



BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication in Afternoon Papers of July 31, 1941

FEDERAL RESERVE BANK OF ST. LOUIS



*Aerial view of St. Louis, showing the Plaza, Municipal Auditorium and
Soldiers' Memorial in the downtown section.*

PAPIN AERIAL SURVEYS

SUMMARY OF EIGHTH DISTRICT

| | | |
|--|---|-------------|
| Agriculture: | July 1, 1941, comp. with 1940 | Av. 1923-40 |
| Estimated yield of 6 crops..... | 8% | 7% |
| Livestock: | June, 1941, comp. with May, 1941, June, 1940 | |
| Receipts at National Stock Yards..... | + 4% | 8% |
| Shipments from aforesaid Yards..... | + 20 | 30 |
| Production and Distribution: | | |
| Sales by mfrs. and wholesalers..... | - 0 - | + 65% |
| Department store sales..... | - 15 | + 15 |
| Car loadings | + 4 | + 35 |
| Building and Construction: | | |
| Bldg. permits, incl. repairs { Number..... | - 12 | + 32 |
| Cost | + 21 | + 77 |
| Value construction contracts awarded...- | 20 | + 67 |
| Miscellaneous: | | |
| Commercial failures { Number | - 15 | - 22 |
| Liabilities..... | - 0 - | - 22 |
| Consumption of electricity | + 3 | + 27 |
| Debits to individual accounts..... | + 1 | + 36 |
| Life insurance sales..... | - 2 | + 4 |
| Member Banks (24): | July 16, '41, comp. with June 18, '41 July 17, '40 | |
| Gross deposits..... | + 3% | + 17% |
| Loans | + 2 | + 26 |
| Investments | + 1 | + 20 |

AFTER making due allowances for the customary seasonal trends, general business in the Eighth District during June and the first half of July continued the sharply upward trends which have been in effect during recent months. The improvement extended to virtually all lines of industry and trade as well as to the several geographical locations. In certain localities where defense projects are centralized, business has reached approximate boom proportions, with indications pointing to an even higher rate of activity through the remainder of the year. Reflecting expansion in employment, income payments continue to rise, with resultant expansion in demand for consumer goods of all descriptions. In many lines results obtained during the first half of this year were the best since the similar period in 1929, and in some instances reached all-time high levels. Prices of basic materials have advanced during the past thirty days and widespread increases have been reported in quotations on manufactured goods and farm products.

In the Eighth District prime contract awards made by the War and Navy Departments between June 1, 1940, and May 31, 1941, excepting awards with gross value of less than \$50,000 and excluding awards for foodstuffs and fuel, totaled \$542,592,434. Additional lettings during June and the first half of July have considerably increased this aggregate.

During June the rate of industrial production advanced contraseasonally. The Federal Reserve Board's index, adjusted for seasonal variation, advanced to 156 per cent of the 1935-1939 average, as

compared with 151 in May and 140 in April. Most marked gains, as has been the case in recent months, were in lines supplying national defense materials, notably chemicals, machinery, aircraft, leather goods, engines, glass, cement, explosives, ordnance, etc. Activity in the food and textile industries continued at a high rate, with the former showing more than the usual increase from May to June. Output of bituminous coal at mines in this area declined slightly during June as compared with the preceding month, but was 19 per cent greater than in June, 1940. Production of lumber at mills in the district was well sustained during June, with shipments and new orders continuing well above current output. Steel ingot production at mills in this general area slackened during the first week in July, being affected by the Independence Holiday, but at mid-July the rate advanced to 98 per cent of capacity, the same as a month earlier and comparing with 65 per cent a year ago. June consumption of electricity by industrial users was 3 per cent and 27 per cent more, respectively, than a month and a year ago.

Distribution of merchandise through both retail and wholesale channels during June decreased in about the expected amount from May, but was in measurably heavier volume than a year ago. Retailers are placing orders for winter and spring requirements earlier than is usually the case, particularly on commodities production of which is meeting competition from defense industries. June sales of department stores in the principal cities of the district were 15 per cent less than in May, but 15 per cent greater than in June, 1940. Cumulative total for the first half of the year was 17 per cent in excess of that for the first six months of 1940. Combined June sales of all wholesaling and jobbing firms whose statistics are available to this bank were unchanged from May and 65 per cent greater than in June a year ago. Debits to individual accounts in June were 1 per cent more than in May and for the first six months exceeded those of the similar period in 1940 by 23 per cent. Taken as a whole agricultural prospects improved during June. Conditions were favorable for winter wheat, the July 1 estimate exceeding the June 1 forecast by an appreciable amount.

Commercial failures in the Eighth Federal Reserve District in June, according to Dun and Bradstreet, numbered 28, involving liabilities of \$233,000, as against 33 insolvencies in May with liabilities of \$234,000 and 36 failures for a total of \$299,000 in June, 1940.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

| Lines of Commodities | Net Sales | | Stocks |
|---|---|-----------|--|
| | June, 1941 compared with May, '41 | June, '40 | |
| Data furnished by Bureau of Census, U. S. Dept. of Commerce. | | | June 30, 1941 comp. with June 30, 1940 |
| Automotive Supplies..... | + 2% | + 78% |% |
| Boots and Shoes..... | -14 | +128 | .... |
| Drugs and Chemicals..... | - 7 | + 22 | .... |
| Dry Goods..... | +17 | + 93 | +10 |
| Electrical Supplies..... | - 0 | + 87 | +25 |
| Furniture..... | - 1 | + 74 | +10 |
| Groceries..... | +25 | + 16 | +22 |
| Hardware..... | - 2 | + 53 | +67 |
| Machinery, Equipment and Supplies | - 7 | + 86 | +48 |
| Plumbing Supplies..... | -13 | + 18 | .... |
| Tobacco and its Products..... | - 2 | + 10 | - 0 |
| Miscellaneous..... | - 2 | + 37 | + 1 |
| Total all lines..... | - 0 | + 65 | +22 |

Automobiles—Combined passenger car, truck and taxicab production in the United States in June totaled 520,521, as against 518,736 in May and 344,636 in June, 1940.

Iron and Steel Products—Owing to the extraordinarily heavy demands for iron and steel products of all descriptions, activities at mills, foundries, machine shops and other ferrous metal working plants during June and the first half of July were maintained at high levels. In the interest of volume, slowing down for vacations, inventory, repairs and other seasonal influences were less evident than in the past, and in some cases operations were carried on with virtually no interruption. The growing scarcity of finished steel is being more acutely felt, particularly by consumers engaged in the manufacture of other than defense materials. Deliveries are more extended than heretofore, notably on sheets, strip, plates and other flat rolled items. More prevalent and stricter priorities are a growing handicap to production for civilian use.

According to the mills, galvanized are the tightest of all sheet grades, production being held down by scarcity of zinc. Both primary and secondary stocks of this material have been heavily reduced since the spring. Steel casting plants have expanded operations, principally to accommodate additional business placed by the railroads. Railroad equipment shops in this area are operating at or close to capacity and have backlogs of orders which will insure this rate during the remainder of the year. Capacity operations are also reported by manufacturers of airplanes, engines, miscellaneous machinery and parts. As of mid-July ingot production at mills in this area was at 98 per cent of rated capacity, the same as a month earlier and comparing with 65 per cent a year ago.

June pig iron production for the entire country, according to the magazine "Steel," totaled 4,551,040 tons, comparing with 4,596,113 tons in May and 3,813,092 tons in June, 1940. Steel ingot production

in the United States in June amounted to 6,800,730 tons, against 7,055,132 tons in May and 5,657,443 tons in June, 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 | | Stocks on Hand | Stock Turnover | |
|-----------------------|---|-----------|--|--------------------------------|------------------|
| | June, 1941 compared with May, '41 | June, '40 | June 30, '41 comp. with June 30, '40 | Jan. 1, to June 30, 1941 | June 30, 1940 |
| Ft. Smith, Ark.... | -20% | +15% | +12% | - 2% | 1.63 1.37 |
| Little Rock, Ark.... | -23 | +19 | +22 | +13 | 1.99 1.66 |
| Pine Bluff, Ark.... | -26 | +21 | +33 | + 7 | 1.56 1.24 |
| E. St. Louis, Ill.... | -18 | +15 | +20 | .... | .... |
| Quincy, Ill. | -24 | + 4 | +11 | + 9 | 2.06 1.97 |
| Evansville, Ind.... | -16 | + 7 | +12 | .... | .... |
| Louisville, Ky.... | -11 | +29 | +34 | +15 | 2.52 2.10 |
| St. Louis, Mo. | -13 | +10 | +13 | +23 | 2.18 2.16 |
| Springfield, Mo.... | -14 | +32 | +41 | +64 | 1.67 1.77 |
| Jackson, Tenn.... | -31 | +35 | +40 | .... | .... |
| Memphis, Tenn.... | -19 | +22 | +17 | +11 | 1.71 1.64 |
| *All other cities.... | -20 | +13 | +17 | + 8 | 1.58 1.55 |
| 8th F. R. District | -15 | +15 | +17 | +19 | 2.10 2.00 |

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

Trading days: June, 1941—25; May, 1941—26; June, 1940—25.

Outstanding orders of reporting stores at the end of June, 1941, were 124 per cent greater than on the corresponding date a year ago.

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

| Installment Accounts | | Excl. Instal. Accounts | |
|-------------------------|-----|---------------------------|-----|
| Fort Smith...% | 38% | Quincy..... | 21% |
| Little Rock.. 12 | 30 | St. Louis.... | 19 |
| Louisville ... 18 | 50 | Other cities.. | 13 |
| Memphis 24 | 43 | 8th F. R. Dist. | 18 |

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

| | June, 1941 | May, 1941 | Apr., 1941 | June, 1940 |
|--|---------------|--------------|---------------|---------------|
| Sales (daily average), Unadjusted..... | 92 | 105 | 111 | 82 |
| Sales (daily average), Seasonally adjusted.. | 100 | 105 | 105 | 89 |
| Stocks, Unadjusted..... | 76 | 69 | 79 | 64 |
| Stocks, Seasonally adjusted..... | 80 | 78 | 76 | 67 |

Trading days: June, 1941—25; May, 1941—26; June, 1940—25.

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

| | Net Sales | | Stocks on Hand | Stock Turnover | |
|-------------------|---|-----------|--|--------------------------------|------------------|
| | June, 1941 compared with May, '41 | June, '40 | June 30, '41 comp. with June 30, '40 | Jan. 1, to June 30, 1941 | June 30, 1940 |
| Men's Furnishings | -20% | + 8% | +24% | +15% | 1.59 1.28 |
| Boots and Shoes.. | -22 | + 8 | +19 | + 9 | 4.49 3.70 |

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

Men's Furnishings.....28% Boots and Shoes.....40%

MINING

Coal—Reflecting continued broad industrial demand and earlier than usual purchasing of domestic grades, the market for bituminous coal in this area,

as well as generally throughout the country, experienced considerable activity during June and the first week in July. Following resumption of mining incident to settlement of labor disputes, there was a general disposition to build up inventories, but in the immediate past this movement has become less pronounced owing to the signing of a two-year contract between the Southern Appalachian mine operators and union miners which served to allay fears of another strike.

As of June 1, the latest date for which figures are available, stocks of bituminous coal in the hands of industrial consumers and retail dealers amounted to 37,691,000 tons, compared with 35,971,000 tons on May 1 and 39,203,000 tons on June 1, 1940. Industrial consumption and retailers' deliveries increased 7.3 per cent during May and on June 1 had reached a total of 36,295,000 tons, as against 30,941,000 tons on June 1 last year.

Production of soft coal in the United States in June, according to the Bituminous Coal Division, U. S. Department of the Interior, totaled 43,090,000 tons, comparing with 43,400,000 tons in May and 32,400,000 tons in June, 1940. Cumulative output for the first half of 1941 was 226,226,000 tons, as against 219,583,000 tons during the same period a year earlier. At mines in this general area June production was 3 per cent less than in May and 19 per cent greater than in June, 1940. Illinois mines produced 3,471,930 tons in June as against 3,602,536 tons in May and 2,583,448 tons in June last year. There were 86 mines in operation in June, with 23,796 men on payrolls, comparing with 94 active mines and 24,925 operatives in May.

TRANSPORTATION

During June the volume of freight traffic handled by railroads operating in this district continued measurably higher than that for the similar period during the preceding several years. There were substantial increases in the movement of grain and grain products, fuels, and lumber products, but the largest gain was in the miscellaneous freight classification, which directly reflects the general betterment in industrial and trade conditions. Extensive preparations made by the granger roads for handling the winter wheat crop have apparently been adequate for the initial movement.

The Terminal Railroad Association of St. Louis, which handles interchanges for 25 connecting lines, interchanged 109,316 loads in June, as against 105,108 loads in May and 81,103 loads in June, 1940. During the first nine days of July the interchange amounted to 30,813 loads, comparing with 30,081 loads during the corresponding interval in June and

20,957 loads during the first nine days of July, 1940.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in June was 252,400 tons, which compares with 211,818 tons in May and 203,518 tons in June, 1940. Cumulative tonnage for the first half of 1941 was 956,207 tons, against 933,374 tons for the first six months last year.

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

| (In thousands of dollars) | May | | Cumulative for 5 months | | |
|------------------------------|----------|----------|-------------------------|-----------|-----------|
| | 1941 | 1940 | 1941 | 1940 | 1939 |
| Indiana | \$27,439 | \$24,011 | \$128,416 | \$115,770 | \$101,845 |
| Illinois | 54,814 | 46,212 | 242,357 | 232,426 | 208,135 |
| Missouri | 28,277 | 21,089 | 119,327 | 100,714 | 91,332 |
| Kentucky | 9,827 | 7,968 | 70,081 | 68,192 | 62,699 |
| Tennessee | 10,706 | 9,067 | 57,422 | 51,129 | 49,751 |
| Mississippi | 10,666 | 5,705 | 48,683 | 45,862 | 48,193 |
| Arkansas | 12,550 | 6,461 | 55,764 | 41,656 | 35,264 |
| Totals | 154,279 | 120,513 | 722,050 | 655,749 | 597,219 |

Farming Conditions—Quite generally throughout the Eighth District prospects for crops either held their own or improved during June and early July, according to reports of the U. S. Department of Agriculture, agricultural departments of the several states and other informed sources. While there is considerable irregularity both with reference to localities and the several productions, indications are that 1941 will be another good crop year. Prospects for the principal feed and forage crops are in the main good. Corn is well along in all the chief producing states, including Illinois, Indiana and Missouri. Wheat prospects improved substantially from May to June. Outlook for fruits is the best in a number of years, and indications point to large truck crops, both for market and processing. It is too early to determine the probable yield of cotton, and the status of other late crops may change prior to harvest, but indications on July 1 were that average yields per acre of crops other than cotton would exceed yields of these crops harvested last season and would be several per cent higher than in any previous year since 1915.

Farm products prices during June continued sharply upward and were higher than at any time since 1937. Continuing the marked upturn of recent months, the index of prices received by farmers in mid-June was up to 118 per cent of the 1910-1914 level, the U. S. Department of Agriculture reports. This compares with 112 in May and 95 in June, 1940. Farmers were receiving 16 per cent more for grain in June than a year earlier, 32 per cent more for cotton and cottonseed, 30 per cent more for truck crops

and 21 per cent more for dairy products. Prices of poultry and poultry products, livestock and some other lesser products were also sharply higher than a year ago.

Corn—In the Eighth District, a 1941 corn crop of 327,416,000 bushels is indicated in the U. S. Department of Agriculture's July 1 report. This compares with 326,128,000 bushels harvested in 1940 and the 18-year (1923-1940) average of 330,447,000 bushels. Stocks of old corn on farms in states including this district on July 1 totaled 218,305,000 bushels, against 294,155,000 bushels a year earlier and 10-year (1930-1939) average of 174,884,000 bushels. Over most of the important growing areas the crop is in excellent condition. Stands are good, fields clean, and crop well advanced. Prospective yield in some sections is one of the best in 20 years and promises to equal the high average of 1940.

Cotton—In its initial report of the season, the U. S. Department of Agriculture estimates the acreage of cotton under cultivation as of July 1 in states partly or entirely within the Eighth District at 5,699,000 acres, a decrease of 263,000 acres, or 4 per cent, under the acreage on the same date in 1940 and a decrease of 1,699,000 acres, or 23 per cent, from the 10-year (1930-1939) average.

The report estimates cotton in cultivation in the entire United States on July 1 at 23,519,000 acres, which is 5.4 per cent less than the 24,871,000 acres in cultivation on July 1, 1940, and 28.6 per cent below the 10-year average. If the abandonment this year equals the 10-year average, an acreage of 23,102,000 is indicated for harvest. This would be the smallest acreage for harvest since 1895.

Several causes, according to the report, are responsible for this year's reduction in cotton acreage. Frequent and heavy rains in Texas and Oklahoma throughout the spring prevented the planting of some intended acreage and resulted in some loss of acreage planted. The Supplementary Program, in which farmers are given cotton stamps for making additional acreage reductions, was also a contributing factor to acreage curtailment.

While unusually irregular, the position of the growing crop in states of this district is favorable generally, and has been considerably bettered in certain areas by needed precipitation in recent weeks. Except in limited areas where rains have delayed cultivation, stands are good and fields clean of weeds and grass. Boll weevils have appeared in some sections but not in alarming numbers, and late July and August weather will determine the extent of injury from this pest. Scattered reports indicate that farmers will practice intensive cultivation and

use of fertilizers. During the planting season special emphasis was laid upon the use of improved types of seed.

Stimulated by continued heavy domestic mill consumption and the Government's acreage report, prices of raw cotton advanced further, reaching the highest levels in eleven years in the second week of July. In the St. Louis market the middling grade ranged from 14.05c to 15.60c per pound between June 16 and July 15, closing at 15.60c on the latter date, as against 14.05c on June 16 and 10.50c on July 15, 1940.

Fruits and Vegetables—In its report based on conditions as of July 1, the U. S. Department of Agriculture estimates the peach crop in states including the Eighth District at 11,511,000 bushels, as against 3,768,000 bushels in 1940 and the 10-year (1930-1939) average of 6,965,000 bushels; pears, 3,545,000 bushels, against 2,871,000 bushels in 1940 and average of 2,135,000 bushels; grapes, 43,790 tons, against 37,390 tons in 1940 and average of 35,004 tons; sweetpotatoes, 17,630,000 bushels, against 15,971,000 bushels in 1940 and average of 19,038,000 bushels. The July 1 condition of apples in all these states was measurably higher than a year ago and average. In the district proper production of white potatoes is estimated at 12,179,000 bushels, against 13,817,000 bushels harvested last year and the 18-year (1923-1940) average of 13,469,000 bushels.

Livestock—Following reduced supplies and an improved demand, which was created to a considerable degree by the Government's pork buying program for supplies for American armed forces and for shipment abroad, prices of hogs advanced approximately 13 per cent during June, reaching the highest levels in the last four years. Although supplies of all classes of livestock in June were considerably greater than average supplies for that month during the 10-year period, 1931-1940, they were, with the exception of cattle, smaller than supplies during June, 1940. Little change occurred in prices of cattle in June. Prices of lambs and calves advanced substantially.

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

| | Receipts | | | Shipments | | |
|------------------------|------------|-----------|------------|------------|-----------|------------|
| | June, 1941 | May, 1941 | June, 1940 | June, 1941 | May, 1941 | June, 1940 |
| Cattle and Calves..... | 98,762 | 102,793 | 105,047 | 36,898 | 40,513 | 47,352 |
| Hogs | 237,048 | 259,235 | 265,043 | 45,336 | 44,925 | 87,504 |
| Horses and Mules | 473 | 712 | 1,679 | 434 | 631 | 1,196 |
| Sheep..... | 118,805 | 73,055 | 122,160 | 49,456 | 24,161 | 53,812 |
| Totals..... | 455,088 | 435,795 | 493,929 | 132,124 | 110,230 | 189,864 |

Milk production per cow in states of this district on July 1 averaged 13.5 pounds, which was slightly

lower than a month and a year earlier but 6 per cent higher than the 10-year (1930-1939) July 1 average. Eggs produced per 100 layers on July 1 in these states were 5 per cent and 14 per cent greater, respectively, than a year ago and average.

Rice—The Arkansas rice crop is estimated by the U. S. Department of Agriculture at 10,272,000 bushels, against 9,741,000 bushels in 1940 and 10-year average of 8,368,000 bushels.

Tobacco—Warm weather and good rains during June permitted the crop to obtain a good stand and reports generally indicate favorable progress as of early July. The leaf has good color and appears to be reasonably uniform in size; fields are unusually well cultivated. The U. S. Department of Agriculture estimates 1941 production of all types of tobacco in the Eighth District at 227,167,000 pounds, which is 18 per cent less than the 277,570,000 pounds cut in 1940 and 20 per cent below the 18-year (1923-1940) average of 285,050,000 pounds.

Winter Wheat—In its July 1 report the U. S. Department of Agriculture estimates output in the district at 52,224,000 bushels, comparing with 62,531,000 bushels harvested in 1940 and the 18-year average of 54,612,000 bushels. Stocks of wheat on farms in this area on July 1 totaled 4,980,000 bushels, against 3,770,000 bushels a year earlier and the 10-year average of 5,942,000 bushels.

Threshing has made rapid progress under mainly auspicious weather conditions, and the movement of grain has been of such proportions as to clog storage facilities at terminal markets. Despite the large movement, wheat prices have advanced, and at mid-July were measurably above a month and a year earlier.

COMMODITY PRICES

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

| | Close | | | |
|---------------------------|---------|--------|---------------|---------------|
| | High | Low | July 15, 1941 | July 15, 1940 |
| Wheat | | | | |
| *July per bu. | \$1.06½ | \$.99 | \$ 1.03½ | \$.72¾ |
| *Sept. | 1.08 | 1.00½ | 1.05½ | .73½ |
| *Dec. | 1.09½ | 1.02½ | 1.07½ | .75 |
| No. 2 red winter | 1.07¾ | 1.00½ | 1.05½ | .76¾ |
| No. 2 hard " | 1.06 | 1.00½ | 1.03 | .74¾ |
| Corn | | | | |
| *July " | .74¾ | .73½ | .73½ | .62 |
| *Sept. | .77¾ | .75 | .75¾ | .58¾ |
| *Dec. | .79¾ | .77 | .78 | .54¾ |
| No. 2 white.... | .84½ | .81½ | .82 | ..... |
| Oats | | | | |
| *July " | .38¾ | .35½ | .35½ | .30¾ |
| *Sept. | .39¾ | .36½ | .36½ | .28 |
| *Dec. | .40¾ | .37½ | .38¾ | .28¾ |
| Flour | | | | |
| Soft patent per bbl. | 6.45 | 5.35 | 5.55 @ 6.45 | 4.60 @ 5.30 |
| Spring " | 5.55 | 4.80 | 5.00 @ 5.55 | 4.50 @ 4.70 |
| Middling Cotton per lb. | .1560 | .1405 | .1560 | .1050 |
| Hogs on Hoof ... per cwt. | 11.48 | 9.95 | 11.48 | 6.37 |

*Chicago quotations.

WHISKEY

Of the 61 distilleries in Kentucky, 28 were in operation on June 30, as compared with 38 at the end of

the preceding month. While production is showing the customary seasonal contraction, consumption continues to increase as compared with similar months in 1940. Tax payments on whiskey withdrawn from warehouses for consumption during May, 1941, were among the largest for any month since repeal of prohibition. As a general rule, however, consumption of whiskey declines during the summer months. There has been no appreciable relaxation in the tight cooperage situation. A considerable increase in cost of this item has been experienced by distillers whose earlier contracts have expired in recent months. Bulk prices for all types of whiskey are reported very firm, with new whiskey reported bringing increasingly higher prices.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in June was 9 per cent more than in May and 71 per cent greater than in June, 1940. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in June amounted to \$30,493,000, which compares with \$38,137,000 in May and \$18,245,000 in June, 1940. Building figures for June follow:

| (Cost in thousands) | New Construction | | | | Repairs, etc. | | | |
|---------------------|------------------|-------|--------|--------|---------------|------|-------|-------|
| | Permits | | Cost | | Permits | | Cost | |
| | 1941 | 1940 | 1941 | 1940 | 1941 | 1940 | 1941 | 1940 |
| Evansville.... | 38 | 18 | \$ 131 | \$ 122 | 120 | 108 | \$ 78 | \$ 43 |
| Little Rock.... | 82 | 33 | 277 | 89 | 138 | 65 | 57 | 22 |
| Louisville.... | 278 | 94 | 518 | 306 | 44 | 53 | 33 | 52 |
| Memphis.... | 361 | 376 | 831 | 509 | 399 | 207 | 210 | 180 |
| St. Louis.... | 273 | 287 | 621 | 840 | 157 | 195 | 734 | 263 |
| June Totals... | 1,032 | 808 | 3,186 | 1,866 | 858 | 628 | 1,112 | 560 |
| May " | 1,402 | 1,020 | 2,928 | 2,307 | 739 | 734 | 619 | 403 |

CONSUMPTION OF ELECTRICITY

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

| (K.W.H. in thous.) | No. of Custom-ers | June, 1941 | May, 1941 | June, 1940 | June, 1941 compared with | |
|--------------------|-------------------|------------|-----------|------------|--------------------------|------------|
| | | K.W.H. | K.W.H. | K.W.H. | May, 1941 | June, 1940 |
| Evansville.... | 40 | 5,831 | 5,669 | 4,817 | + 3% | + 21% |
| Little Rock.... | 35 | 2,725 | 2,537 | 2,094 | + 7 | + 30 |
| Louisville.... | 82 | 13,799 | 13,478 | 10,259 | + 2 | + 35 |
| Memphis.... | 31 | 4,328 | 4,048 | 2,905 | + 7 | + 49 |
| Pine Bluff.... | 20 | 692 | 1,099 | 577 | -37 | + 20 |
| St. Louis.... | 125 | 55,372 | 53,684 | 44,538 | + 3 | + 24 |
| Totals..... | 333 | 82,747 | 80,515 | 65,190 | + 3 | + 27 |

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase of 7 per cent in combined postal receipts for the second quarter this year over the same period in 1940, and of 3 per cent over the first quarter of 1941. Detailed figures follow:

| Quarter ending: | June 30, 1941 | March 31, 1941 | June 30, 1940 | Comp. 2nd Qtrs. 1941 and 1940 |
|-----------------|---------------|----------------|---------------|-------------------------------|
| Evansville.... | \$203,185 | \$ 191,337 | \$ 188,789 | + 8% |
| Little Rock.... | 259,990 | 263,959 | 221,839 | +17 |
| Louisville.... | 811,519 | 766,041 | 739,890 | +10 |
| Memphis.... | 746,559 | 728,170 | 681,467 | +10 |
| St. Louis.... | 2,884,492 | 2,813,421 | 2,746,015 | + 5 |
| Totals..... | 4,905,745 | 4,762,928 | 4,578,000 | + 7 |

BANKING AND FINANCE

The Eighth District banking situation during the past thirty days has been marked by a further noticeable expansion in demand for credit. Loans of commercial banks continued the irregularly upward movement which began last January, and in the first week in July reached the highest levels in nearly a decade. Increases were most marked in commercial and industrial loans, reflecting increased requirements incident to the defense program and extraordinarily heavy demands for merchandise by the public. Country banks generally, but more particularly in the wheat producing areas, report an active inquiry for funds. Grain handling and flour milling interests have considerably increased their commitments. Routine liquidation of commercial and industrial loans continued in large volume, reflecting generally good collections and prompt payments by the Government of contractual obligations. Bankers dollar acceptances outstanding in this district on June 30 totaled \$506,000, against \$552,000 on May 31, and \$318,000 on June 29, 1940.

Member Banks—Between June 18 and July 16, total loans and investments of the weekly reporting member banks in the principal cities increased 2 per cent and on the latest date were 23 per cent greater than a year ago. Total loans were up 2 per cent during the four-week period and at its close were about one-fourth larger than on the corresponding report date in 1940. Gross deposits continued to rise, and at \$1,303,938,000 at mid-July were the highest ever recorded. Reserve balances fluctuated widely in the four weeks, and on July 16 were 1 per cent higher than a month earlier and 3 per cent under a year ago.

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

| (In thousands of dollars) | July 16, 1941 | June 18, 1941 | July 17, 1940 |
|---|------------------|------------------|------------------|
| Commercial, industrial, agricultural loans..... | \$234,607 | + 7,292 | +52,698 |
| Open market paper..... | 20,034 | + 1,328 | +11,627 |
| Loans to brokers and dealers..... | 4,426 | — 603 | + 484 |
| Other loans to purchase and carry securities..... | 12,702 | — 263 | + 93 |
| Real estate loans..... | 59,664 | — 121 | + 5,237 |
| Loans to banks..... | 748 | — 86 | + 462 |
| Other loans..... | 74,340 | — 484 | +13,146 |
| Treasury bills..... | 675 | — 322 | —10,224 |
| Treasury notes..... | 34,264 | — 781 | — 4,048 |
| U. S. bonds..... | 213,608 | + 5,473 | +77,605 |
| Obligations guaranteed by U. S. Government..... | 76,359 | + 7,105 | + 7,997 |
| Other securities..... | 110,099 | — 6,064 | + 2,538 |
| Balances with domestic banks..... | 207,243 | +14,915 | +23,100 |
| Demand deposits—adjusted*..... | 579,584 | +24,134 | +94,780 |
| Time deposits..... | 191,064 | — 479 | + 1,247 |
| U. S. Government deposits..... | 21,246 | + 1,627 | + 7,152 |
| Interbank deposits..... | 428,538 | + 4,243 | +68,701 |

*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 July 2 was unchanged from a month earlier and 0.5 per cent less than on the corresponding date in 1940.

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

| (Incl. Louisville, Memphis, Little Rock branches) | Pieces | Amounts |
|---|-----------|-----------------|
| Checks (cash items) handled..... | 5,547,641 | \$1,695,169,623 |
| Collections (non-cash items) handled..... | 145,063 | 40,654,960 |
| Transfers of funds..... | 5,116 | 547,099,260 |
| Currency received and counted..... | 8,614,970 | 30,880,498 |
| Coin received and counted..... | 9,054,299 | 866,841 |
| Rediscounts, advances and commitments..... | 12 | 452,500 |
| New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc. | 67,462 | 192,763,789 |
| Bills and securities in custody—coupons clipped | 20,391 | ..... |

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

| (In thousands of dollars) | July 16, 1941 | Change from June 18, 1941 | July 17, 1940 |
|--|------------------|---------------------------------|------------------|
| Industrial advances under Sec. 13b..... | \$..... | — | 5 |
| Other advances and rediscounts..... | — | 35 | 200 |
| Bills bought (including participations)..... | — | — | — |
| U. S. securities..... | 105,517 | + 4,171 | — 7,846 |
| Total earning assets..... | 105,517 | + 4,136 | — 8,051 |
| Total reserves..... | 569,402 | + 2,442 | +116,333 |
| Total deposits..... | 418,416 | + 974 | + 53,722 |
| F. R. Notes in circulation..... | 251,798 | + 7,261 | + 54,336 |
| Industrial commitments under Sec. 13b.. | 347 | — 16 | — 3 |

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

| | |
|--|------------------------|
| Advances to banks, secured by direct obligations of the United States, under paragraph 13 of section 13..1 | % per annum |
| Advances to member banks, secured by direct obligations of the United States or by such Government guaranteed obligations as are eligible for collateral, under paragraph 8 of section 13.....1 | % per annum |
| Rediscounts and other advances to member banks under sections 13 and 13a.....1½ | % per annum |
| Advances to member banks under section 10(b).....2 | % per annum |
| Advances to individuals, firms, and corporations, other than banks, secured by direct obligations of the United States, under paragraph 13 of section 13.....4 | % per annum |
| Industrial advances to member banks, nonmember banks, and other financing institutions under section 13b: | |
| (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. | |

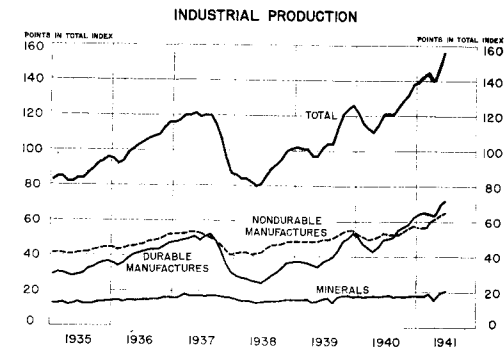
Since the preceding issue of this review the Paris Savings Bank, Paris, Mo., and the DuQuoin State Bank, DuQuoin, Ill., became members of the Federal Reserve System.

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

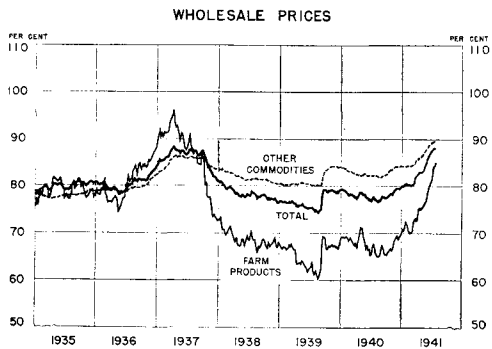
| (In thousands of dollars) | June, 1941 | May, 1941 | June, 1940 | June,'41 comp. with May,'41 | comp. with June,'40 |
|----------------------------|---------------|--------------|---------------|-----------------------------------|------------------------|
| El Dorado, Ark..... | \$ 6,827 | \$ 6,314 | \$ 5,592 | + 8% | +22% |
| Fort Smith, Ark..... | 13,047 | 12,923 | 10,684 | + 1 | +22 |
| Helena, Ark..... | 1,692 | 1,627 | 1,332 | + 4 | +27 |
| Little Rock, Ark..... | 49,224 | 47,011 | 37,351 | + 5 | +32 |
| Pine Bluff, Ark..... | 8,097 | 7,858 | 6,944 | + 3 | +17 |
| Texarkana, Ark.-Tex. | 8,422 | 8,922 | 6,982 | — 6 | +21 |
| E. St. L.-Nat. S. Y., Ill. | 54,082 | 52,566 | 41,801 | + 3 | +29 |
| Quincy, Ill..... | 11,652 | 11,107 | 9,749 | + 5 | +20 |
| Evansville, Ind..... | 42,260 | 41,917 | 32,339 | + 1 | +31 |
| Louisville, Ky..... | 256,645 | 244,098 | 170,715 | + 5 | +50 |
| Owensboro, Ky..... | 6,282 | 6,465 | 5,983 | — 3 | + 5 |
| Greenville, Miss..... | 5,331 | 5,743 | 4,272 | — 7 | +25 |
| St. Louis, Mo..... | 831,580 | 839,620 | 632,912 | — 1 | +31 |
| Sedalia, Mo..... | 2,466 | 2,568 | 2,151 | — 4 | +15 |
| Springfield, Mo..... | 21,191 | 21,069 | 16,357 | + 1 | +30 |
| Memphis, Tenn..... | 191,856 | 184,567 | 126,888 | + 4 | +51 |
| Totals..... | 1,510,654 | 1,494,375 | 1,112,052 | + 1 | +36 |

NATIONAL SUMMARY OF CONDITIONS

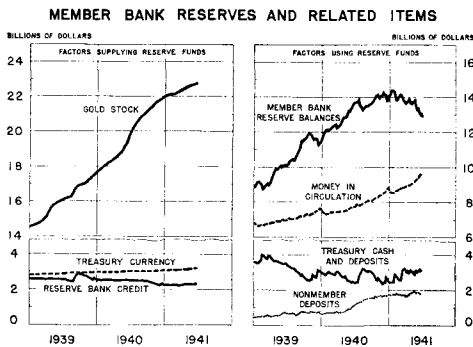
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



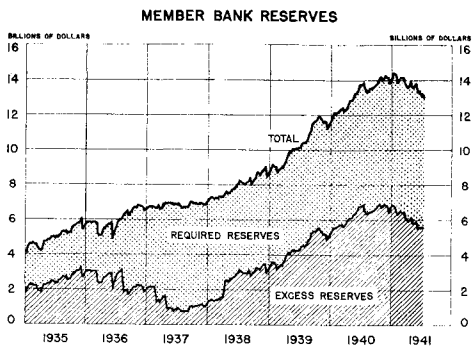
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January, 1935 to June, 1941.



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



Wednesday figures, January 4, 1939 to July 9, 1941.



Wednesday figures, January 2, 1935, to July 9, 1941. Required and excess reserves, but not the total, are partly estimated.

Industrial production increased further in June, continuing the rapid advance that began about a year ago. Commodity prices, both in retail and in wholesale markets, rose considerably between the early part of June and the third week of July.

Production—Reflecting the continued advance in industrial activity at a time when output ordinarily declines, the Board's adjusted index advanced from 150 per cent of the 1935-1939 average in May to 156 in June and preliminary estimates indicate a further rise in July. The current level compares with 104 before the start of the European war and 111 in the spring of 1940, when the current advance in industrial activity began.

Further increases in output were reported in June for a considerable number of industries, particularly those associated closely with the defense program, and there were no important declines. As in other recent months, activity in the aircraft, shipbuilding, machinery, and railroad equipment industries rose sharply. Automobile production was maintained at the high level of May, owing mostly to unusually large retail sales. Output of iron and steel and nonferrous metals, already close to capacity, did not show an increase to correspond with the rise in output of finished metal products and official statements indicated growing concern over shortages of numerous materials. Steel ingot production remained close to 99 per cent of capacity during June, but the rate in the middle of July was slightly lower. For the year to date output of steel has averaged 98 per cent of the rated capacity as of December, 1940.

Output of textiles and most other nondurable manufactures in June continued at recent advanced levels, which in some instances represent capacity production. Output of chemicals continued to increase rapidly. Also, there was a sharp rise in rubber consumption, reflecting continued heavy demand for rubber products and the fact that June was the last month before curtailment of rubber consumption by industry was to go into effect and was the month to be used in apportioning July consumption among various manufacturers. Mineral production increased in June, with a marked rise in output of anthracite, some further increase in output of bituminous coal, and a continued advance in crude petroleum production to a new high level.

Value of construction contract awards in June continued at the high level reached in May and was nearly two-thirds above a year ago, according to figures of the F. W. Dodge Corporation. Awards for public construction again increased sharply, reflecting continued expansion in the volume of defense construction projects. Private residential building contracts declined somewhat more than seasonally, following an increase in May.

Distribution—Sales of general merchandise showed little change from May to June. Department store sales decreased more than seasonally, while rural retail and variety store sales remained at the May level, although a decline is usual at this time of the year. In the early part of July sales at department stores rose somewhat and were 24 per cent higher than a year ago. Loadings of revenue freight increased further in June, reflecting continued expansion in shipments of coal and miscellaneous merchandise, and by the end of the month were in larger volume than at any time during the seasonal peak last autumn.

Commodity Prices—Wholesale prices of most groups of commodities continued to advance from the early part of June to the middle of July. Prices of foodstuffs showed large increases and there were substantial advances in prices of a number of industrial raw materials and finished products. Following earlier marked advances, prices of hides and cotton gray goods were reduced by Governmental action. Retail prices for foods and many other commodities have been rising and in June the cost of living was about 4 per cent higher than 4 months earlier. Preliminary figures indicate further advances in July.

Bank Credit—Holdings of United States Government securities by member banks in 101 leading cities increased further during June and early July, reflecting in part new offerings by the Treasury. Commercial loans continued to rise sharply. Notwithstanding the greater volume of bank loans and investments, deposits of city banks declined somewhat over the period, reflecting mainly a growing demand for currency and a building up of Treasury deposits at the Reserve Banks. These developments also resulted in a decrease in the volume of excess reserves, which amounted to about \$5,300,000,000 on July 16, compared with \$6,900,000,000 a year earlier.

United States Government Security Prices—United States Government securities advanced further during the latter part of June. Partially tax-exempt 1960-65 bonds on June 26 were at an all-time peak, on a 2.02 yield basis. Since that time they have declined slightly. Taxable bonds generally continued to advance to successive new high levels. Yields on Treasury notes showed little change during the latter part of June and the first half of July.