

BUSINESS CONDITIONS

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



Old State Capitol—Now War Memorial Building, Little Rock, Arkansas

FAUBETT-HOGUE PHOTO

SUMMARY OF EIGHTH DISTRICT

Agriculture:	Aug. 1, 1941, 1940	comp. with Av. 1923-40	
Estimated yield of 7 crops.....	—	5% — 4%	
Livestock:	July, 1941, June, 1941	comp. with July, 1940	
Receipts at National Stock Yards.....	—	4% — 6%	
Shipments from aforesaid Yards.....	+ 15	— 24	
Production and Distribution:			
Sales by mfrs. and wholesalers.....	+ 13%	+ 59%	
Department store sales.....	— 8	+ 29	
Car loadings.....	+ 1	+ 20	
Building and Construction:			
Bldg. permits, incl. repairs {	Number....	+ 14	+ 28
Cost.....	+ 4	+ 71	
Value construction contracts awarded...+	276	+ 382	
Miscellaneous:			
Commercial failures {	Number.....	— 11	— 24
Liabilities.....	— 21	— 56	
Consumption of electricity.....	+ 3	+ 27	
Debits to individual accounts.....	— 5	+ 32	
Life insurance sales.....	— 0-	— 0-	
Member Banks (24):	Aug. 13,'41, July, 16,'41	comp. with Aug. 14,'40	
Gross deposits.....	— 0-%	+ 18%	
Loans.....	— 0-	+ 25	
Investments.....	+ 2	+ 16	

IN MANY lines of industry and trade in the Eighth District new high levels were recorded during July and the first part of August. Allowing for seasonal variation the increase in the last thirty days was virtually as great as that of any similar period since the present industrial expansion began. The sharp upward trend was evidenced in practically all sections of this area. In defense project localities signs of boom conditions continue to appear. In recent months there has been a sharp rise in the general level of wholesale commodity prices reflecting chiefly a marked growth in consumer demand and generally rising costs.

Prime contract awards made by the War Department in the Eighth District during June, excepting awards with gross value of less than \$50,000 and excluding awards for foodstuffs and fuel, totaled \$7,366,856. This amount was considerably augmented by awards by the Navy Department.

During July the rate of industrial production remained virtually unchanged instead of receding as is usual for this period. The Federal Reserve Board's index, adjusted for seasonal variation, advanced to 162 per cent of the 1935-1939 average, as compared with 157 per cent in June and 150 per cent in May. As expected, industries supplying materials for national defense showed the greatest gains. Chemicals, machinery, aircraft, leather goods, ordnance, and explosives continued to advance. Production was considerably behind orders in many lines. Building activity in this area in July was at

a very high level. F. W. Dodge Corporation figures for contracts let showed an increase of 276 per cent over June and of 382 per cent over July, 1940.

Output of bituminous coal at mines in this area in July increased 20 per cent over June and was one-third above a year ago. Production of lumber at mills in the District was at a high percentage of capacity in July. New orders and shipments continued to be well ahead of current output. Steel ingot production at mills in the District showed virtually no change during July and at mid-August was at 98 per cent of capacity as compared with 77.5 per cent a year ago. July consumption of electricity by industrial users was 5 per cent and 26 per cent more, respectively, than a month and a year earlier.

Both wholesale and retail distribution of merchandise during July decreased less than the expected amount from June, and was considerably greater in volume than a year ago. Seasonally adjusted, this bank's index of department store sales stood at the highest point since 1921 when the series was begun. Manufacturers of commodities for civilian consumption continued to meet increased competition from defense industries for labor and materials.

July sales of department stores in the principal cities of the District were 8 per cent less than in June, but 29 per cent greater than in July, 1940. Cumulative total for the first seven months of the year was 19 per cent greater than for the similar period a year ago. Sales in July of all wholesaling and jobbing firms whose statistics are available to this bank were 13 per cent more than in June and exceeded July, 1940 by 59 per cent. Reflecting the high rate of employment throughout the country, July sales of variety stores, according to the U. S. Department of Commerce, did not decrease as is usual at this time. The Department's index, seasonally adjusted, moved up to a new high for the year. Debits to individual accounts in July were 5 per cent less than in June but 24 per cent greater than in July last year. In general agricultural prospects improved during July. Hot weather in late July and early August offset some gains, but recent rains over many sections are believed to have benefited late crops. Prospects for fruits and vegetables greatly exceed yields for 1940.

Commercial failures in the Eighth Federal Reserve District in July, according to Dun and Bradstreet, numbered 25, involving liabilities of \$184,000, as against 28 insolvencies in June with liabilities of \$233,000 and 33 failures for a total of \$419,000 in July, 1940.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	July, 1941 compared with June, '41 July, '40		July 31, 1941 comp. with July 31, 1940
Automotive Supplies.....	- 1%	+ 39% %
Boots and Shoes.....	+ 43	+ 77	....
Drugs and Chemicals.....	+ 3	+ 26	....
Dry Goods.....	+ 20	+ 74	+12
Electrical Supplies.....	+ 6	+ 68	....
Furniture.....	- 35	+ 48	....
Groceries.....	+ 13	+ 26	+24
Hardware.....	+ 14	+ 62	+23
Machinery, Equipment and Supplies	+ 4	+112	+38
Plumbing Supplies.....	- 1	+ 26	....
Tobacco and its Products.....	+ 8	+ 18	....
Miscellaneous.....	+ 5	+ 43	- 5
Total all lines.....	+ 13	+ 59	+10

Automobiles—Combined passenger car, truck and taxicab production in the United States in July totaled 444,103, as against 520,521 in June, and 218,746 in July, 1940.

Iron and Steel Products—Activities in the iron and steel industry in this area, which ordinarily subside at this time of year, particularly under conditions of such extremely high temperatures as have obtained since mid-June, reached new high levels during July and the first half of August. Under strong pressure of defense requirements and civilian demands, operations at mills, foundries, machine shops and other ferrous metal working plants were at the highest rate attained in the present upward movement, and in a number of instances new high records for production and shipments were achieved. While upturn in activities was spread generally through the industry, it was most pronounced in classifications filling orders for the defense program, notably engines, machinery, airplanes, railroad equipment, etc.

Demand for sheets, plates, strip and other flat rolled materials continued urgent and diversified. Users of rolled steel who are not fortunate enough to possess high ratings are encountering increasing difficulty in obtaining materials. Scarcity of spelter has been reflected in a further tightening in galvanized sheets, deliveries on which have been considerably extended. Progress of the canning season, with good prospects for fruits and vegetables, is reflected in broadening demands for tin plate.

As of mid-August, steel ingot production at mills in this area was at 98 per cent of capacity, the same as during the preceding four months, and comparing with 77.5 per cent a year ago. Scarcity of scrap iron and steel is being increasingly felt by mills and foundries, but thus far has not resulted in curtailment of operations. Similar conditions exist relative to pig iron, sellers of which are allocating supplies so as to take care of immediate requirements. Operations at structural steel fabricating

yards during July were at from 80 per cent to full capacity. Smaller concerns working on civilian projects report difficulty in obtaining steel.

For the entire country production of pig iron in July, according to the magazine "Steel," totaled 4,766,216 tons, against 4,551,040 tons, in June and 4,060,513 tons in July, 1940. Steel ingot output in July amounted to 6,821,682 tons, which compares with 6,800,730 tons in June and 5,724,625 tons in July a year ago.

MINING

Coal—Demand for bituminous coal, both for industrial and domestic heating purposes, continued strong, and production during July exceeded that of the preceding month and was measurably higher than a year ago. Efforts of Governmental and civilian organizations to induce all users of coal to fill their wants as early in the year as possible to obviate congestion in traffic later on, are reported to have met with signal success. Retail dealers report that their customers are laying in stocks earlier than in any past season.

Production of soft coal in the United States in July was 43,300,000 tons, as against 42,774,000 tons in June and 35,890,000 tons in July, 1940. Cumulative output for the first seven months totaled 268,702,000 tons, compared with 255,473,000 tons during the same period a year ago. At mines in this area July production was 20 per cent greater than in June and 33 per cent above a year ago. Illinois mines produced 4,118,397 tons in July, against 3,471,930 tons in June and 2,797,266 tons in July, 1940. There were 89 mines in operation in July, with 24,667 men on payrolls, comparing with 86 active mines and 23,796 operatives in June.

WHISKEY

On July 31, 25 of the 61 distilleries in Kentucky were in operation, a decline of three from the previous month, but an increase of 16 over the same period last year. Thus while the usual seasonal contraction in production is being experienced, the trend toward increased production of whiskey is reflected by the relatively large number of distilleries still in operation. Of a total production for the United States of 9,433,895 tax gallons of whiskey in June, 1941, 4,581,950 gallons were produced in Kentucky.

An active demand for bulk whiskey is reported by trade sources, with an increase of about 20 per cent in bulk prices recorded during the past year. Due to rising prices and increased taxes it is possible that increased credit will be required by pro-

ducers and dealers in order to carry inventories. Total stocks of whiskey in Kentucky on June 30, the latest date for which statistics are available, amounted to 213,741,036 gallons, and in the country as a whole, 504,077,240 gallons.

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	
	July, 1941 compared with June, '41	July, '40	7 mos. '41 to same period '40	July 31, '41 comp. with July 31, '40	Jan. 1, to July 31, 1941	July 31, 1940
Ft. Smith, Ark.	- 6%	+27%	+14%	+10%	1.87	1.57
Little Rock, Ark.	- 4	+35	+24	+23	2.26	1.91
Pine Bluff, Ark.	-13	+21	+31	+17	1.75	1.43
E. St. Louis, Ill.	- 6	+37	+23	· · ·	· · ·	· · ·
Quincy, Ill.	-20	+16	+12	+16	2.31	2.23
Evansville, Ind.	-17	+25	+13	· · ·	· · ·	· · ·
Louisville, Ky.	-11	+42	+35	+22	2.89	2.43
St. Louis, Mo.	- 7	+26	+14	+32	2.48	2.48
Springfield, Mo.	- 9	+44	+41	+74	1.91	2.01
Jackson, Tenn.	- 0	+52	+42	· · ·	· · ·	· · ·
Memphis, Tenn.	- 6	+26	+18	+20	1.98	1.90
*All other cities	- 8	+20	+17	+20	1.79	1.78
8th F. R. District	- 8	+29	+19	+28	2.39	2.30

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

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

Outstanding orders of reporting stores at the end of July, 1941, were 89 per cent greater than on the corresponding date a year ago.

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

Installment Accounts	Excl. Instal. Accounts	Installment Accounts	Excl. Instal. Accounts
Fort Smith . . . %	38%	Quincy 20%	47%
Little Rock . . 12	36	St. Louis 18	56
Louisville . . . 16	49	Other cities . . 14	42
Memphis 23	43	8th F. R. Dist. 18	49

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

	July, 1941	June, 1941	May, 1941	July, 1940
Sales (daily average), Unadjusted	82	92	105	66
Sales (daily average), Seasonally adjusted	119	100	105	95
Stocks, Unadjusted	77	76	69	60
Stocks, Seasonally adjusted	81	80	78	63

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

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

	Net Sales			Stocks on Hand	Stock Turnover	
	July, 1941 compared with June, '41	July, '40	7 mos. '41 to same period '40	July 31, '41 comp. with July 31, '40	Jan. 1, to July 31, 1941	July 31, 1940
Men's Furnishings	-34%	+29%	+24%	+22%	1.75	1.44
Boots and Shoes	-29	+23	+19	+20	5.10	4.27

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

Men's Furnishings 33% Boots and Shoes 40%

TRANSPORTATION

Reflecting the movement of a large wheat crop, greater than seasonal movement of coal and heavy loadings of miscellaneous freight, traffic of railroads

operating in this area during July and early August was substantially greater than during the same period in 1940 and during the preceding several years. The carriers are making extensive repairs to rolling stock in their own shops, which, coupled with deliveries of new equipment under order, will, in the belief of operating officials, furnish adequate accommodations for the heavy movement of defense and other commodities expected during the fall and winter.

The Terminal Railroad Association of St. Louis, which handles interchanges for 25 connecting lines, interchanged 111,641 loads in July, as against 109,316 loads in June and 79,920 loads in July, 1940. During the first nine days of August the interchange amounted to 31,219 loads, comparing with 30,813 loads during the corresponding interval in July and 22,114 loads during the first nine days of August, 1940.

Estimated tonnage of the Federal Barge Line between New Orleans and St. Louis in July was 269,600 tons, as against 250,053 tons in June and 198,464 tons in July, 1940. Cumulative tonnage for the first seven months was 1,223,460 tons, against 1,131,838 tons for the like period 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-June, 1939, 1940 and 1941, and during June, 1940 and 1941, are given in the following table:

(In thousands of dollars)	June		Cumulative for 6 months		
	1941	1940	1941	1940	1939
Indiana	\$25,846	\$20,263	\$154,262	\$136,033	\$120,647
Illinois	52,091	35,853	294,448	268,279	244,101
Missouri	27,857	20,970	147,184	121,684	110,098
Kentucky	12,608	8,806	82,689	76,998	72,099
Tennessee	12,177	7,517	69,599	58,646	58,951
Mississippi	7,883	4,434	56,566	50,296	52,990
Arkansas	8,606	5,121	64,370	46,777	43,416
Totals	147,068	102,964	869,118	758,713	702,302

Farming Conditions—Prospects for Eighth District crops as a whole improved somewhat during July, according to reports of the U. S. Department of Agriculture, agricultural departments of the several states, and other reporting sources. However, the 1941 estimates, except for corn, cotton, rice, fruits and vegetables, are lower than the 1940 harvests. For the entire country crop production in general seems likely to exceed that of any recent year except 1937. The very hot, dry weather prevailing over much of this area in the latter part of July and the first half of August adversely affected certain productions. Rainfall occurred in scattered sections during the past three weeks but it is too early to measure the change in prospects since the

first of the month. Prices of farm products continued to advance during the past thirty days. As of August 9 the farm products group of the Bureau of Labor Statistics index stood at 87.8 per cent of the 1926 average, a rise of 2.8 points over July 12, and of 22.6 points as compared with August 10, 1940.

Corn—The U. S. Department of Agriculture's August 1 estimate for the Eighth District indicates a crop of 342,540,000 bushels, an increase of 15,124,000 bushels over the July 1 forecast, and comparing with the 1940 harvest of 326,128,000 bushels and the 18-year (1923-1940) average of 330,447,000 bushels. However, the extremely hot weather obtaining in many sections during the last part of July and early August has offset the favorable outlook to some extent.

Cotton—In its initial production estimate of the season, the U. S. Department of Agriculture places the Eighth District crop at 3,546,000 bales. This represents an increase of 269,000 bales, or 8 per cent, over the preceding year and of 19 per cent over the average during the preceding 18 years. The indicated increase over last year and average is attributable to the high condition of the crop as of August 1, the date on which the estimate is based, acreage in district states being smaller than last year and average.

Production for the entire country in 1941 is estimated at 10,817,000 bales. Such a production would be 1,749,000 bales, or 14 per cent, less than the 1940 crop, and 2,429,000 bales, or 18 per cent, less than the 10-year (1930-1939) average, or the smallest crop since 1935. Average condition on August 1 was 72 per cent of normal.

On August 4 the Department of Agriculture announced that Government loans on 1941 cotton, 7/8 inch middling, would average 14.02 cents per pound, compared with 8.90 cents last year. This increased rate was made mandatory by the new requirement that loans be made at 85 per cent of parity, and was based on the August 1 parity price of 16.49 cents. The Government also extended to October 1 the date to repay outstanding loans and redeem cotton pledged under 1938, 1939, and 1940 programs.

Demand for raw cotton continued active during the past thirty days, and in late July prices reached the highest point in more than a decade. Domestic mill activity was well maintained during early August, though falling slightly below the recent record high levels. Demand remained strong for unfinished cotton goods, but the heavily sold position of many mills tended to retard trading. In the St. Louis market the middling grade ranged from 15.30c to 16.45c per pound between July 16 and August 15,

closing at 15.55c on the latter date, which compares with 15.60c on July 15 and 10.35c on August 15, 1940.

Fruits and Vegetables—Acreage planted to fall and winter truck crops for the entire country increased 9 per cent this season over last, but for states including the Eighth District there was little or no increase. Indicated yield per acre for Eighth District states as a whole is about the same to slightly better for 1941 as compared with 1940 for all truck crops. Recent hot weather has lowered the condition of tomatoes and in dry sections there will be little top crop. The sweetpotato crop for Eighth District states is estimated on August 1 at 19,638,000 bushels, an increase of 23 per cent over 1940 production. The white potato forecast for the District proper is 12,610,000 bushels, as compared with 13,817,000 bushels produced in 1940 and the 18-year (1923-1940) average of 13,469,000 bushels. Prospects for an excellent fruit crop in states partly or wholly in the Eighth District are forecast by the U. S. Department of Agriculture as of August 1. The estimate for apples is 10,046,000 bushels, against 6,006,000 bushels harvested in 1940 and the 10-year (1930-1939) average of 7,404,000 bushels; peaches, 12,339,000 bushels, against 3,768,000 bushels in 1940 and the 10-year average of 6,965,000 bushels; pears, 3,576,000 bushels, against 2,871,000 bushels in 1940 and the 10-year average of 2,135,000 bushels; grapes, 43,520 tons, against 37,390 tons for 1940 and 10-year average of 35,004 tons.

Livestock—There were 17 per cent more cattle on feed for market in the Corn Belt states on August 1 than a year earlier, according to the U. S. Department of Agriculture. This is the largest relative increase in the number on feed as of August 1 compared with the number a year earlier since 1928. The actual number this year was undoubtedly the largest since the beginning of the drought period in 1934, and was probably among the largest for this date for all years. Responding to the Government's Food for National Defense plea, and in order to take advantage of prevailing high prices, commercial hatcheries in all states of the District have considerably increased their output of chicks.

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

	Receipts			Shipments		
	July, 1941	June, 1941	July, 1940	July, 1941	June, 1941	July, 1940
Cattle and Calves.....	114,019	98,762	131,325	41,859	36,898	62,683
Hogs.....	204,338	237,048	219,256	72,404	45,336	100,280
Horses and Mules.....	149	473	733	74	434	1,207
Sheep.....	119,538	118,805	116,350	37,812	49,456	36,280
Totals.....	438,044	455,088	467,664	152,149	132,124	200,450

Rice—The Arkansas rice crop is estimated by the U. S. Department of Agriculture on August 1

at 10,486,000 bushels, an increase of 216,000 bushels over the July 1 forecast, and comparing with the 1940 harvest of 9,741,000 bushels and the 10-year (1930-1939) average of 8,368,000 bushels. Reports from Arkansas indicate that the condition of the crop is good. Some white top is evident, but it is believed to be not serious. Plentiful rainfall in July reduced the need for irrigation. Harvesting of the crop should begin toward the end of August.

Tobacco—Prospects for the tobacco crop declined slightly for the United States during July, but increased for the Eighth District. The U. S. Department of Agriculture in its report based on conditions as of August 1 estimates the yield of all types in the District at 232,975,000 pounds, an increase of 3 per cent over the forecast for July 1. This indicated yield is 16 per cent less than the 1940 crop of 277,570,000 pounds and 18 per cent less than the 18-year (1923-1940) average of 285,050,000 pounds. The decrease from the 1940 crop may be attributed largely to the considerably lower indicated yield per acre for 1941.

Reports from Kentucky state that in some sections hot, dry weather in late July and early August has turned some of the burley crop yellow and has begun to burn the bottoms of plants, mostly later settings. The entire crop needs rain to overcome the effects of the recent weather.

A recent announcement issued by the Commodity Credit Corporation stated that loans on the 1941 burley tobacco crop would average from 19½ cents to 20 cents a pound, constituting 85 per cent of Government established parity prices.

Winter Wheat—Threshing and combining of this year's crop is practically completed in this area. For the Eighth District the harvest will be 52,978,000 bushels, according to the August 1 forecast of the U. S. Department of Agriculture. This estimate is slightly higher than that of July 1 which was 52,224,000 bushels, somewhat lower than the 18-year (1923-1940) average harvest of 54,612,000 bushels, and considerably lower than the 1940 crop of 62,531,000 bushels. For the entire United States indicated production on August 1 is estimated at 684,966,000 bushels, an increase of 16 per cent over the 1940 crop and of 20 per cent over the 10-year (1930-1939) average. In Illinois and Kentucky yield per acre is uneven but averages somewhat higher than in 1940. In Missouri, however, the estimated yield is considerably less per acre, and coupled with the smaller acreage planted, indicates a 1941 crop only half the size of that of 1940. The quality of the grain in this area shows considerable variation.

Stocks of old wheat in interior mills, elevators, and warehouses in Eighth District states on July 1 amounted to 3,600,000 bushels, compared with 1,763,000 bushels in 1940 and the 10-year average of 2,586,000 bushels. Commodity Credit Corporation loans on the 1941 wheat crop in these states through August 5 totaled 1,411 on 335,135 bushels and amounted to \$344,373.

COMMODITY PRICES

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

	High	Low	Close	
			Aug. 15, 1941	Aug. 15, 1940
Wheat				
*Sept. per bu.	\$1.12½	\$1.03	\$ 1.12¼	\$.72
*Dec. "	1.16	1.05	1.16	.73¾
*May. "	1.19¼	1.09¾	1.19¼	.74¼
No. 2 red winter "	1.12	1.02½	1.11	.77
No. 2 hard "	1.11	1.00	1.10½	.74
Corn				
*Sept. "	.79	.74¾	.78½	.60¾
*Dec. "	.82¾	.77½	.81¾	.55½
*May. "	.86¾	.80½	.85¾	.56¾
Oats				
*Sept. "	.42	.35½	.41¾	.27½
*Dec. "	.447½	.37½	.44¾	.27½
*May. "	.47¾	.41¾	.47¾	.29
No. 2 white. "	.40	.34	.39¾	.31½
Flour				
Soft patent per bbl.	6.80	5.35	5.80@6.70	4.70@5.40
Spring " "	5.90	4.80	5.25@5.80	4.60@4.80
Middling Cotton per lb.	.1645	.1530	.1555	.1035
Hogs on Hoof . . . per cwt.	11.64	11.01	11.54	6.66
*Chicago quotations.				

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the District during July was 22 per cent more than in June and 97 per cent greater than in July, 1940. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District during July amounted to \$101,256,000, which compares with \$26,926,000 in June and \$21,016,000 in July, 1940. Building figures for July follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1941	1940	1941	1940	1941	1940	1941	1940
Evansville.	35	37	\$ 353	\$ 151	143	140	\$ 64	\$ 84
Little Rock.	71	49	233	139	118	75	59	31
Louisville.	238	165	480	266	72	61	39	42
Memphis.	604	427	2,249	510	412	215	138	207
St. Louis.	312	286	576	911	159	232	290	283
July Totals.	1,260	964	3,891	1,977	904	723	590	647
June "	1,032	808	3,186	1,866	858	628	1,112	560

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the District report consumption of electric current by selected industrial customers in July as being 5 per cent more than in June and 26 per cent greater than in July, 1940. Detailed figures follow:

(K.W.H. in thous.)	No. of Custom-ers	July, 1941		July, 1940	July, 1941 compared with June, 1941		July, 1941 compared with July, 1940
		K.W.H.	K.W.H.		June, 1941	July, 1941	
Evansville.	40	5,483	5,831	4,353	— 6%	+ 26%	
Little Rock.	35	2,884	2,725	2,103	+ 6	+ 37	
Louisville.	82	14,344	13,799	11,283	+ 4	+ 27	
Memphis.	31	4,153	4,328	2,625	— 4	+ 58	
Pine Bluff.	20	949	692	611	+37	+ 55	
St. Louis.	125	59,140	55,372	47,966	+ 7	+ 23	
Totals.	333	86,953	82,747	68,941	+ 5	+ 26	

BANKING AND FINANCE

The irregularly upward trend in demand for credit in the Eighth District, which began last January, continued during July and the first half of August. As was the case during the earlier stages of the rise, requirements are well diversified, both with reference to borrowers and geographic location. In the recent past a feature in the general situation has been heavier credit requirements of retail establishments, many of which are endeavoring to augment their inventories in anticipation of expected large fall and winter trade, and of possible scarcity and higher prices of a broad variety of merchandise. Manufacturers in certain lines, including lumber and quarry products and other building materials, have increased their commitments. Flour milling and grain handling interests have also expanded their borrowings, but in somewhat less than the expected seasonal amount. Routine liquidation of commercial and industrial loans was in considerable volume, reflecting general high efficiency in collections, and prompt settlements of obligations by Government agencies. Interest rates were virtually unchanged from the low levels of recent months.

Member Banks—Between July 16 and August 13, total loans and investments of reporting member banks in the principal cities increased 1 per cent, and on the latter date were one-fifth greater than a year ago. Investments were up 2 per cent over the four-week period, while loans showed virtually no change. Gross deposits continued to soar, and at \$1,304,922,000 on August 13 were the highest ever recorded. Total reserve balances fluctuated rather broadly, and at the close of the four-week period were 1 per cent and 6 per cent greater, respectively, than a month and a year earlier.

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

(In thousands of dollars)	Change from		
	Aug. 13, 1941	July 16, 1941	Aug. 14, 1940
Commercial, industrial, agricultural loans.	\$234,839	+ 232	+ 52,759
Open market paper.	20,870	+ 836	+ 11,428
Loans to brokers and dealers.	3,878	— 548	+ 509
Other loans to purchase and carry securities.	12,163	— 539	— 404
Real estate loans.	59,973	+ 309	+ 4,847
Loans to banks.	956	+ 208	— 492
Other loans.	75,158	+ 818	+ 12,883
Treasury bills.	1,175	+ 500	— 15,614
Treasury notes.	34,673	+ 409	— 4,891
U. S. bonds.	219,717	+ 6,109	+ 72,326
Obligations guaranteed by U. S. Government.	78,433	+ 2,074	+ 6,118
Other securities.	110,324	+ 225	+ 2,107
Balances with domestic banks.	204,801	+ 2,442	+ 27,725
Demand deposits—adjusted*.	596,899	+17,315	+100,603
Time deposits.	190,884	— 180	— 45
U. S. Government deposits.	21,610	+ 364	+ 6,431
Interbank deposits.	421,447	— 7,091	+ 74,458

*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 in selected member banks on August 8 was 0.7 per cent

less than on July 2 and 0.2 per cent greater than on August 7, 1940.

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

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.	5,661,487	\$1,718,897,429
Collections (non-cash items) handled.	95,052	38,168,446
Transfers of funds.	5,115	453,580,200
Currency received and counted.	10,091,169	35,844,449
Coin received and counted.	10,322,493	1,082,931
Rediscunts, advances and commitments.	9	510,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	56,342	58,346,883
Bills and securities in custody—coupons clipped	11,523	.....

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

(In thousands of dollars)	Change from		
	Aug. 20, 1941	July 16, 1941	Aug. 21 1940
Industrial advances under Sec. 13b.	\$.....	.....	— 5
Other advances and rediscunts.	97	+ 97	— 28
Bills bought (including participations).	.....	.....	.....
U. S. securities.	105,517	- 0 -	— 7,725
Total earning assets.	105,614	+ 97	— 7,758
Total reserves.	560,755	— 8,647	+ 82,355
Total deposits.	402,106	—16,310	+ 13,665
F. R. Notes in circulation.	258,705	+ 6,907	+ 60,119
Industrial commitments under Sec. 13b..	706	+ 359	+ 332

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
Rediscunts 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 10(b).	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.		

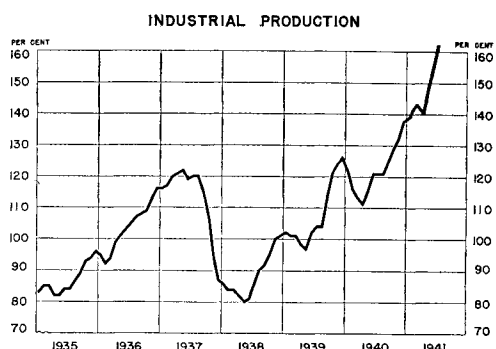
Since the preceding issue of this Review, the Farmers Bank of Polo, Mo., became a member of the Federal Reserve System.

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

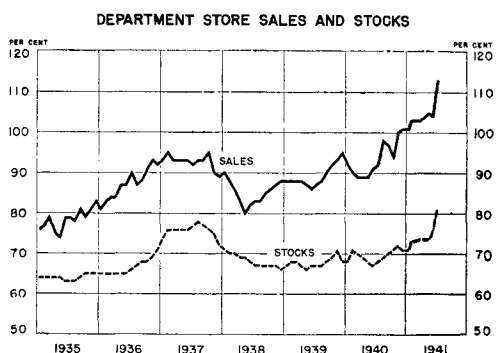
(In thousands of dollars)	July, 1941	June, 1941	July, 1940	July, '41 June, '41	comp. with July, '40
El Dorado, Ark.	\$ 6,304	\$ 6,827	\$ 5,295	+ 8%	+19%
Fort Smith, " "	14,931	13,047	11,343	+ 14	+ 32
Helena, " "	1,498	1,692	1,369	+ 11	+ 9
Little Rock, " "	53,986	49,224	37,357	+ 10	+ 45
Pine Bluff, " "	8,168	8,097	7,197	+ 1	+ 13
Texarkana, Ark.-Tex.	9,372	8,422	6,617	+ 11	+ 42
E. St. L.-Nat. S. Y., Ill.	56,281	54,082	41,193	+ 4	+ 37
Quincy, " "	10,803	11,652	8,572	+ 7	+ 26
Evansville, " Ind.	46,788	42,260	35,751	+ 11	+ 31
Louisville, " Ky.	255,609	256,645	169,795	- 0 -	+ 51
Owensboro, " "	6,747	6,282	6,026	+ 7	+ 12
Greenville, " Miss.	5,371	5,331	4,081	+ 1	+ 32
St. Louis, " Mo.	759,300	831,580	612,450	+ 9	+ 24
Sedalia, " "	2,574	2,466	2,062	+ 4	+ 25
Springfield, " "	21,382	21,191	16,484	+ 1	+ 30
Memphis, " Tenn.	176,293	191,856	123,769	+ 8	+ 42
Totals	1,435,407	1,510,654	1,089,361	— 5	+ 32

NATIONAL SUMMARY OF CONDITIONS

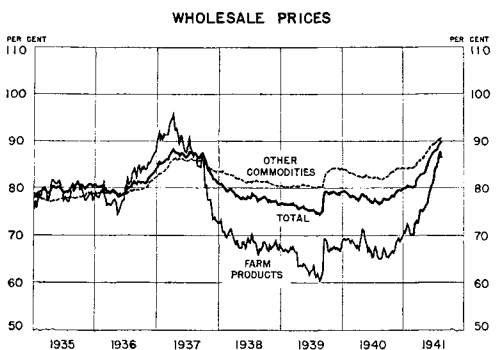
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



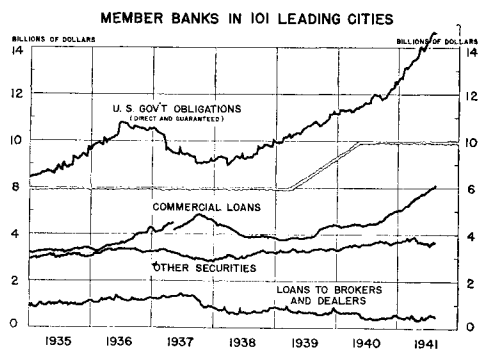
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January, 1935 to July, 1941. Latest figure 162.



Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1935 to July, 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 August 16, 1941.



Wednesday figures, January 2, 1935 to August 13, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported.

Industrial activity in July and the first half of August was maintained at the high level reached in June. Wholesale commodity prices advanced further and distribution of commodities to consumers was in exceptionally large volume.

Production—Volume of industrial output showed little change from June to July. Reductions in activity at automobile factories and steel mills were largely offset in the total by further increases in the machinery, aircraft, shipbuilding, and lumber industries. The Board's adjusted index, which includes allowance for a considerable decline at this season, advanced from 157 to 162 per cent of the 1935-1939 average.

Steel production, which in June had been at about 98 per cent of capacity, declined to 96 per cent in July, owing in part to holiday shutdowns at some mills. In the first half of August steel output was again at about 98 per cent of capacity. Automobile production in July declined less than usual but in the first half of August there was a sharp reduction as most plants were closed to prepare for the shift to new model production. Activity in the non-ferrous metals industries continued at a high rate. Early in August copper, pig iron, and all forms of steel were placed under complete mandatory priority control as it became evident that actual demand for these metals could not be fully met.

In the wool, cotton, and rayon textile industries and at shoe factories activity in July was maintained at or near the peak levels of other recent months and production of chemicals rose further. Output of manufactured foods increased less than seasonally from the high level reached in June.

Coal production declined slightly in July but as in June was unusually large for this time of year. Crude petroleum production was maintained at about the high rate that had prevailed in the previous two months.

Value of construction contract awards in July increased further to a level more than two-fifths higher than a year ago, according to F. W. Dodge Corporation reports. The rise reflected chiefly a continued increase in contracts for public construction, mostly defense projects. Private residential building contracts increased somewhat, although there is usually some decline at this season, while awards for other private building declined further from earlier high levels.

Distribution—Sales at department stores and in rural areas declined by much less than the usual seasonal amount in July and variety store sales increased further. In the first half of August department store sales rose sharply. Total loadings of revenue freight in July and early August showed little change from the advanced level reached in June. Grain shipments, which had been larger than usual in May and June, increased less than seasonally and loadings of coal declined somewhat.

Commodity Prices—The general index of wholesale prices advanced about 2 per cent further from the middle of July to the middle of August, reflecting sharp increases in prices of a number of agricultural and industrial commodities. Federal action to limit price increases was extended to additional basic materials, including burlap, silk, rayon fabrics, rubber, and sugar, and in the early part of August prices of these commodities in domestic markets showed little change or were reduced. On the other hand, prices for paper-board, automobile tires, and cotton yarns and gray goods were advanced with Federal approval; prices of textile products not under Federal control continued to rise; and there were considerable increases in prices of lumber, other building materials, and chemicals. On August 16 it was announced that for Southern pine maximum prices somewhat below recent high levels would become effective on September 5.

Agriculture—Agricultural production in 1941 may exceed that in any previous year, according to indications on August 1, and carryovers of major crops are unusually large. Crops of wheat and other leading foodstuffs are expected to be exceptionally large, while substantial declines in production are indicated for the major export crops—cotton and tobacco. Although the cotton crop is estimated at 10,600,000 running bales, or 1,800,000 bales less than last season, total supplies of cotton will be about the same owing to a larger carryover on August 1. Marketings of livestock and livestock products, except hogs, will be substantially above last year.

Bank Credit—Total loans and investments at reporting banks in 101 leading cities rose further during the five weeks ending August 13. Commercial loans continued to increase substantially, while holdings of United States Government obligations showed little change. Bank deposits remained at a high level.

United States Government Security Prices—After advancing to the highest levels on record, prices of both taxable and partially tax-exempt Treasury bonds declined somewhat in the first part of August. On August 15 the partially tax-exempt 2½ per cent 1960-65 bonds yielded 2.06 per cent, compared with the all-time low of 2.02 per cent on July 29. Yields on Treasury notes showed little change in the period.