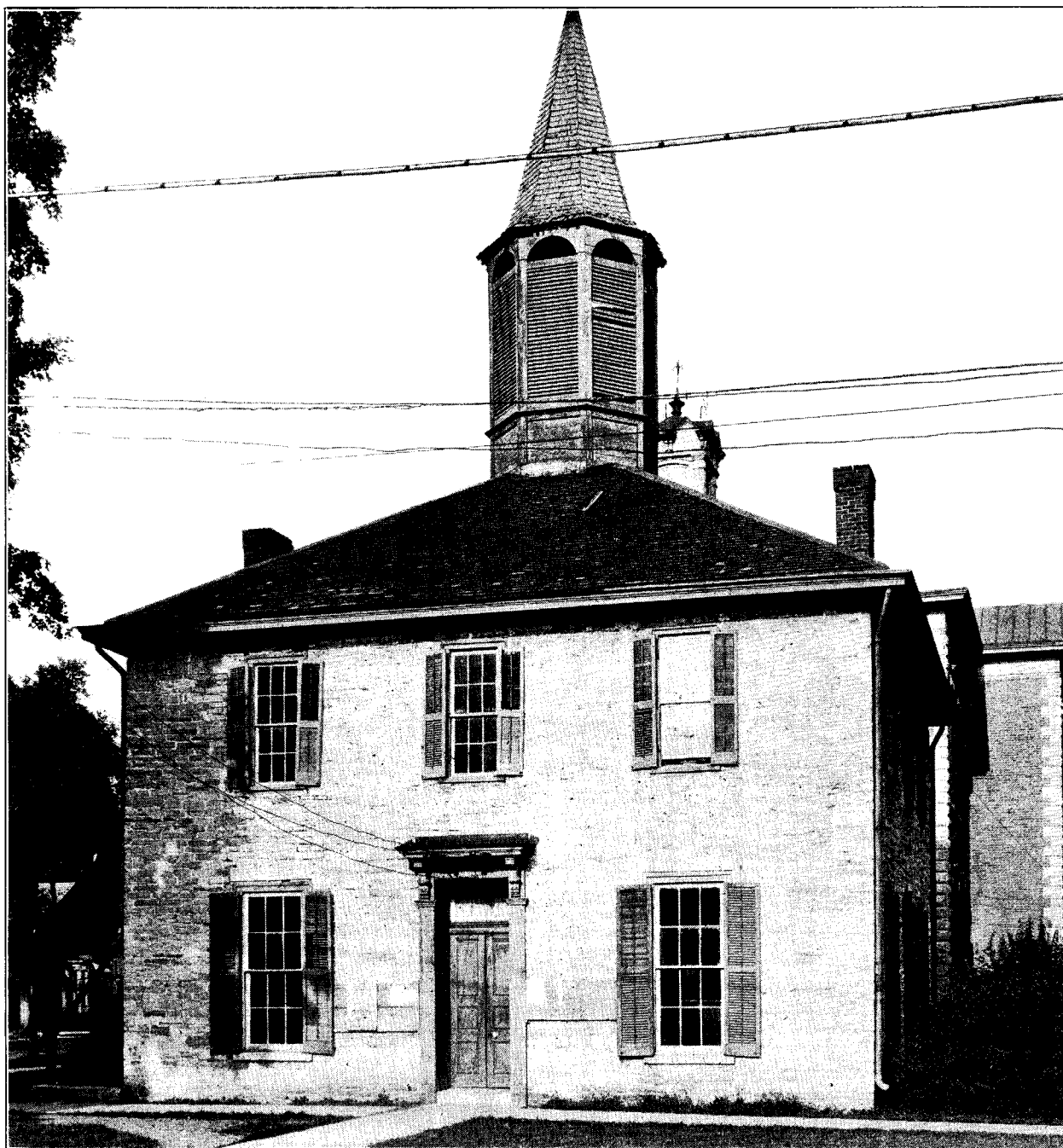




BUSINESS CONDITIONS

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



CAUFIELD & SHOOK PHOTO

Old State House, Corydon, Indiana

SUMMARY OF EIGHTH DISTRICT

Agriculture:	May 1, 1941, comp. with 1940 Av. 1930-39	
Estimated production of winter wheat....	19%	13%
Livestock:	April, 1941, comp. with March, 1941 April, 1940	
Receipts at National Stock Yards.....	+ 13%	2%
Shipments from aforesaid Yards.....	16	35
Production and Distribution:		
Sales by mfrs. and wholesalers.....	+ 2	+ 33
Department store sales.....	+ 16	+ 25
Car loadings	7	+ 30
Building and Construction:		
Bldg. permits, incl. repairs { Number....	+ 18	+ 18
Cost	18	+107
Value construction contracts awarded....	58	+113
Miscellaneous:		
Commercial failures { Number.....	25	5
Liabilities.....	77	58
Consumption of electricity	+ 1	+ 19
Debits to individual accounts.....	-0-	+ 21
Life insurance sales.....	2	+ 1
Member Banks (24):	May 14,'41, comp. with Apr. 16,'41 May 15,'40	
Gross deposits.....	-0-%	+ 14%
Loans	-0-	+ 18
Investments	+ 3	+ 12

EXCEPT for a drastic reduction in production of bituminous coal, caused by work stoppage incident to management-labor disputes, industrial activity and trade in the Eighth District during April and the first half of May maintained, and in many instances bettered the record volumes in evidence since last fall. In virtually all lines investigated, demand continues to expand, with sales advancing considerably above the relatively high levels recorded during the corresponding period a year ago. Despite the high rate of current production and extraordinarily heavy shipments, backlogs in certain key industries increased further and are of sufficient size to insure the present high plane of operations well into the third quarter of the year. Quite generally both factory and wholesale delivery dates are reported more remote. With a growing scarcity of some materials and increasing labor costs, wholesale commodity prices rose sharply, and in virtually all categories are measurably higher than a year earlier.

Reflecting the broadening scope and requirements of the national defense program, gains in manufacturing outputs were most marked in industries making defense materials. Production of machinery, steel, non-ferrous metal products, armament and other heavy manufactures approached limits permitted by available plant facilities, labor and equipment. Steel ingot production at mills in this general area during April was at 98 per cent of theoretical capacity, which compares with 47 per cent, the average rate during April, 1940. Stimulated by ris-

ing Governmental and consumer demands, operations in many of the less durable lines, such as shoes, apparel and textiles, were advanced to high levels. In the Eighth District prime contract awards made by the War and Navy Departments between June 1, 1940, and March 31, 1941, excepting awards with gross value of less than \$50,000, and excluding awards for fuels and foodstuffs, amounted to \$512,525,711. This total has been substantially increased by lettings during April and May.

Cessation of mine operations in April was reflected in a decrease in bituminous coal production in this area of 83 per cent from the preceding month and of 71 per cent as compared with April, 1940. For the entire country, April output was 87 per cent and 81 per cent smaller, respectively, than a month and a year earlier. Production of lumber during April showed no marked change from March, but was measurably above a year ago. Increased activities were reported at chemical, glass, paint, fire clay and cement factories. Output of crude oil in states of the district showed little change from March to April, but owing to smaller production in Illinois, was considerably below a year ago. Consumption of electricity by industrial users in the principal cities during April was about 1 per cent greater than in March, and one-fifth more than in April, 1940.

As reflected in freight car loadings and statistics of wholesale and retail merchants distribution of commodities as a whole reached new high peaks during April, and volumes during early May indicate continuance of the upward trend. April sales of department stores in the principal cities of the district were 16 per cent greater than in March and one-fourth larger than in April, 1940. For the first four months this year cumulative sales were 16 per cent in excess of those for the same interval in 1940. Combined sales in April of all wholesaling and jobbing firms whose statistics are available to this bank were 2 per cent greater than in March and one-third more than in April a year ago. Consumer purchases of durable goods, notably automobiles, household appliances, and furniture have risen to record levels. In the St. Louis area registrations of passenger cars in April exceeded the high total of March by 18 per cent, and were 21 per cent more than in April, 1940.

Commercial failures in the Eighth Federal Reserve District in April, according to Dun and Bradstreet, numbered 36, involving liabilities of \$185,000, as against 48 insolvencies in March with liabilities of \$800,000, and 38 defaults for a total of \$438,000 in April, 1940.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	April, 1941 compared with Mar., '41 Apr., '40		Apr. 30, 1941 comp. with Apr. 30, 1940
Data furnished by Bureau of Census, U. S. Dept. of Commerce.			
Automotive Supplies.....	+11%	+40%%
Boots and Shoes.....	+5	+52	-22
Drugs and Chemicals.....	-5	+14	+4
Dry Goods.....	+6	+42	+1
Electrical Supplies.....	+6	+56	+5
Furniture.....	+4	+20	-3
Groceries.....	-4	+18	-0
Hardware.....	+14	+22	-2
Machinery, Equipment and Supplies	+8	+39	-1
Tobacco and its Products.....	+6	+9	.....
Miscellaneous.....	-12	+24	-4
Total all lines.....	+2	+33	-3

Automobiles—Combined passenger car, truck and taxicab production in the United States in April totaled 462,257, as against 507,868 in March and 432,746 in April, 1940.

Iron and Steel Products—Activities in the iron and steel industry in this area during April and the first half of May were maintained at, or somewhat better than the high levels which have obtained in recent months. In the case of certain mills and foundries new high records of production were recorded in April, and the same was true of a number of builders of machinery, engines and other steel specialties. Relatively little interruption to operations resulted from the strike of coal miners. Flow of raw materials, including pig iron, coke and scrap, was in steady volume which fact, coupled with reserve stocks, permitted continuous operations. One result of the halt in coal production was an advance in price of fifty cents per ton of metallurgical coke. Pig iron prices remained unchanged.

Despite heavy production and shipments of steel mill products, notably sheets, plates, strip and other rolled material, backlogs of unfinished orders were reported to have increased further, with delivery dates still more remote. Allocation of tonnages is growing more common, particularly in the case of civilian requirements. This practice is expected to become more widespread with expansion of the defense program and of priority regulations.

Jobbing foundries report increasing backlogs, with demands covering a greater variety of castings than has ever been the case. As a rule fabricators, especially of structural steel, are using material as rapidly as it is received. Demands from the railroad equipment builders have increased notably over the past three or four months. The carriers continue to purchase rolling stock and to put their present equipment in shape in expectation of increased traffic demands. Domestic freight car orders in April involved 10,052 units and brought the total for the first four months to 38,803, as compared with

6,688 for the corresponding period in 1940. Distribution of iron and steel products through warehouses continued heavy through April, and affected by seasonal demands is reported to have increased further in early May. Steel ingot production at mills in the area as of mid-May was at 98 per cent of rated capacity, the same as a month earlier and comparing with 47 per cent a year ago.

Reflecting coal shortage, output of pig iron for the entire country in April, according to the magazine "Steel" amounted to 4,341,681 tons, a decrease of 461,224 tons from the preceding month and comparing with 3,139,043 tons in April, 1940. Steel ingot production in the United States in April was 6,757,728 tons, as against 7,131,641 tons in March and 4,100,474 tons in April, 1940.

MINING AND OIL

Coal—As in other sections of the country, bituminous coal production in this general area declined drastically in April, as a result of impasse in negotiation between the miners' union and operators on terms for renewal of contracts expiring April 1. In anticipation of shutdowns, consumers generally had accumulated sizeable stocks, large enough in most industrial centers in the Eighth District to tide over the strike period without serious interference with routine activities. According to the Bituminous Coal Division, U. S. Department of the Interior, stocks of soft coal held by industrial consumers and retail yards as of April 1 amounted to 50,654,000 tons, an increase of 2,136,000 tons over March 1, and 15,456,000 tons higher than a year ago.

Production of bituminous coal in the United States in April declined to 6,266,000 tons, comparing with 48,250,000 tons in March and 32,790,000 tons in April, 1940. During the first four months of 1941 output amounted to 140,281,000 tons comparing with 152,287,000 tons during the corresponding period in 1940. At mines in this general area April production was 83 per cent less than in the preceding month and 71 per cent below a year ago. Illinois mines produced 740,450 tons in April, as against 5,261,639 tons in March and 2,875,485 tons in April, 1940. There were 58 mines in operation in April, with 9,638 men on payrolls, against 107 active mines and 26,657 operatives in March. Mining operations were resumed in Illinois and other fields of the district on May 5.

Petroleum—March production of crude oil in states of the Eighth District was 13 per cent greater than in February and 18 per cent less than in March, 1940. Cumulative total for the first three months

this year was 13 per cent below the corresponding period in 1940. Stocks on March 31 were 1 per cent and 2 per cent smaller, respectively, than a month and a year earlier. Detailed production and stocks by states are given in the following table:

	Production				Stocks		
(In thousands of barrels)	Mar., 1941	Feb., 1941	Mar., 1940	Cumulative		Mar. 31, 1941	Mar. 31, 1940
				1941	1940		
Arkansas.....	2,191	1,950	2,125	6,299	6,233	1,818	1,969
Illinois.....	10,392	9,069	13,580	29,754	36,807	14,221	13,699
Indiana.....	556	574	329	1,747	757	3,067	4,142
Kentucky.....	414	387	435	1,225	1,240	1,558	1,248
Totals.....	13,553	11,980	16,469	39,025	45,037	20,664	21,058

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 April 30, '41 comp. with Apr. 30, '40	Stock Turnover	
	April, 1941 compared with Mar., '41	Apr., '40	4 mos. '41 to same period '40		Jan. 1, to April 30, 1941	1940
Ft. Smith, Ark...	+ 6%	+23%	+ 9%	— 4%	1.04	.88
Little Rock, Ark.	+10	+31	+22	+ 1	1.31	1.06
Pine Bluff, Ark.	— 3	+46	+37	+ 3	1.00	.78
E. St. Louis, Ill.	+31	+17	+19	...	...	...
Quincy, Ill.	+14	+21	+11	+ 1	1.31	1.23
Evansville, Ind.	+26	+20	+ 9	...	...	...
Louisville, Ky.	+18	+40	+35	+ 8	1.63	1.33
St. Louis, Mo.	+16	+21	+11	+12	1.49	1.45
Springfield, Mo.	+14	+28	+40	+76	1.02	1.07
Jackson, Tenn.	+30	+32	+36	...	...	...
Memphis, Tenn.	+10	+28	+16	+ 9	1.11	1.05
*All other cities..	+43	+28	+12	— 0	.96	.98
8th F. R. District	+16	+25	+16	+10	1.40	1.32

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

Trading days: Apr., 1941—26; Mar., 1941—26; Apr., 1940—26.

Outstanding orders of reporting stores at the end of April, 1941, were 67 per cent greater than on the corresponding date a year ago.

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

Installment Accounts	Excl. Instal. Accounts	Installment Accounts	Excl. Instal. Accounts
Fort Smith...%	41%	Quincy.....18%	53%
Little Rock.. 14	36	St. Louis... 20	58
Louisville... 19	42	Other cities.. 15	44
Memphis.... 26	41	8th F. R. Dist. 20	49

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

	Apr., 1941	Mar., 1941	Feb., 1941	Apr., 1940
Sales (daily average), Unadjusted.....	111	97	81	90
Sales (daily average), Seasonally adjusted..	105	107	94	92
Stocks, Unadjusted.....	79	77	72	71
Stocks, Seasonally adjusted.....	76	75	76	69

Trading days: Apr., 1941—26; Mar., 1941—26; Apr., 1940—26.

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

	Net Sales			Stocks on Hand April 30, '41 comp. with Apr. 30, '40	Stock Turnover	
	April, 1941 compared with Mar., '41	Apr., '40	4 mos. '41 to same period '40		Jan. 1, to April 30, 1941	1940
Men's Furnishings..	+35%	+76%	+22%	— 3%	.95	.79
Boots and Shoes...	+33	+61	+18	— 3	2.64	2.14

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

Men's Furnishings.....41% Boots and Shoes.....40%

TRANSPORTATION

While the coal strike considerably reduced loadings during April, traffic of railroads operating in this district for the month remained well above that of the similar period a year and two years earlier. Unusual gains over a year ago were recorded in the miscellaneous freight classification, which reflects the movement of general merchandise. With the reopening of mines there was a sharp rebound in loadings of bituminous coal.

The Terminal Railroad Association of St. Louis, which handles interchanges for twenty-five connecting lines, interchanged 97,271 loads in April, as against 104,955 loads in March and 74,870 loads in April, 1940. During the first nine days of May the interchange amounted to 29,394 loads, comparing with 29,566 loads during the corresponding period in April and 23,654 loads during the first nine days in May, 1940. For the entire country loadings of revenue freight during the first 19 weeks this year, or to May 10, totaled 13,807,214 cars, against 12,011,917 cars during the same time in 1940 and 10,900,108 cars in 1939.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in April was 158,900 tons, comparing with 129,458 tons in March and 169,935 tons in April, 1940. For the first four months this year cumulative tonnage was 492,908 tons, as against 484,128 tons for the corresponding interval in 1940.

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

(In thousands of dollars)	March		Cumulative for 3 months		
	1941	1940	1941	1940	1939
Indiana.....	\$23,658	\$20,093	\$73,949	\$ 67,958	\$61,261
Illinois.....	42,895	44,319	138,141	147,081	131,606
Missouri.....	19,683	14,724	68,573	59,986	52,706
Kentucky.....	8,107	8,975	52,123	53,786	46,739
Tennessee.....	9,758	10,201	38,390	32,381	31,340
Mississippi.....	11,226	13,439	30,054	34,268	33,752
Arkansas.....	11,219	10,292	32,293	29,186	18,463
Totals.....	126,546	122,043	433,523	424,646	375,867

While somewhat mixed, weather conditions as a whole during April and the first half of May were favorable for agricultural activities in the Eighth District. The season is still late, both with reference to growth and development of fall sown crops and preparations for and planting of spring crops, according to the U. S. Department of Agriculture, agricultural departments of the several states and other informed sources. As of mid-May considerable progress had been made in planting cotton and corn

in the southern stretches of the district, and in preparing seed beds in the northern sections. The condition of pastures in all states of the district on May 1 was considerably above average, which fact, coupled with abundant feed and forage supplies, was favorable for livestock, dairying, and poultry raising. Early hay crops have an exceptionally good start, and recent rains have been of material assistance to additional growth. In states including the Eighth District, stocks of hay on farms as of May 1 were 13 per cent above a year earlier and 30 per cent greater than the 10-year (1930-1939) average.

Winter wheat was favored by conditions in April in states of this district and the indicated yield on May 1 was 6 per cent larger than a month earlier. The indicated crop, however, will still be considerably below that of 1940 and the 10-year average. Winter killing of wheat in northern Missouri and adjoining areas has proven more serious than was believed to be the case earlier in the season. Reports from numerous sections of the district indicate that farmers generally will continue the programs of crop diversification which have been in effect during recent years. Livestock raising and dairying have continued their steady growth, and indications point to further notable expansion during the coming season, particularly in the south.

Available supplies of farm labor have been further shortened by continued expansion in military and industrial activities. Typical of other sections of the district, wages paid to farm help in Illinois are the highest since 1930. The trend of farm products prices during April and early May was upward, with sharp advances being recorded in cotton, wheat and feed grains. As of May 10, the farm products group of the Bureau of Labor Statistics index stood at 75.1 per cent of the 1926 average, as against 72.7 per cent on April 5 and 69.2 per cent on May 11, 1940.

Corn—According to the Agricultural Adjustment Administration, the Government's program would make relatively few changes in the 1941 corn adjustment program. The loan rate for corn will remain at 61 cents a bushel—the rate established for the 1940 crop. The A. A. A. corn planting allotment for the commercial corn area will remain unchanged at 37,300,000 acres. Likewise, allotments to individual farmers in this area will not be changed. As of May 10, corn loans in Eighth District states numbered 16,832 on 17,181,758 bushels valued at \$10,478,943.

Cotton—During March and most of April weather and soil conditions were inauspicious for preparations and planting of the new crop. Since that time, however, there has been a decided turn for the bet-

ter and farmers have taken advantage of every good day to press their work. As a result generally good progress has been made, and as of mid-May considerable planting had been accomplished, and in both Arkansas and Mississippi good stands are reported in a number of sections. Withal, the crop is from ten days to two weeks late as a whole. Recent rains have substantially aided germination in certain counties where earlier lack of moisture had retarded development. Reports from broadly scattered sections indicate adequate supplies of high grade seed.

Reflecting the high rate of mill operations, strength in the general level of commodity prices, trade expectations of changes in the farm program, increased activity in the cloth markets and other bullish influences, cotton prices advanced sharply in early May, reaching new high levels since the summer of 1937. In the St. Louis market the middling grade ranged from 11.00c to 12.65c per pound between April 15 and May 15, closing at 12.50c on the latter date, which compares with 11.20c on April 15, and 10.00c on May 15, 1940.

Combined receipts at Arkansas and Missouri compresses from August 1, 1940, to May 16, 1941, totaled 1,985,698 bales, as against 1,803,793 bales a year earlier; shipments, 1,901,233 bales, against 2,042,157 bales. Stocks on hand as of May 16 amounted to 962,633 bales, compared with 1,091,055 bales on the corresponding date in 1940.

Loans made by the Commodity Credit Corporation on 1940-1941 crop cotton through May 5 in states of the Eighth District, and repayments on loans are shown in the following table:

(Amounts in thous.)	Total Loans		Repayments		Loans Outstanding	
	Bales	Amount	Bales	Amount	Bales	Amount
Arkansas	128,445	\$ 6,086	112,578	\$5,344	15,867	\$ 742
Mississippi.....	77,199	3,546	63,603	2,888	13,596	658
Missouri.....	12,738	592	9,982	462	2,756	130
Tennessee.....	15,119	734	11,610	559	3,509	174
Totals.....	233,501	10,958	197,773	9,253	35,728	1,704
U. S. Totals...	3,162,286	152,285	1,527,834	73,204	1,634,452	79,082

Fruits and Vegetables—Quite generally through the district, prospects for fruits and vegetables in early May were the most promising in a number of seasons. Outlook for apples and peaches is exceptionally good. May 1 indications were for the largest peach crop since 1931. Trees came through the winter with a minimum of injury, and the bloom was heavy. With many important producing areas the set of fruit is reported unusually large. Almost universally, fruit and truck growers report heavy infestation of insect and fungus pests, mainly owing to the mild open winter. Producers are resorting to intensive spraying programs and cultivation.

In states including the Eighth District, 1941 production of strawberries is estimated at 4,304,000

crates, comparing with 2,652,000 crates in 1940 and the 10-year (1930-1939) average of 2,529,000 crates. A scarcity of pickers was reported in some sections, and wages asked are higher than last season. As an offset to the heavy production and high quality of the fruit, there has been a decline in prices, in some cases below cost of production. The Arkansas Farm Bureau Federation in early May appealed to the Surplus Marketing Administration to stabilize strawberry prices through large purchases of the crop being harvested.

Livestock—The mild, open winter, coupled with abundant feed and forage supplies and excellent spring pasturage, has resulted generally throughout the district in further betterment in the high average condition of livestock which has obtained in recent months. In many sections production of milk per cow and the rate of egg production per hen established new high records. The season has been one of the most auspicious ever experienced for production of early lambs. Death losses have been relatively small and in the principal producing areas of this district lambs have made above average development.

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

	Receipts			Shipments		
	April, 1941	Mar., 1941	April, 1940	April, 1941	Mar., 1941	April, 1940
Cattle and Calves.....	89,548	80,306	90,099	29,864	22,713	30,269
Hogs.....	262,060	242,622	272,428	44,024	69,851	83,245
Horses and Mules.....	779	2,113	1,353	635	1,774	1,567
Sheep.....	39,036	21,128	35,722	4,502	261	6,175
Totals.....	391,423	346,169	399,602	79,025	94,599	121,256

Winter Wheat—In its report based on May 1 conditions, the U. S. Department of Agriculture estimates winter wheat production in states including the Eighth District at 91,156,000 bushels, an increase of 5,043,000 bushels over the April 1 forecast and comparing with 112,368,000 bushels harvested in 1940, and the 10-year (1930-1939) average of 104,203,000 bushels. For the entire country, indicated production is 653,105,000 bushels, as against 589,151,000 bushels in 1940, and 10-year average of 569,417,000 bushels.

WHISKEY

During April 52 of the 61 distilleries in Kentucky were in operation, comparing with 50 during the preceding month and 42 a year ago. According to trade sources, there has been no notable change in the industry from conditions obtaining during the past several months. Many distillers are apprehensive relative to curtailment which may be imposed by the Government in the manufacture of whiskey as a nonessential. It is reported that city distilleries are planning to operate at reasonably high capacity during the summer months, which period is usually

one of reduced production. The city plants are able to operate during the summer because their water supply as a rule is obtained from deep, cool wells, whereas county distilleries are mainly obliged to depend on lakes and creeks for water. There has been no softening in prices, and the bulk market is reported consistently strong, with a heavy demand for whiskey of all years.

COMMODITY PRICES

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

	High	Low	Close	
			May 15, 1941	May 15, 1940
Wheat				
*May.....per bu.	\$1.00%	\$.89	\$.99%	\$.86
*July....."	.99%	.86%	.98%	.85%
*Sept....."	1.00%	.87	.98%	.86
No. 2 red winter "	1.01	.92%	1.01	.97
No. 2 hard "	.93%	.91%	.92%	.....
Corn				
*May....."	.73%	.67%	.71%	.59%
*July....."	.73%	.67%	.72%	.59%
*Sept....."	.74%	.68	.73%	.59%
No. 2 mixed...	.71%	.71%	.71%	.63%
No. 2 white "	.75%	.72	.75%	.71%
Oats				
*May....."	.39%	.36%	.38	.36%
*July....."	.36%	.33%	.36	.33%
*Sept....."	.35%	.32%	.35%	.31%
Flour				
Soft patent....per bbl.	6.30	5.20	5.40 @ 6.30	6.25 @ 7.05
Spring "....."	5.40	4.65	4.85 @ 5.40	6.15 @ 6.40
Middling cotton per lb.	.1265	.1100	.1250	.1000
Hogs on Hoof...per cwt.	8.97	8.41	8.97	5.55

*Chicago quotations.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in April was 22 per cent less than in March and 124 per cent greater than in April, 1940. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in April amounted to \$34,380,000, which compares with \$81,108,000 in March and \$16,169,000 in April, 1940. Building figures for April follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1941	1940	1941	1940	1941	1940	1941	1940
Evansville.....	39	30	\$ 112	\$ 88	141	152	\$ 52	\$ 66
Little Rock....	38	40	97	79	103	104	34	30
Louisville.....	225	145	543	235	58	88	51	137
Memphis.....	782	463	1,458	678	271	232	255	98
St. Louis.....	412	451	2,512	1,031	182	210	318	176
April Totals...	1,496	1,129	4,722	2,111	755	786	710	507
March ".....	1,298	1,022	6,062	2,825	604	634	538	439

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in April as being 1 per cent more than in March and 19 per cent greater than in April, 1940. Detailed figures follow:

(K.W.H. in thous.)	No. of Custom-ers	April, 1941	Mar., 1941	April, 1940	April, 1941 compared with	
		K.W.H.	K.W.H.	K.W.H.	Mar., 1941	Apr., 1940
Evansville.....	40	5,384	5,160	4,516	+ 4%	+19%
Little Rock....	35	2,488	2,242	1,836	+11	+36
Louisville.....	82	12,951	12,736	9,723	+ 2	+33
Memphis.....	31	4,005	3,877	2,768	+ 3	+45
Pine Bluff.....	20	1,239	1,048	739	+18	+68
St. Louis.....	125	48,228	48,215	42,673	0	+13
Totals.....	333	74,295	73,278	62,255	+ 1	+19

BANKING AND FINANCE

While in somewhat smaller volume during the past thirty days than in the similar period immediately preceding, demand for credit in the Eighth District continued in substantially larger volume than a year earlier. Mercantile interests have increased their commitments in order to build up inventories of merchandise in anticipation of heavier demands and possible shortage of certain types of goods later in the year. Liquidation of current loans is in considerable volume, some large banks reporting settlements in excess of new borrowings and renewals. Country banks report somewhat more than usual increase in demand for production loans, with indications total requirements for the season will be larger than has been the case during the past several years. Inquiries for funds to condition livestock for market are reported in large volume. Interest rates showed virtually no change from levels which have obtained in recent months.

Member Banks—After rising steadily since early March, industrial, commercial and agricultural loans of reporting member banks in the principal cities declined slightly in late April and on May 14 were 1 per cent less than a month earlier, though 18 per cent greater than on the corresponding date in 1940. Gross deposits also receded in late April, but recovered in the week of May 14 to about the same level as a month earlier. Throughout the four-week period, April 16–May 14, both demand and time deposits continued well above the same interval in 1940. Total reserves declined 4 per cent from April 16 to May 14, and on the latter date were 7 per cent higher than a year ago.

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

(In thousands of dollars)	May 14, 1941	Change from Apr. 16, 1941	May 15, 1940
Commercial, industrial, agricultural loans.....	\$224,032	— 1,860	+34,753
Open market paper.....	18,049	+ 2,647	+ 7,565
Loans to brokers and dealers.....	4,513	— 612	+ 345
Other loans to purchase and carry securities.....	11,241	— 603	+ 1,506
Real estate loans.....	60,289	+ 91	+ 6,933
Loans to banks.....	940	+ 166	+ 168
Other loans.....	71,491	+ 607	+12,624
Treasury bills.....	61,848	+ 3,579	+ 2,847
Treasury notes.....	37,089	+ 458	+ 4,525
U. S. bonds.....	184,764	+ 1,061	+32,970
Obligations guaranteed by U. S. Government.....	71,217	+ 9,029	+ 3,657
Other securities.....	114,777	+ 1,959	+ 6,899
Balances with domestic banks.....	185,758	—10,748	+ 9,869
Demand deposits—adjusted*.....	553,181	+ 1,630	+82,699
Time deposits.....	192,693	— 36	+ 1,868
U. S. Government deposits.....	15,164	+ 820	+ 1,840
Inter-bank deposits.....	416,624	— 3,841	+53,053
Borrowings.....			

*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 May 7 was 0.2 per cent larger than on April 2 and 0.1 per cent greater than May 1, 1940.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,865,005	\$1,519,856,881
Collections (non-cash items) handled.....	115,350	39,299,722
Transfers of funds.....	5,231	441,318,164
Currency received and counted.....	10,006,218	33,626,442
Coin received and counted.....	8,893,748	847,965
Rediscounts, advances and commitments.....	13	332,700
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	17,690	53,397,534
Bills and securities in custody—coupons clipped	8,572	.....

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

(In thousands of dollars)	May 14, 1941	Change from April 16, 1941	May 15, 1940
Industrial advances under Sec. 13b.....	\$.....	.....	60
Other advances and rediscounts.....	35	+ 35	130
U. S. securities.....	101,346	— 0	11,977
Total earning assets.....	101,381	+ 35	12,167
Total reserves.....	481,194	— 1,123	+ 92,708
Total deposits.....	338,342	+ 7,013	+ 31,466
F. R. Notes in circulation.....	239,090	+ 4,240	+ 47,025
Industrial commitments under Sec. 13b..	322	+ 47	+ 143

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 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 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.	

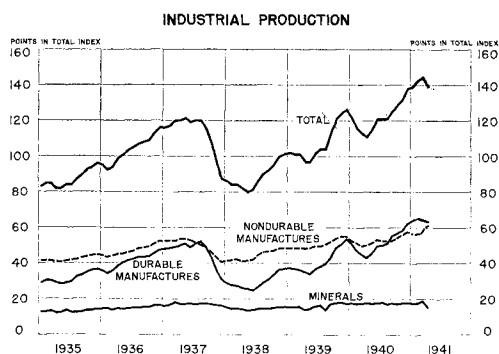
Since the preceding issue of this report the Merchants and Planters Bank of Camden, Arkansas and the Clay City Banking Company, Clay City, Illinois, have become members of the Federal Reserve System.

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

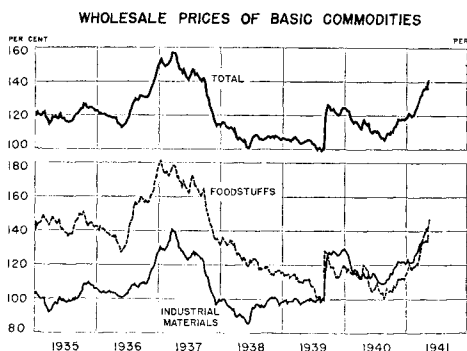
(In thousands of dollars)	April, 1941	March, 1941	April, 1940	April,'41 Mar.,'41	comp. with Apr.,'40
El Dorado, Ark.....\$	6,237	\$ 5,530	\$ 5,579	+ 13%	+12%
Fort Smith, ".....	13,370	13,561	12,125	— 1	+10
Helena, ".....	1,753	1,813	1,725	— 3	+ 2
Little Rock, ".....	58,210	51,525	40,327	+ 13	+44
Pine Bluff, ".....	9,462	8,481	6,888	+ 12	+37
Texarkana, Ark., Tex.	9,834	8,800	7,251	+ 12	+36
E. St. L.—Nat. S. Y., Ill.	47,973	46,001	37,751	+ 4	+27
Quincy, ".....	10,141	9,720	8,922	+ 4	+14
Evansville, Ind.....	41,464	39,838	33,444	+ 4	+24
Louisville, Ky.....	218,494	227,977	154,830	— 4	+41
Owensboro, ".....	6,675	6,540	5,901	+ 2	+13
Greenville, Miss.....	5,156	5,652	4,966	— 9	+ 4
St. Louis, Mo.....	672,433	670,400	596,677	— 0	+13
Sedalia, ".....	2,451	2,278	2,155	+ 8	+14
Springfield, ".....	17,783	17,711	15,763	— 0	+13
Memphis, Tenn.....	177,548	181,563	140,942	— 2	+26
Totals.....	1,298,984	1,297,390	1,075,246	— 0	+21

NATIONAL SUMMARY OF CONDITIONS

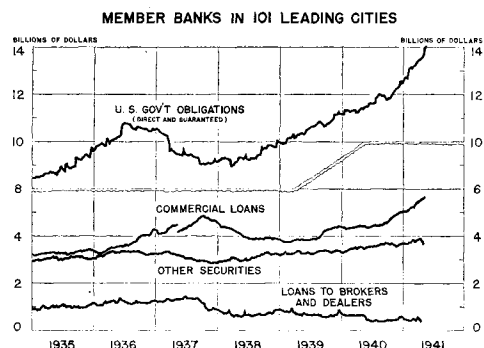
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



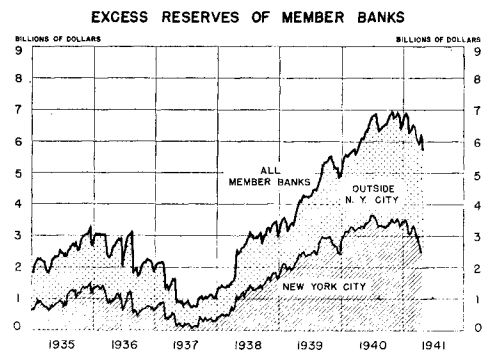
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January, 1935, to April, 1941.



Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August, 1939 = 100. Thursday figures, January 3, 1935, to May 8, 1941.



Wednesday figures, January 2, 1935, to May 7, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.



Wednesday figures partly estimated, January 2, 1935, to May 7, 1941.

Production—In April the Board's seasonally adjusted index of industrial production declined to 139 per cent of the 1935-1939 average, a drop of 4 points from March. The decline reflected chiefly a sharp reduction in output of bituminous coal, as most mines were closed during the entire month. The mines were reopened on April 30 and in the first half of May coal output increased rapidly.

Automobile production also declined in April, owing to stoppage of work at plants of the Ford Motor Company during an industrial dispute. This was settled about the middle of the month and domestic output has since advanced to a high monthly rate of over 500,000 cars and trucks. Announcement by the Office of Production Management that output in the twelve months ending July 31 would approximate 5,290,000 units indicates that a rate close to that now prevailing should be maintained through July, although there is usually a considerable decline in this period. Steel production was curtailed somewhat in the latter half of April by shortages of coal and coke and output declined from a level of 100 per cent of capacity to 94 per cent at the month end. Subsequently output increased to 99 per cent at mid-May.

In most other lines activity continued to increase during April and the first half of May. Machinery production rose further and activity in the aircraft and shipbuilding industries continued to expand rapidly. Consumption of nonferrous metals also advanced, and, as in March, domestic sources of copper were supplemented by large supplies from Latin America. Textile production rose further from the high rate prevailing in March. Consumption of raw cotton in April amounted to 920,000 bales, a new record level, and rayon deliveries also rose to a new peak. At wool textile mills activity was maintained near the high March rate. Continued advances were reported in the chemical, paper, and food industries.

Anthracite production declined considerably in April, owing to a delay by dealers in placing usual spring orders, but increased in the first half of May. Output of crude petroleum showed little change from the March rate, following some increase from the reduced level of the winter months. Iron ore shipments in April amounted to about 7,000,000 tons, an exceptionally large amount for this time of year, and mine output of nonferrous metals continued at near capacity rates. Value of construction contract awards in April declined somewhat from the high March total, owing principally to a smaller volume of defense plant contracts, according to F. W. Dodge Corporation reports. There was an increase in contracts for publicly financed defense housing, and awards for private residential building rose by about the usual seasonal amount.

Distribution—Sales of general merchandise at department and variety stores showed about the usual seasonal rise from March to April, making allowance for the changing date of Easter. Retail sales of new automobiles, which had amounted to 526,000 cars and trucks in March, rose further in April and sales of used cars were at peak levels. Freight-car loadings declined sharply in April, reflecting a reduction in shipments of coal and coke, but increased in the first half of May when coal mines were reopened. By the middle of the month total loadings had risen to a weekly rate one-fourth higher than in the corresponding period last year and about the same as the seasonal peak reached in the autumn of 1940.

Commodity Prices—Prices of most basic commodities, both domestic and imported, advanced sharply further in the first half of May following a short period of little change during the latter part of April. Price increases were most pronounced for agricultural commodities reflecting in part the prospect of legislation raising Federal loan rates for basic farm crops. Prices of a number of semimanufactured industrial products, including petroleum products, coke, leather, textile yarns and fabrics, and building materials, also advanced. Metal prices, now for the most part subject to Federal control, remained at the maximum levels established earlier.

Bank Credit—Bank loans and investments have shown a marked rise since last summer, the increase at reporting banks in 101 leading cities amounting to \$4,000,000,000. In April and early May holdings of investments by these banks increased considerably, mostly at New York City banks, reflecting substantial purchases of newly issued Reconstruction Finance Corporation notes. Increases in commercial loans in this period were somewhat smaller than during the preceding two months.

Excess reserves of member banks were \$5,700,000,000 on May 14. Since January they have declined by about \$1,100,000,000, owing largely to increases in Treasury deposits with the Reserve Banks and in currency in circulation. The decrease has occurred entirely at New York City banks.

United States Government Security Prices—Prices of United States Government securities, which had risen sharply from April 9 to April 21, subsequently declined irregularly through May 15. On that date the 1960-65 bonds were $\frac{3}{4}$ of a point lower than on April 21 and about $1\frac{1}{4}$ points below the all-time peak reached on December 10, 1940. The yield on this issue is currently about 2.09 per cent, compared with 2.03 per cent on December 10.