

BUSINESS CONDITIONS

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FEDERAL RESERVE BANK OF ST. LOUIS



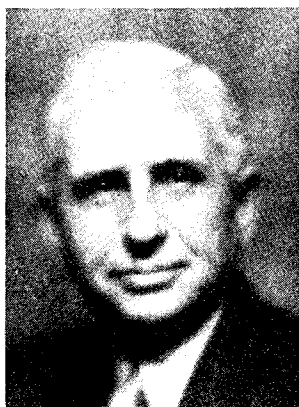
Dairy Herd — Perry B. Gaines, Director, Louisville Branch.

DAIRYING

By WILLIAM T. NARDIN

Chairman of the Board, Federal Reserve Bank of St. Louis.

A considerable degree of prosperity is being brought to some parts of the Eighth Federal Reserve District through increased production and increased price of a farm crop which heretofore has not been given in this territory, proper consideration as a heavy contributor to the farm income. The dairy industry has been notably important in some sections such as the immediate vicinities of St. Louis, Louisville and Memphis, where the industry has been highly developed in order to supply



fluid milk for the city markets. While dairying has been on the increase in other sections, the farmer's price has been determined chiefly by the market price of butter, thus yielding a substantially lower return than that received by farmers producing milk for fluid (bottle) distribution.

This year has seen a very decided change. The U. S. Government announced early in the year the decision to purchase large quantities of evaporated milk, dried milk and cheese under the Lease-Lend Act. At the same time the Government expressed the desire that our home consumers be not deprived of these essential food products. To meet the Lease-Lend demands, and supply home needs, required large increase in production of the named products. That increased production could be accomplished only by paying such higher prices to the farmer as would bring increased quantities of fresh milk to the plants equipped to make evaporated milk, dried milk and cheese.

The result is that the return to the farmer for milk delivered to evaporated milk, dried milk and cheese plants for the month of September, 1941, was around 50 per cent greater than during the corresponding month last year. That, however, is

only part of the story. The higher return to farmers for milk for the production of these specific products has naturally influenced the return to the farmer for milk going to other uses. The wholesale price of butter in September was about one-third above the price at the same time last year. And it is especially to be noted that something like 45 per cent of all milk produced in the United States goes to the production of butter. The higher return to farmers for milk going to the three specified products has also influenced the prices paid for the milk which goes to fluid distribution. It is not possible to give an exact figure of the percentage increase on that production, but it has been considerable.

In addition to the increased income to farmers from these higher prices, account must also be taken of the increased production which has occurred. There have been exceptionally good production conditions—good pastures—during the summer, and milk production has been heavy. For 1941 it is estimated that production will be 116,809,000,000 pounds of milk, and that cash income from dairy products will top the previous peak of \$1,838,000,000 reached in 1929. The high prices for milk will undoubtedly result in better feeding than usual during the winter months, with consequent increase in winter production.

Over a ten-year period there has been very substantial increase in the production of dairy products in the Eighth District, especially in the states of Tennessee, Kentucky, Missouri, Arkansas and Mississippi. All conditions are favorable to further increase in these states. The shorter winters and the longer pasture season make for more economical production in these sections than in the northern states. And the fact that the South has not heretofore been self-supporting in the supply of dairy products makes further increase of production a logical development.

It is probably not generally realized that the farm value of the milk produced in the country as a whole is about equal to the combined value of the

DAIRYING STATISTICS

(Production in millions of pounds — Income in millions of dollars)

UNITED STATES							EIGHTH DISTRICT STATES				
Years	Milk Production	% Consumed on Farms	% Sold by Farmers			Index of Dairy Products Prices*	Dairy Cash Income	% of Farm Cash Income†	Milk Production	Dairy Cash Income	% of Farm Cash Income†
			Retail	Milk	Wholesale Cream						
1926-35 av.....	99,804	23.7	9.6	32.6	34.1	124	\$1,416	17.3	16,879	\$200	14.4
1936	103,183	23.1	8.8	36.8	31.3	119	1,459	17.8	17,214	205	12.7
1937	103,132	23.0	8.8	38.0	30.2	124	1,532	17.5	17,478	221	13.0
1938	107,255	22.2	8.3	38.2	31.3	109	1,396	18.3	18,327	201	13.0
1939	108,558	22.0	7.9	38.7	31.4	104	1,355	17.5	18,428	193	12.8
1940	111,072	21.1	7.4	41.3	30.2	113	1,527	18.3	18,491	216	13.3

*Aug., 1909 — July, 1914 = 100. Index for Sept., 1941 stood at 140. †Excluding government payments.

cotton and wheat crops. Such substantial increase as has occurred this year in the farm price of so important a product cannot but have a very substantial influence on the degree of farm prosperity.

One cannot, however, in these days when markets are influenced by what we have heretofore been accustomed to think of as artificial factors, keep entirely out of mind the question of what may happen to an expanding industry when artificial influences are removed. Leaving aside definite answer to that question as applied to the future of the dairy industry, there are some reassuring considerations that may be taken into account.

In the first place, the need in foreign lands for our dairy products is not likely soon to disappear. In the great producing sections of Europe there has undoubtedly been such destruction of dairy cattle that it will take a long time to restore them. Then, too, there is in this country a potential market for dairy products considerably beyond what has yet been developed.

SUMMARY OF EIGHTH DISTRICT

EIGHTH District industry and trade continued to maintain high levels of activity throughout September and early October. Commodity prices drifted lower with heavy pressure on farm products reflecting the marketing of the new crop. Farm product prices broke badly at mid-month but subsequently made some recovery, while prices of other commodities moved higher. Unemployment began to appear in some lines with the curtailment of production of refrigerators, automobiles and other heavy durable goods. Employment continued to rise, however, at plants working on defense orders.

During September industrial production for the United States increased by about the usual seasonal amount. The Federal Reserve Board's index adjusted for seasonal variation remained at 160 per cent of the 1935-1939 average, the same as in July and August. Production in many defense lines continued to lag far behind orders. In many lines additional production for defense is almost certain to be at the expense of production for civilian use.

Output of bituminous coal at mines in this area in September decreased 3 per cent from August but was 20 per cent over September, 1940. Steel ingot production at mills in the District at mid-October dropped to 83 per cent of capacity from the 98 level obtaining a month ago. September consumption of electricity by industrial users was 1 per cent and 31 per cent greater, respectively, than a month and a year ago.

Tonnage moved by the Federal Barge Lines on the Mississippi River between St. Louis and New

Nutrition authorities for some years have been unanimous in declaring that the physical development and welfare of the people could be substantially improved by the consumption of more milk. Milk is called one of the great protective foods. It is the most nearly complete food. Consumption of liberal quantities of milk, these authorities say, gives a large measure of protection against deficiencies in the diet of those substances which are essential to the best of physical development and fitness.

It is reasonably to be expected that the high percentage of young men who, because of physical defects, are failing to qualify for military service will lend force to the teaching and preaching of nutritionists that we need to consume more milk. A general public acceptance and practice of that theory could so expand our home demand within a few years as to make a market here for all the increased production which our present foreign demand is likely to cause.

Orleans in September decreased 20 per cent from August, but was 10 per cent above September, 1940. Cumulative tonnage for the first nine months of this year exceeded that of the comparable period last year by 11 per cent. Load interchanges for 25 connecting lines handled by the Terminal Railroad Association of St. Louis during September were slightly less than in August but 32 per cent greater than a year ago. Cumulative total of interchanges for nine months of this year exceeded the similar period in 1940 by 28 per cent.

Revenue freight carloadings of railroads operating in the Eighth District for the four weeks ending September 27 were 13 per cent above a month ago and 2 per cent above the similar period last year.

September sales of department stores in the principal cities of the District were 10 per cent above August and 25 per cent greater than a year earlier. Cumulative total for the first nine months of the year was 21 per cent greater than for the similar period in 1940. Sales in September of all wholesaling and jobbing firms whose statistics are available to this bank were 1 per cent more than in August and 49 per cent above a year ago.

General agricultural prospects in this area increased by about 2 per cent in September, due primarily to a much better than expected cotton crop. Farm employment on October 1 was contraseasonally lower except in the cotton belt. The United States index of farm employment was 96 on October 1 (1910-14 = 100) compared with 98 on July 1 and 97 on October 1, 1940.

DETAILED SURVEY OF DISTRICT

IRON AND STEEL

After operating at virtual capacity for several months, activity in the iron and steel industry in this area declined in the latter part of September. The rate of operations at steel mills dropped to 76 per cent of capacity late last month, recovered to 87 per cent, but declined slightly to 83 per cent by mid-October. The initial decline in operations was due to the shutoff of electric power as a result of a strike, but the present lower rate of operations is attributed to scrap iron deficiencies.

The tight scrap situation in the district continues. Under OPM's remote scrap ruling of late September, some material has begun to move into the district, but this is in relatively small volume. The full priority control order, effective October 11, should relieve somewhat the supply situation as a whole, as those plants with large reserves will receive less currently, thus allowing others in need to build up some reserve piles. It is too early as yet, however, to see any appreciable result. Trade reports indicate, however, that no further curtailment of operations is in immediate prospect at mills in the St. Louis area.

Demand for sheets and strip is expected to be eased somewhat by the curtailment of production of automobiles, refrigerators and washing machines. The filling of non-defense orders, however, is likely to remain difficult. Practically all tonnage of plates and shapes is going to defense. As a result of the declines in non-defense orders, backlogs were smaller on October 1 than a month earlier.

For the entire country, production of pig iron in September, according to the magazine "Steel," was 4,725,292 tons, compared with August production of 4,784,639 tons and September, 1940 output of 4,172,551 tons. The decline shown for September was due to a shorter work-month, as average daily production reached a new peak at 157,510 tons. Steel ingot production for the United States in September was 6,819,706 tons, compared with 7,000,957 tons for August, and 6,056,246 tons a year ago.

WHISKEY

Of the 58 distilleries in Kentucky, 38 were in operation on September 30, an increase of 100 per cent from the number operating on August 31. Production schedules for ensuing months call for capacity operation due to increased consumption plus possible conversion of facilities to the production of alcohol required by the defense program.

Prices of bulk whiskey remain firm. Trade reports state that increases due to the additional tax have

not damped sales volume appreciably so far. Large sales to distributors and retailers were made in September in anticipation of the additional Government tax.

AGRICULTURE

Farming Conditions—Eighth District crop prospects improved generally throughout September and early October. Sizable upward revision with respect to cotton accounted for most of the increase. The crop is proving to be much better than had been expected earlier this season. Seeding of winter wheat, which had been making good progress, was retarded somewhat by recent wet and muddy fields.

On October 1, total farm employment in the United States, according to U. S. Department of Agriculture estimates, stood at about 11,532,000. Even with farm wages at the highest point since 1930, there was a shortage of agricultural workers that is being compensated for by longer hours and greater mechanization. Due to these measures, farm production remains at a high level. Wages on October 1 stood at 165 per cent of the 1910-14 average compared with 160 on July 1 and 129 a year ago.

Farm product prices in September were above parity. Agricultural prices were 43 per cent above a year ago, and were at the highest level since February, 1930. On September 15, the index of prices received by farmers for all farm commodities stood at 139 per cent of the 1909-14 average, compared with 131 on August 15 and 97 on September 15, 1940. The index of prices paid by farmers (not including interest and taxes) was 133 on the same date.

Corn—Under more favorable weather conditions corn prospects for the Eighth District improved during September, according to the October 1 estimate of the U. S. Department of Agriculture. The crop is forecast at 341,318,000 bushels, an increase of 2 per cent over the September 1 estimate of 333,438,000 bushels and of 5 per cent over the 1940 yield of 326,128,000 bushels. Recent rains and soft fields have retarded gathering of the late crop, but most corn in the area is now safe from frost.

Cotton—Eighth District cotton prospects improved considerably during September. According to the U. S. Department of Agriculture's estimate of October 1, the crop in this district will be 3,554,000 bales, representing an increase of 11 per cent from the September 1 forecast, and of 8 per cent over the 1940 crop of 3,277,000 bales. Reports from Tennessee indicate the best cotton crop ever grown in the state, while Arkansas, Mississippi and Missouri production is estimated well above that of 1940. Fore-

cast yield per acre in these states is appreciably better than that of 1940, and runs from 53 to 155 pounds per acre better than the ten-year (1930-39) average. Weather during September acted as a check on boll weevils and weevil damage did not come up to earlier fears.

Cotton prices moved violently downward for the last two weeks in September, regained about half the loss in early October, and then slumped again. At the St. Louis market prices on middling cotton ranged from 16.65c to 18.10c per pound between September 16 and October 15, closing on the latter date at 16.75c. This compares with 18.10c on September 15 and 9.15c on October 15, 1940.

Domestic mill activity is apparently well maintained, and inquiries from mills a little more urgent. Unfinished cotton cloth sales are in relatively small volume, but finished goods sales continue large.

Fruits and Vegetables—Recent rains and warm temperatures have benefited fruits and vegetables in most sections of this area. However, while estimates have been revised upward, the indicated production of white potatoes and truck crops for market is still below 1940 yields.

National goals announced recently for agriculture call for an increase in 1942 of nearly 5 per cent in plantings of white potatoes and truck crops for market, and of 1 per cent in sweet potatoes and truck crops for processing. With expected increases in prices, due to the most favorable demand for fruits and vegetables in a decade, it is anticipated that farm income from these crops will be increased considerably in 1942.

Livestock—Developments up to October 1 point to a considerable decrease in cattle feeding during the 1941-42 fall and winter seasons compared with a year earlier, according to the U. S. Department of Agriculture. Feed supplies are sufficient but costs are considerably above last year. Pastures in many sections of this area have been benefited by recent rains.

During the past month, livestock prices drifted lower from the highs recorded in August. Average prices on hogs at St. Louis between September 16 and October 15 ranged from \$10.58 to \$11.86 per cwt., closing at \$10.61 on the latter date. For the same period in 1940, the range was from \$6.18 to \$6.66, closing at \$6.38.

Turkey production this year will be about the same as last, according to the U. S. Department of Agriculture preliminary estimates. For Eighth District States, the forecast is 3,709,000 turkeys compared with 1940 production of 3,706,000 and the seven-year (1933-40) average of 2,798,000.

Rice—The report of October 1 indicates an Arkansas rice crop of 11,128,000 bushels, which is the same as the September forecast. Weather has been favorable for development and harvest, but harvest has been retarded somewhat by labor shortage. Resultant damage to the crop in Arkansas from the storm of September was relatively slight, as it merely offset increased prospects of the first three weeks in September. The 1941 loan rates on rice will average about 92 cents per bushel, which represents 85 per cent of parity as of August 1. Reports from Arkansas indicate that unless prices go well over \$1.00 per bushel, much of the crop will be held or put into loan.

Tobacco—Slight improvement in the tobacco crop of the Eighth District was forecast by the U. S. Department of Agriculture on October 1. The expected yield of all types of tobacco is 234,630,000 pounds, which is 1,622,000 pounds more than estimated a month ago, but 42,940,000 pounds less than the 1940 yield.

In Kentucky, harvesting of burley was reported complete by October 1, with the crop curing very rapidly, and the early harvest cured to the point of stripping on the first handling season. The harvest of other types of tobacco is virtually complete with most of the yield housed by October 1. The Green River and stemming district crop is expected to be of good quality and is curing nicely. Dark-fired tobacco shows the effect of hot, dry weather in loss of color and curing is difficult due to lack of moisture in the air.

COST OF LIVING AND PRICES

The cost of living in 34 large cities in the United States rose 1.8 per cent from August 15 to September 15, and 7.7 per cent over September 15, 1940. Living costs in St. Louis advanced 2.6 per cent and 8.1 per cent respectively, in the same periods.

Food costs in 51 cities rose 2.6 per cent between August 12 and September 16, and 14.0 per cent from September 17, 1940 to September 16, 1941. In the year ending September 16, 1941, food costs in the four Eighth District cities covered by the index rose more than the United States average with Memphis showing the most pronounced gain of 18.9 per cent. For the month ending September 16, food costs in St. Louis advanced 4.7 per cent to lead District cities in increase.

Wholesale prices of all commodities, after receding for a two-week period, rebounded to previous high levels at mid-October. The temporary loss was due almost entirely to decreases in price of farm products and foods. With some recovery in these lines, the index for all commodities on October 11

was unchanged from a month ago, but 17.3 per cent above a year ago. Farm products showed weakness, being down 1.2 per cent from a month earlier, but were 36.9 per cent above a year earlier. Foods showed little change from a month ago but were 25.6 per cent above last year.

EMPLOYMENT

Employment in manufacturing industries in metropolitan areas within the Eighth District increased from June to July, and was considerably ahead of a year earlier. Only Evansville showed a seasonal decrease from June to July of 4.6 per cent, but was 13.4 per cent above July, 1940. Memphis showed the largest monthly and yearly increases of 1.9 per cent and 35.6 per cent, respectively.

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	July, 1941	June, 1941	July, 1940	July, 1941 comp. with June, '41	July, 1941 comp. with July, '40
Evansville.....	94.2	98.7	83.1	- 4.6%	+13.4%
Louisville.....	115.9	113.9	95.4	+ 1.8	+21.5
Memphis.....	118.4	116.2	87.3	+ 1.9	+35.6
St. Louis.....	118.6	116.7	93.3	+ 1.6	+27.1

BANKING AND FINANCE

During September and the first part of October general demand for credit in the Eighth District continued upward. As has been the case in past months, there were irregularities with regard to localities. A considerable part of the increased demand is attributed to forward buying by various firms in anticipation of possible Government restrictions resulting in the curtailment of production of certain goods. A few localities report loans somewhat below last year's levels. Some agricultural centers fear decreasing loans due to larger farm income balances being saved for financing 1942 farm production. Also fear of priorities restriction dampening credit demand continues.

Member Banks — Between September 17 and October 15 total loans and investments of reporting member banks in the principal cities of the District increased 3 per cent, and on the latter date were 27 per cent greater than a year earlier. Investments were up 1 per cent while loans increased 6 per cent in the four week period. Loan volume of reporting banks was 35 per cent above last year. Gross deposits soared to a new peak of \$1,418,062,000 on October 15. Total reserve balances increased 7 per cent during the four-week period but on October 15 were 1 per cent less than a year ago. The aggregate amount of savings deposits in selected member banks on October 1 was unchanged from September 3, but 0.4 per cent above October 2, 1940.

Since the last issue of this Review, the Bank of Ste. Genevieve, Ste. Genevieve, Mo., became a member of the Federal Reserve System.

FARM INCOME INCLUDING GOVERNMENT BENEFIT PAYMENTS

In thousands of dollars)	August		Cumulative for 8 months		
	1941	1940	1941	1940	1939
Arkansas.....	\$ 7,236	\$ 5,539	\$ 79,604	\$ 58,764	\$ 56,305
Illinois.....	67,495	51,649	426,416	366,404	329,305
Indiana.....	39,786	28,725	228,916	192,648	169,588
Kentucky.....	13,505	10,692	111,057	99,581	92,701
Mississippi.....	7,900	5,788	69,749	59,689	61,503
Missouri.....	38,062	25,943	220,525	177,011	159,500
Tennessee.....	11,411	7,176	92,306	75,059	74,566
Totals.....	185,395	135,512	1,288,573	1,029,156	943,468

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Sept., 1941	Aug., 1941	Sept., 1940	Sept., 1941	Aug., 1941	Sept., 1940
Cattle and Calves.....	144,457	127,453	148,874	52,690	52,180	70,617
Hogs.....	198,688	194,751	225,048	43,302	61,951	62,853
Horses and Mules.....	1,519	1,414	1,063	1,161	1,366	978
Sheep.....	74,564	98,648	88,620	20,830	29,499	34,092
Totals.....	419,228	422,266	463,605	117,983	144,996	168,540

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Oct. 11, '41	Oct. 4, '41	Sept. 13, '41	Oct. 12, '40	Oct. 11, '41 comp. with Sept. 13, '41	comp. with Oct. 12, '40
All Commodities.....	91.6	91.6	91.6	78.1	- 0. 2	+17.3%
Farm Products.....	90.5	90.3	91.6	66.1	—	+36.9
Foods.....	89.2	89.7	89.1	71.0	+ 0.1	+25.6
Other.....	92.3	92.1	91.6	83.1	+ 0.8	+11.1

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1941	Aug. 15, 1941	Sept. 15, 1940	Sept. 15, '41 comp. with Aug. 15, '41	comp. with Sept. 15, '40
United States.....	108.1	106.2*	100.4	+ 1.8%	+ 7.7%
St. Louis.....	107.8	105.1*	99.7	+ 2.6	+ 8.1
Memphis.....	108.3	+	98.8	.....	+ 9.6

*Revised. † Monthly statistics not available.

COST OF FOOD

Bureau of Labor Statistics (1935-1939=100)	Sept. 16, 1941	Aug. 12, 1941	Sept. 17, 1940	Sept. 16, '41 comp. with Aug. 12, '41	comp. with Sept. 17, '40
U. S. (51 cities)....	110.8	108.0	97.2	+ 2.6%	+14.0%
St. Louis.....	114.5	109.4	96.9	+ 4.7	+18.2
Little Rock.....	109.8	108.2*	93.5	+ 1.5	+17.4
Louisville.....	110.9	107.8	94.6	+ 2.9	+17.2
Memphis.....	110.6	106.4*	93.0	+ 3.9	+18.9

*Revised.

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1941	Number 1940	Cost 1941	Cost 1940	Number 1941	Number 1940	Cost 1941	Cost 1940
Evansville.....	34	24	\$ 158	\$ 74	107	103	\$ 80	\$ 32
Little Rock.....	54	47	145	217	97	118	58	34
Louisville.....	167	165	267	443	53	59	60	349
Memphis.....	339	420	1,062	601	367	152	178	91
St. Louis.....	262	308	1,005	688	147	191	259	256
Sept. Totals....	856	964	2,637	2,023	771	623	635	762
Aug. ".....	788	1,129	2,605	3,327	931	631	921	507

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Sept., '41	Aug., '41	Sept., '40	Sept., '41 comp. with Aug., '41	comp. with Sept., '40
Total 8th Dist....	\$99,462	\$62,782*	\$25,467	+58%	+291%

Source: F. W. Dodge Corporation. *Revised.

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Custom-ers*	Sept., 1941	Aug., 1941	Sept., 1940	September, 1941 compared with	
		K.W.H.	K.W.H.	K.W.H.	Aug., 1941	Sept., 1940
Evansville.....	40	4,858	5,137	3,657	— 5%	+ 33%
Little Rock.....	35	3,019	2,949	2,396	+ 2	+ 26
Louisville.....	82	14,976	14,738	11,106	+ 2	+ 35
Memphis.....	31	4,624	4,390	2,679	+ 5	+ 73
Pine Bluff.....	20	1,116	1,100	583	+ 1	+ 91
St. Louis.....	125	58,531	58,084	46,167	+ 1	+ 27
Totals.....	333	87,124	86,398	66,588	+ 1	+ 31

*Selected industrial customers.

POSTAL RECEIPTS

Quarter ending:	Sept. 30, 1941	June 30, 1941	Sept. 30, 1940	Comp. 3rd Qtrs. 1941 and 1940
Evansville.....	\$195,654	\$ 203,185	\$ 169,791	+15%
Little Rock.....	252,924	259,990	230,366	+10
Louisville.....	772,398	811,519	697,475	+11
Memphis.....	745,576	746,559	629,594	+18
St. Louis.....	2,775,132	2,884,492	2,612,356	+ 6
Totals.....	4,741,684	4,905,745	4,339,582	+ 9

PRODUCTION OF BITUMINOUS COAL

(In thousands of tons)	Sept., '41	Aug., '41	Sept., '40	Sept., '41 comp. with Aug., '41	comp. with Sept., '40
United States.....	45,464	45,650	38,650	- 0. -%	+18%
Illinois.....	4,257	4,151	3,659	+ 3	+17

WHOLESALE

Lines of Commodities	Net Sales		Stocks
	September, 1941 compared with Aug., '41	Sept., '40	Sept. 30, 1941 comp. with Sept. 30, 1940
Data furnished by Bureau of Census, U. S. Dept. of Commerce.			
Boots and Shoes.....	+ 1%	+ 57%	- 8%
Drugs and Chemicals.....	+23	+ 32	.....
Dry Goods.....	- 9	+ 41	+24
Electrical Supplies.....	- 9	+100	+40
Furniture.....	+41	+ 48	+ 7
Groceries.....	- 2	+ 41	+25
Hardware.....	+ 8	+ 55	- 4
Machinery, Equipment and Supplies.....	- 2	+ 31	+ 9
Plumbing Supplies.....	+ 7	+ 25	.....
Tobacco and its Products.....	+ 1	+ 28	.....
Miscellaneous.....	+ 7	+ 43	+27
Total all lines.....	+ 1	+ 49	+12

DEPARTMENT STORES

	Net Sales		Stocks on Hand	Stock Turnover
	September, 1941 compared with Aug., '41	9 mos. '41 to same period '40	Sept. 30, '41 comp. with Sept. 30, '40	Jan. 1, to Sept. 30, 1941 1940
Ft. Smith, Ark.	+13%	+16%	+ 24%	2.40 2.09
Little Rock, Ark.	+ 9	+28	+ 38	2.93 2.55
Pine Bluff, Ark.	+ 1	+20	+ 12	2.22 1.85
E. St. Louis, Ill.	-19	+18	.....	.....
Quincy, Ill.	- 1	+29	+ 15	3.03 2.88
Evansville, Ind.	+ 1	+13	.....	.....
Louisville, Ky.	+ 1	+33	+ 38	3.68 3.20
St. Louis, Mo.	+16	+24	+ 32	3.21 3.22
Springfield, Mo.	- 9	+32	+165	2.27 2.65
Jackson, Tenn.	+ 9	+39	.....	.....
Memphis, Tenn.	+ 6	+24	+ 33	2.52 2.47
*All other cities.	- 0	+21	+ 24	2.24 2.20
8th F. R. District	+10	+25	+ 34	3.08 3.00

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

Trading days: Sept., 1941—25; Aug., 1941—26; Sept., 1940—24.

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

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

	Installment Accounts		Excl. Instal. Accounts	
	Accounts	Accounts	Accounts	Accounts
Fort Smith.	38%	17%	48%	
Little Rock.	12	36	53	
Louisville	16	48	40	
Memphis	25	46	18	49
Quincy.				
St. Louis.				
Other cities.				
8th F. R. Dist.				

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District (1923-1925 average = 100):

	Sept., 1941	Aug., 1941	July, 1941	Sept., 1940
Sales (daily average), Unadjusted.....	128	106	82	106
Sales (daily average), Seasonally adjusted..	120	141	119	99
Stocks, Unadjusted.....	97	89	77	70
Stocks, Seasonally adjusted.....	92	90	81	63

Trading days: Sept., 1941—25; Aug., 1941—26; Sept., 1940—24.

SPECIALTY STORES

	Net Sales		Stocks on Hand	Stock Turnover
	September, 1941 compared with Aug., '41	9 mos. '41 to same period '40	Sept. 30, '41 comp. with Sept. 30, '40	Jan. 1, to Sept. 30, 1941 1940
Men's Furnishings.....	+46%	+30%	+ 25%	2.11 1.81
Boots and Shoes.. . . .	+28	+23	+ 24	6.40 5.56

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

Men's Furnishings.....	37%
Boots and Shoes.....	34%

**CHANGES IN PRINCIPAL ASSETS AND LIABILITIES
FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)	Change from		
	Oct. 15, 1941	Sept. 17, 1941	Oct. 16, 1940
Industrial advances under Sec. 13b.....	\$ 300	+ 300	+ 295
Other advances and rediscounts.....	.....	- 192	+ 86
U. S. securities.....	111,114	+ 5,597	+ 10,715
Total earning assets.....	111,414	+ 5,705	+ 10,924
Total reserves.....	592,257	+ 99,897	+ 99,549
Total deposits.....	414,890	+15,571	+ 29,782
F. R. Notes in circulation.....	288,742	+18,622	+ 83,088
Industrial commitments under Sec. 13b..	559	- 146	+ 143

FEDERAL RESERVE OPERATIONS DURING SEPTEMBER, 1941
(Incl. Louisville, Memphis, Little Rock branches)

	Pieces	Amounts
Checks (cash items) handled.....	5,506,257	\$1,733,739,654
Collections (non-cash items) handled.....	131,744	43,017,431
Transfers of funds.....	5,124	473,631,081
Currency received and counted.....	9,288,407	34,403,373
Coin received and counted.....	9,649,832	1,896,195
Rediscounts, advances and commitments.....	9	367,200
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	46,941	18,685,874
Bills and securities in custody—coupons clipped	17,856	.....

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.

PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS

(In thousands of dollars)	Change from		
	Oct. 15, 1941	Sept. 17, 1941	Oct. 16, 1940
Commercial, industrial, agricultural loans.....	\$283,183	+26,970	+ 89,697
Open market paper.....	21,807	- 133	+ 12,246
Loans to brokers and dealers.....	5,097	+ 891	+ 1,034
Other loans to purchase and carry securities.....	11,873	- 65	+ 467
Real estate loans.....	60,334	+ 293	+ 3,293
Loans to banks.....	982	- 116	+ 837
Other loans.....	80,571	- 113	+ 15,678
Treasury bills.....	5,224	+ 2,050	+ 4,885
Treasury notes.....	36,340	+ 1,526	+ 3,901
U. S. bonds.....	217,090	+ 3,296	+ 59,490
Obligations guaranteed by U. S. Government.....	79,926	+ 255	+ 8,157
Other securities.....	112,425	+ 1,793	+ 2,909
Balances with domestic banks.....	218,161	+16,188	+ 34,739
Demand deposits—adjusted*.....	623,326	+30,103	+106,624
Time deposits.....	191,495	+ 667	+ 57
U. S. Government deposits.....	12,972	-11,945	+ 2,180
Interbank deposits.....	483,245	+39,481	+110,883

*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.

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)	Sept., 1941	Aug., 1941	Sept., 1940	Sept., '41	comp. with Sept., '40
	El Dorado, Ark. \$	7,372	\$ 5,923	\$ 5,234	+ 25%	+ 41%
Fort Smith, " "	17,813	14,810	14,020	+ 20	+ 27
Helena, " "	3,075	1,407	1,247	+119	+147
Little Rock, " "	56,587	49,645	38,450	+ 14	+ 47
Pine Bluff, " "	14,639	7,890	8,605	+ 86	+ 70
Texarkana, Ark.-Tex.	13,260	8,942	7,603	+ 48	+ 74
E. St. L.-Nat. S. Y., Ill.	58,478	57,686	43,761	+ 1	+ 34
Quincy, " "	10,436	10,774	8,459	- 3	+ 23
Evansville, Ind.	40,485	42,206	31,261	- 4	+ 30
Louisville, Ky.	237,574	232,727	157,184	+ 2	+ 51
Owensboro, " "	7,655	6,678	6,047	+ 15	+ 27
Greenville, Miss.	9,327	5,652	4,518	+ 65	+106
St. Louis, Mo.	732,116	683,420	532,254	+ 7	+ 38
Sedalia, " "	2,624	2,591	2,090	+ 1	+ 26
Springfield, " "	21,601	20,362	15,967	+ 6	+ 35
Memphis, Tenn.	257,258	158,009	122,722	+ 63	+110
Totals.....	1,490,300	1,308,722	999,422	+ 14	+ 49

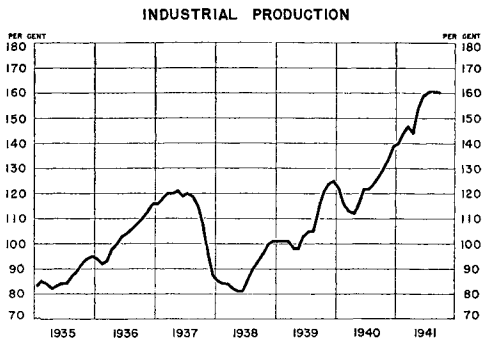
COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	Sept., '41	Aug., '41	Sept., '40	Sept., '41	comp. with Sept., '40
Number.....	27	23	36	+17%	-25%
Liabilities.....	\$284,000	\$183,000	\$665,000	+55	-57

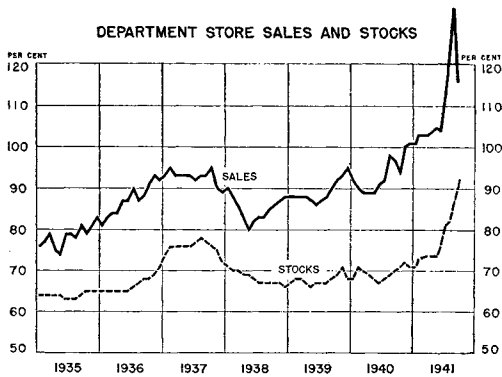
Source: Dun and Bradstreet.

NATIONAL SUMMARY OF CONDITIONS

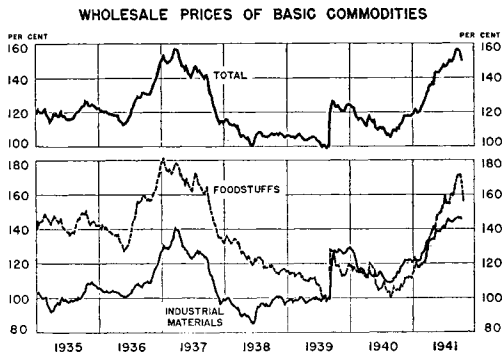
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



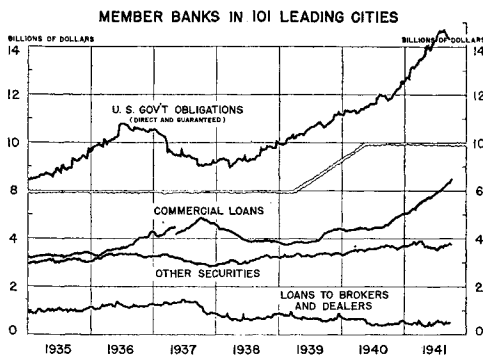
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. By months, January, 1935 to September, 1941.



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



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



Wednesday figures, January 2, 1935 to October 8, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported.

Production—Industrial output increased by about the usual seasonal amount in September and the Board's adjusted index remained at 160 per cent of the 1935-1939 average, the same as in July and August. Continued increases in activity were reported in the machinery, aircraft, and shipbuilding industries. At steel mills activity in September and the first half of October was maintained at about 97 per cent of capacity. Output and deliveries of nonferrous metals likewise remained at about capacity levels, while lumber production declined somewhat from the high August rate. Automobile production increased less than seasonally in September, following the changeover to new models, and, according to preliminary estimates, output in September was considerably below the maximum quota that had been authorized by the Government.

In the textile industry activity declined somewhat in September, reflecting mainly a further sharp reduction in silk mills. Activity at wool mills rose to a new high level, while at cotton mills there was little change from a rate slightly below the peak reached last May. Shoe production continued in large volume, and output of manufactured food products was maintained near the peak August level. Output of chemicals likewise continued at earlier high rates, but at rubber plants activity was considerably below the level of last summer owing to curtailment programs ordered by the Government.

Coal production, which during the summer months had been unusually large, increased less than seasonally in September, owing in part to temporary work stoppages at some bituminous and anthracite mines. Crude petroleum production advanced to record levels in September and the first half of October, and output of metals and shipments of iron ore down the Lakes continued at about capacity.

Value of construction contract awards declined in September, according to figures of the F. W. Dodge Corporation, reflecting chiefly decreases in awards for public projects which had been exceptionally large in August. Awards for private residential building also declined, while contracts for other private work increased somewhat further. Total awards in September, as in August, were 80 per cent larger than in the corresponding period last year. This higher level reflected mainly a greater amount of public construction, which was nearly three times as large as a year ago, compared with an increase of about 10 per cent for private construction.

On October 9, the Supply Priorities and Allocations Board announced that, effective immediately, no public or private construction projects which use critical materials could be started during the emergency unless these projects were either necessary for direct national defense or essential to the health and safety of the nation.

Distribution—Distribution of general merchandise showed less than the customary seasonal rise in September, following an unusually large volume of sales in August. During the past three months sales have been larger than in the corresponding period of any previous year. In the first half of October sales at department stores declined from the peak reached in late September when there were considerable consumer purchases, particularly of articles subject to higher taxes on October 1.

Loadings of revenue freight in September increased less than seasonally, particularly those of miscellaneous freight, which have been high in recent months, and loadings of coal, which were curtailed during part of the month by work stoppages at some mines. Shipments of forest products declined considerably from the high August level.

Commodity Prices—Prices of industrial products continued to advance in September and the first half of October and Federal price ceilings were announced for additional commodities, including leading types of lumber, coke, wastepaper, paperboard, acetic acid, alcohols, and carded cotton yarns. In some cases these ceilings were below previously existing market quotations. Price advances were permitted, however, for some other commodities under Federal control. Prices of cotton and of foodstuffs increased further in the first half of September, but subsequently declined, owing partly to seasonal influences. On Thursday, October 16, prices of these commodities dropped sharply.

Bank Credit—Commercial loans at member banks continued to rise during September and the first half of October, reflecting in part defense demands. Increases were substantial both in New York and in other leading cities. Holdings of United States Government obligations decreased, mainly at banks in leading cities outside of New York. Excess reserves of member banks showed little change in this period.

United States Government Security Market—Following a slight decline in the first half of September, prices of long-term Treasury partially tax-exempt bonds increased during the latter half of September and in the first part of October. The yield on the 2¾ per cent bonds of 1960-65 reached a new record low of 2.01 per cent in October. Prices of taxable bonds moved within a relatively narrow range during the period with yields slightly above previous low levels.