	3,544	55,300	2,510	21,844	1,033
Missouri.....	12,738	592	9,013	417	3,725	175
Tennessee.....	15,095	733	9,574	463	5,521	270
Totals.....	233,346	10,952	169,469	7,944	63,877	3,007
U. S. Totals.....	3,152,859	151,839	1,179,186	56,565	1,973,673	95,274

Trading in spot cotton continued active, reflecting the high rate of consumption at domestic mills.

According to trade reports mill activity in late March and early April was at near-record levels. While mill sales of cloth were not as high as heretofore, backlogs of unfilled orders permitted of sustained production. Mill prices for cloth and yarns continued strong. In the St. Louis market middling grade cotton ranged from 10.75c to 11.40c per pound between March 15 and April 15, closing at 11.20c on the latter date, which compares with 10.80c on March 15 and 10.40c on April 15, 1940.

As indicating the heavy forward movement of cotton, combined receipts at Arkansas and Missouri compresses from August 1, 1940, to April 18, 1941, totaled 1,957,020 bales, as against 1,800,953 bales a year earlier; shipments, 1,770,557 bales, against 1,992,802 bales. Stocks on hand as of April 18 amounted to 1,065,204 bales, comparing with 1,163,300 bales a year ago. According to the preliminary report of the Bureau of the Census, cotton ginned from the 1940 crop in states of the Eighth District amounted to 3,664,171 bales, comparing with 3,901,098 bales in 1939 and 3,924,282 bales in 1938.

Fruits and Vegetables—Reports from virtually all sections of the district indicate that injury to fruit trees from cold during the past winter was slight, and as of mid-April prospects for all species ranged from good to excellent. In Arkansas, for example, the condition of peaches on April 1 was 82 per cent of full crop promise, compared with 70 per cent a year earlier. According to the U. S. Agricultural Marketing Service, strawberry production in the second early states, including Tennessee and Arkansas, is expected to be unusually large, due both to the high condition and heavier acreage.

Livestock—An improvement in demand for and a greater supply of most classes of meat during March than in February featured the livestock and meat trade during the last month. Meat supplies, with the exception of veal, also were somewhat more plentiful this March than a year ago, and greater than the average for March during the 10-year period, 1931-1940. The increased supply of meat resulted from heavier marketings in March compared with February. Livestock marketings, with the exception of lambs were not greatly different from a year earlier. Lamb marketings were estimated at approximately 10 per cent higher than last year.

The number of cattle on feed for market in the Corn Belt States on April 1 was 16 per cent larger than a year earlier, according to the Agricultural Marketing Service. The number on feed was the largest since the drouths of 1934 and 1936 reduced

cattle feeding to the lowest level in recent years. The movement of stocker and feeder cattle into the Corn Belt in the first quarter this year was probably the largest for this period in all years. The estimated number of cattle on feed April 1 in Eighth District states as a percentage of the number April 1, 1940, is as follows: Indiana, 105; Illinois, 113; Missouri, 112.

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

	Receipts			Shipments		
	Mar., 1941	Feb., 1941	Mar., 1940	Mar., 1941	Feb., 1941	Mar., 1940
Cattle and Calves....	80,306	79,041	81,711	22,713	23,200	26,440
Hogs.....	242,622	229,778	249,419	69,851	87,185	90,534
Horses and Mules.....	2,113	2,273	3,277	1,774	2,156	2,747
Sheep.....	21,128	20,015	32,274	261	804	2,134
Totals.....	346,169	331,107	366,681	94,599	113,345	121,855

Winter Wheat—Based on conditions as of April 1, the U. S. Department of Agriculture estimates 1941 production of winter wheat in states including the Eighth District at 86,113,000 bushels, comparing with 112,368,000 bushels harvested in 1940 and the 10-year (1930-1939) average of 104,203,000 bushels. Wheat stocks on farms in these states on April 1 amounted to 12,519,000 bushels, against 9,415,000 bushels a year earlier and 10-year average of 12,623,000 bushels.

COMMODITY PRICES

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

	High	Low	Close	
			April 15, 1941	April 15, 1940
Wheat				
*May..... per bu.	\$.89½	\$.83¼	\$.88½	\$ 1.05½
*July..... "	.88½	.80	.87½	1.04½
*Sept..... "	.89¼	.80½	.88	1.04½
No. 2 red winter "	.96	.90	.94½	1.10¾
No. 2 hard "	.95½	.89¾	.92½	.....
Corn				
*May..... "	.65¾	.60¾	.65¾	.57¾
*July..... "	.66	.60½	.66	.59¾
*Sept..... "	.66¾	.60¼	.66¾	.60¾
No. 2 white ... "	.73	.68¾	.73	.68
Oats				
*May..... "	.38	.34¾	.37½	.40¾
*July..... "	.34¾	.31¼	.34¼	.36½
*Sept..... "	.33¾	.30¼	.33¾	.33¾
Flour				
Soft patent.... per bbl.	6.20	5.05	5.30@6.20	6.25@6.85
Spring "..... "	5.30	4.60	4.85@5.30	5.95@6.20
Middling Cotton per lb.	.1140	.1075	.1120	.1040
Hogs on Hoof . . . per cwt.	8.82	7.69	8.66	5.39

*Nominal quotations.

WHISKEY

As of March 31, 50 of the 61 distilleries in Kentucky were in operation, four less than were in production on February 28. According to trade sources the whiskey industry is operating at as high a rate as possible under existing conditions. The current high rate is in a large measure due to apprehension that the manufacture of whiskey may be curtailed as nonessential and to conserve materials for the national defense program.

There is a continued shortage of white oak staves for making whiskey barrels, and owing to shortage

of labor, correction of the cooperage situation may be deferred beyond recent expectations. Prices of barrels have increased substantially and in some instances distillers have been obliged to curtail production because of inadequate supplies.

A number of the larger whiskey manufacturers, it is reported, continue to purchase stocks produced in preceding years in order to augment their inventories of specific production periods. This policy has created a ready market for bulk whiskey and the industry as a whole is reported in good condition.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in March was 291 per cent greater than in February and 115 per cent greater than in March, 1940. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in March amounted to \$82,616,000, which compares with \$21,894,000 in February and \$20,095,000 in March, 1940. Building figures for March follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1941	1940	1941	1940	1941	1940	1941	1940
Evansville.....	35	35	\$ 102	\$ 105	116	120	\$ 61	\$ 26
Little Rock.....	59	42	295	132	87	95	38	70
Louisville.....	190	140	397	673	46	42	51	52
Memphis.....	685	494	1,225	1,129	234	201	265	169
St. Louis.....	329	311	4,043*	786	121	176	123	122
March Totals..	1,298	1,022	6,062	2,825	604	634	538	439
Feb. ".....	849	578	1,552	1,786	427	453	553	668

*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 March as being 6 per cent more than in February and 20 per cent greater than in March, 1940. Detailed figures follow:

(K.W.H. in thous.)	No. of Custom-ers	Mar., 1941	Feb., 1941	Mar., 1940	March, 1941 compared with	
		K.W.H.	K.W.H.	K.W.H.	Feb., 1941	Mar., 1940
Evansville.....	40	5,160	4,880	4,752	+ 6%	+ 9%
Little Rock.....	35	2,242	2,279	1,923	- 2	+17
Louisville.....	82	12,736	11,986	9,657	+ 6	+32
Memphis.....	31	3,877	3,624	2,553	+ 7	+52
Pine Bluff.....	20	1,048	851	688	+23	+52
St. Louis.....	125	48,215	45,256	41,325	+ 7	+17
Totals.....	333	73,278	68,876	60,898	+ 6	+20

POSTAL RECEIPTS

Returns for the five largest cities of the district show an increase of 4 per cent in combined postal receipts for the first three months this year over the corresponding period in 1940, and a decrease of 14 per cent under the final quarter of 1940. Detailed figures follow:

Quarter ending:	Mar. 31, 1941	Dec. 31, 1940	Mar. 31, 1940	Comp. first Qtrs. 1941 and 1940
Evansville.....	\$191,337	\$ 215,665	\$ 186,430	+ 3%
Little Rock.....	263,959	257,192	239,748	+10
Louisville.....	766,041	877,376	728,273	+ 5
Memphis.....	728,170	901,182	695,287	+ 5
St. Louis.....	2,813,421	3,267,824	2,726,300	+ 3
Totals.....	4,762,928	5,519,239	4,576,038	+ 4

BANKING AND FINANCE

In the Eighth District during the past thirty days there was a further increase in demand for credit from commercial and industrial interests. As has been the case in recent months, requirements have been more diversified than has been the case in a number of years. Many customers who have not been in the market for loans for many months are applying for funds. This is true particularly of manufacturers. Retail interests in the large cities have increased their borrowings in order to expand inventories to accommodate heavier trade. According to a number of bankers, financial requirements of interests supplying materials for the national defense program are becoming more outstanding. Quite generally throughout the district there is an active demand for real estate and building loans, also to finance building materials. Bankers in Kentucky report that the recent increased production of whiskey has resulted in a noticeable expansion in inquiries for funds to finance that commodity. Interest rates charged by commercial banks underwent no change worthy of note.

Member Banks—Reflecting continued expansion in demand for credit, total loans of reporting member banks in the principal cities rose 1 per cent between March 19 and April 16, and on the latter date were approximately one-fifth greater than a year ago. Investments, which had risen sharply in the last week of March, declined slightly, but at mid-April were still 11 per cent above the same time in 1941. Total reserve balances increased 14 per cent during the four-week period. Gross deposits also advanced, and on April 16 were close to the all-time peak reached on March 26.

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

(In thousands of dollars)	Apr. 16, 1941	Change from Mar. 19, 1941	Apr. 17, 1940
Commercial, industrial, agricultural loans	\$225,892	+ 1,218	+ 37,050
Open market paper	15,402	+ 2,067	+ 4,641
Loans to brokers and dealers	5,125	+ 1,025	+ 730
Other loans to purchase and carry securities	11,844	— 595	— 626
Real estate loans	60,198	+ 646	+ 7,536
Loans to banks	1,106	+ 468	+ 123
Other loans	70,884	+ 1,090	+ 12,604
Treasury bills	58,269	— 14,754	+ 7,036
Treasury notes	36,631	— 5,037	+ 4,302
U. S. bonds	183,703	+ 14,942	+ 31,900
Obligations guaranteed by U. S. Government	62,188	— 3,763	— 7,293
Other securities	116,736	+ 1,242	+ 9,446
Balances with domestic banks	196,506	+ 4,567	+ 5,438
Demand deposits—adjusted*	554,811	+ 19,950	+ 77,682
Time deposits	192,729	+ 195	+ 2,165
U. S. Government deposits	14,344	+ 2,878	+ 2,574
Inter-bank deposits	420,465	+ 4,537	+ 60,503

*Other than interbank 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 April 2 was 0.1 per cent greater than a month earlier and 0.1 per cent more than on April 3, 1940.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled	5,908,255	\$1,615,202,927
Collections (non-cash items) handled	144,057	38,721,289
Transfers of funds	5,120	442,476,871
Currency received and counted	9,617,116	31,274,089
Coin received and counted	9,291,609	915,529
Rediscounts, advances and commitments	7	190,250
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	33,171	156,628,613
Bills and securities in custody—coupons clipped	18,048	.....

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

(In thousands of dollars)	April 16, 1941	Change from March 18, 1941	April 19, 1940
Industrial advances under Sec. 13b	.....	— 13	— 15
Other advances and rediscounts	.....	.....	— 90
U. S. securities	101,346	— 1,793	— 11,755
Total earning assets	101,346	— 1,806	— 11,860
Total reserves	482,317	+ 27,494	+ 88,997
Total deposits	345,355	+ 20,396	+ 35,985
F. R. Notes in circulation	234,850	+ 6,769	+ 41,968
Industrial commitments under Sec. 13b	275	+ 98	+ 95

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

Advances to banks, secured by direct obligations of the United States, under paragraph 13 of section 13	1	% per annum
Advances to member banks, secured by direct obligations of the United States or by such Government guaranteed obligations as are eligible for collateral, under paragraph 8 of section 13	1	% per annum
Rediscounts and other advances to member banks under sections 13 and 13a	1½	% per annum
Advances to member banks under section 10(b)	2	% per annum
Advances to individuals, firms, and corporations, other than banks secured by direct obligations of the United States, under paragraph 13 of section 13	4	% per annum
Industrial advances to member banks, nonmember banks, and other financing institutions under section 13b:		
(a) On portion for which such institution is obligated	1½	% to
(b) On remaining portion—No charge to financing institution. Federal Reserve Bank will retain interest collected from borrower.	2	% per annum
Advances to established industrial or commercial businesses under section 13b	3½	% to
Commitments to member banks, nonmember banks, and other financing institutions, under section 13b	1	% per annum
Provided: that on commitments issued for periods of 90 days or less the minimum charge shall be 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.		

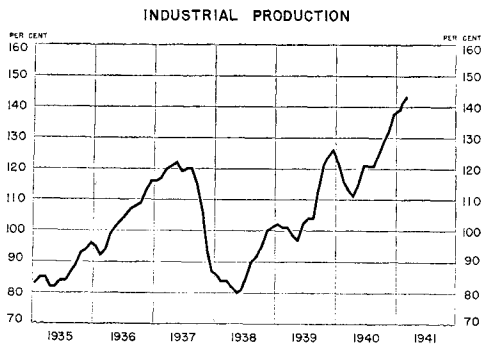
Since the preceding issue of this review, the St. Charles Savings Bank, St. Charles, Mo., and the Elk Horn Bank and Trust Co., Arkadelphia, Ark., became members of the Federal Reserve System.

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

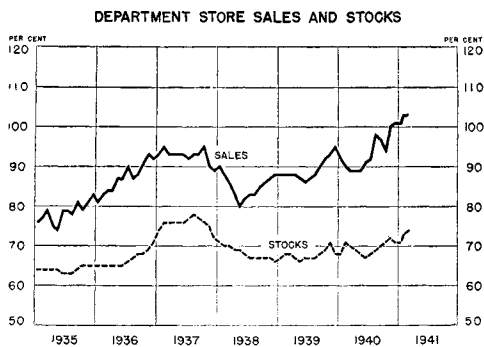
(In thousands of dollars)	Mar., 1941	Feb., 1941	Mar., 1940	Mar., '41 comp. with Feb., '41	Mar., '40
El Dorado, Ark.	\$ 5,530	\$ 5,194	\$ 5,606	+ 6%	— 1%
Fort Smith, Ark.	13,561	12,921	12,705	+ 5	+ 7
Helena, Ark.	1,813	1,425	2,001	+ 27	— 9
Little Rock, Ark.	51,525	43,874	41,596	+ 17	+ 24
Pine Bluff, Ark.	8,481	7,889	8,109	+ 8	+ 5
Texarkana, Ark.-Tex.	8,800	8,406	8,244	+ 5	+ 7
E. St. L.-Nat. S. Y., Ill.	46,001	39,870	34,289	+ 15	+ 34
Quincy, Ill.	9,720	8,436	8,838	+ 15	+ 10
Evansville, Ind.	39,838	33,177	32,161	+ 20	+ 24
Louisville, Ky.	227,977	195,781	171,366	+ 16	+ 33
Owensboro, Ky.	6,540	6,218	5,951	+ 5	+ 10
Greenville, Miss.	5,652	5,813	5,720	— 3	— 1
St. Louis, Mo.	670,400	555,934	581,433	+ 21	+ 15
Sedalia, Mo.	2,278	2,256	2,230	+ 1	+ 2
Springfield, Mo.	17,711	16,510	14,537	+ 7	+ 22
Memphis, Tenn.	181,563	164,090	137,036	+ 11	+ 32
Totals	1,297,390	1,107,794	1,071,822	+ 17	+ 21

NATIONAL SUMMARY OF CONDITIONS

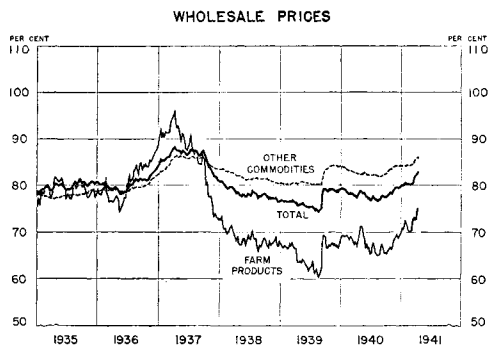
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



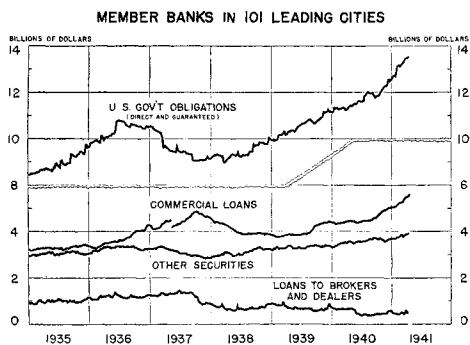
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. By months, January, 1935, to March, 1941. Latest figure 143.



Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. By months, January, 1935, to March, 1941.



Bureau of Labor Statistics' indexes, 1926 = 100. "Other" includes commodities other than farm products and foods. By weeks, January, 5, 1935, to week ending April 12, 1941.



Wednesday figures, January 2, 1935, to April 9, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Industrial activity increased further in March but declined somewhat in the first half of April owing to temporary reductions in output of bituminous coal and automobiles. Wholesale prices of many commodities advanced considerably and the Government took steps to limit price advances of some additional industrial materials.

Production—Volume of industrial output continued to increase in March and the Board's seasonally adjusted index rose from 141 to 143 per cent of the 1935-39 average. Activity increased further in most durable goods industries, particularly in those producing machinery, aircraft, ships, and armament. Steel production increased to about 100 per cent of rated capacity. Automobile production, which usually increases considerably in March, showed little change from the high rate reached in February. In the first half of April output was reduced considerably owing to a shutdown at plants of the Ford Motor Company during an industrial dispute which was settled about the middle of the month. Retail sales of new and used cars advanced to new peak levels in March and dealer's stocks at the beginning of April amounted to about a month's supply at the current rate of sales. Output of lumber, which had been sustained at unusually high levels during the winter months, rose less than seasonally.

Activity in the textile and shoe industries increased further in March. Cotton consumption rose to a record level of 854,000 bales and there was also an increase in rayon deliveries. At wool textile mills activity was sustained at the peak rate reached in February, not showing the usual large seasonal decline, and in the chemical and rubber industries further advances were reported. Bituminous coal production rose considerably, while output of crude petroleum was maintained in March at about the rate that had prevailed in the four preceding months. In the first half of April coal production declined sharply, however, as most mines were closed pending conclusion of contract negotiations between mine operators and the miners' union. Production of nonferrous metals continued in large volume in March and deliveries of refined copper showed a sharp rise as domestic production was supplemented by supplies received from South America.

Construction contract awards rose sharply in March and were larger than in any month since the middle of 1930, according to the F. W. Dodge Corporation data. The rise was chiefly in awards for publicly-financed work, which had been reduced considerably in January and February, and in private nonresidential projects, particularly factory construction. Awards for private residential building, which had been unusually large during the winter months, showed less than the customary seasonal rise in March.

Distribution—In March distribution of commodities to consumers was sustained at the high level reached in February. Sales at mail-order houses and department stores increased seasonally and variety store sales showed more than the usual seasonal rise. Freight-card loadings increased by about the usual seasonal amount. Loadings of coal and grain rose considerably, while shipments of miscellaneous freight, which in previous months had risen steadily, on a seasonally adjusted basis, showed a smaller increase than is usual at this time of year.

Commodity Prices—Prices of basic commodities continued to advance sharply from the middle of March to the middle of April. There were substantial increases in prices of domestic foodstuffs and further advances in burlap, cotton, rubber, and lead. Increases were also reported in wholesale prices of a number of manufactured products and the general index of the Bureau of Labor Statistics rose two points to 83 per cent of the 1926 average.

Informal action was taken by the Government to discourage price increases of some additional industrial materials and maximum price schedules were established for steel, bituminous coal, secondary and scrap aluminum and zinc, and iron and steel scrap. Sharp reduction in prices of some kinds of nonferrous metal scrap resulted. Announcement of an expanded Federal purchase program for hog, dairy, and poultry products was followed by price increases for these and related products.

Bank Credit—Total loans and investments at reporting member banks in 101 cities increased during March and the first two weeks of April. Commercial loans continued to rise substantially, and holdings of United States Government securities increased further, reflecting purchases of new Treasury offerings.

United States Government Security Prices—Prices of United States Government securities declined irregularly from March 15 to April 9, but subsequently rose slightly. The 1960-65 bonds showed a net loss of about $\frac{3}{4}$ of 1 point on April 15, following a rise of about $3\frac{1}{4}$ points in the previous month. The yield on this issue on April 15 was 2.14 per cent, compared with 2.03 per cent at the all-time peak in prices on December 10, and 2.30 per cent at the recent low in prices on February 15.