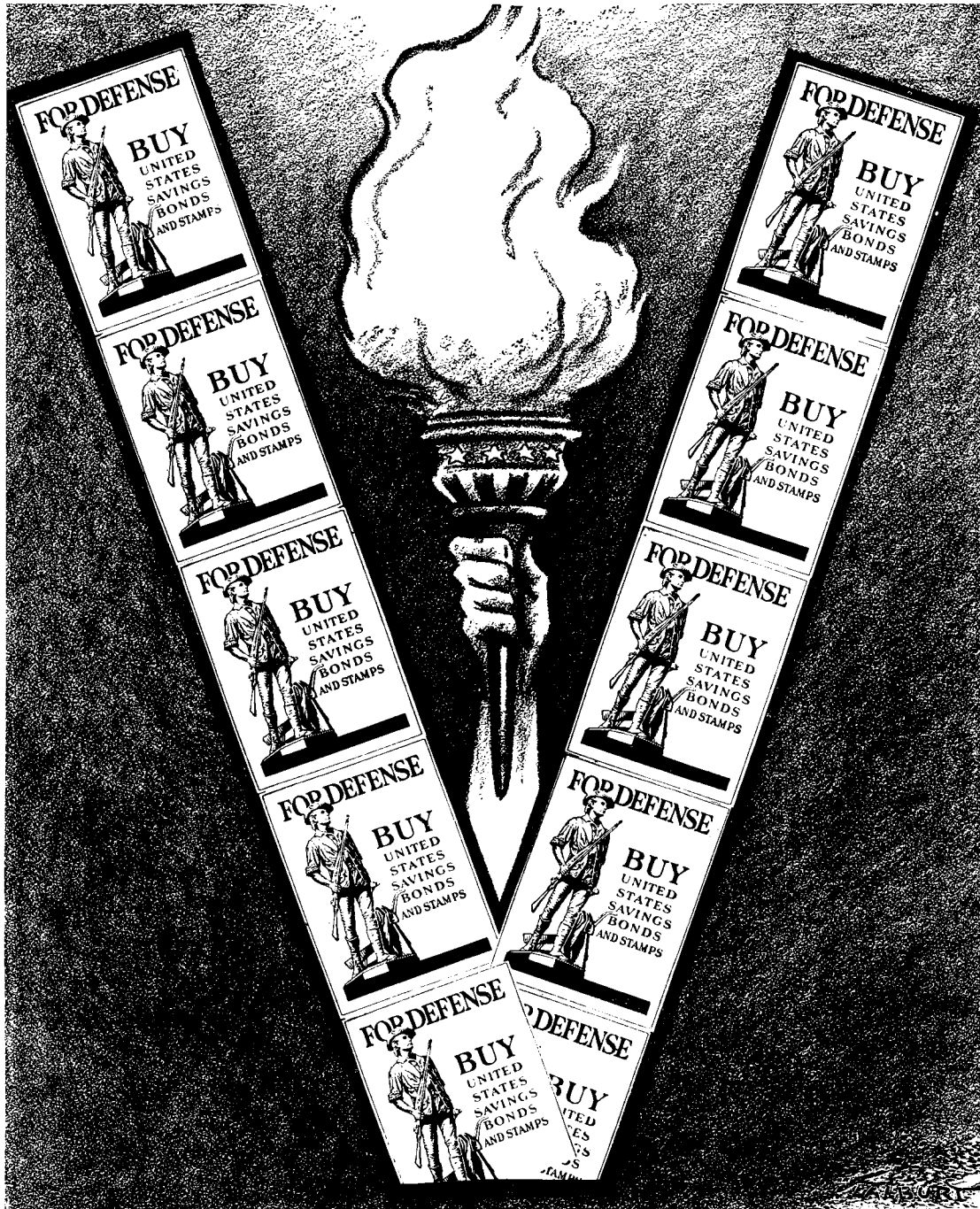




BUSINESS CONDITIONS

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

FEDERAL RESERVE BANK OF ST. LOUIS



Courtesy Scripps-Howard Newspapers.

BANKS AND WAR

By CHESTER C. DAVIS

President, Federal Reserve Bank of St. Louis

The year 1942 opens with our country at war. Already the months before December 7 seem a long way off. We have only one concern now: What is



our part, and how can we best perform it? Bankers, therefore, at New Year's time are considering how their institutions can best contribute to the successful prosecution of the war.

The speed and scope of modern war are so tremendous that it is impossible to foresee what this struggle will eventually mean to us, either

as individuals or as bankers. Nevertheless, it is well to take stock of our strength and deficiencies at the beginning of the new year in order that we may attempt to chart a course for the difficult days that lie ahead.

Fortunately, the banks of the country are in a better position to meet an emergency than they have ever before been. Banking resources are at an all-time high. This fact is striking evidence that the public's confidence in banks, which was at a low ebb in the early 1930's, has been fully restored. The various measures adopted in recent years for strengthening the banking structure, including the formation of a Federal deposit insurance system, should help preserve this public trust and confidence. The assets of banks generally are sounder than at any time in our history. Most important of all, there has been a growing realization, both on the part of the banks and of the general public, of the fact that in a modern economy the bulk of money settlements is made through the use of the checking facilities provided by commercial banks and, consequently, that the conduct of banks and banking is affected with the public interest. As a result, the Government can call upon the banks to assist in the financing of the war effort with the knowledge that the banks will accept and carry out their responsibility intelligently and efficiently.

Another important factor contributing to the underlying strong position of the banking system is the Federal Reserve System. At the beginning of the last war the Federal Reserve System had just been organized. It had to meet the numerous problems of the war on the basis of a very limited

background, both of theory and practice. Today, the Federal Reserve System has been in existence for more than twenty-five years and has built up a rich background of experience in central banking practice under a wide variety of conditions. The Board of Governors of the Federal Reserve System announced on December 8, immediately after the outbreak of war, that the System is prepared to use its powers to assure that an ample supply of funds is available at all times for financing the war effort and is prepared to exert its influence toward maintaining satisfactory conditions in the Government security market.

The manner in which the Government security market withstood the shock of the sudden outbreak of war demonstrates the fundamentally strong position of the financial and banking mechanism of the country.

Now that the initial shock of war is past, there are numerous ways in which banks may contribute in the transformation necessary for a sustained war program.

First, the banking system can be depended upon to continue to handle with speed and efficiency the increased volume of transactions which will be involved in an all-out victory drive.

Second, the assistance of the banks will be vital to the Government in the financing of war. This financing program is directed toward obtaining as much of the necessary funds through taxation as is feasible and to borrow the remainder as largely as possible from savings rather than through expansion of bank credit. To the successful achievement of the latter objective, the Treasury's savings bond program must be greatly intensified. Bankers have accepted a real responsibility in this field; they have become issuing agents for these bonds, and are encouraging their sale among bank customers. The success of the savings bond program will depend to an important extent upon the efforts of the banks.

Third, the banking resources of the country must be available for the financing of war production. Those companies whose plants and organizations are capable of turning out essential war materials should not be prevented from doing so through inability to obtain the necessary financing. Bankers also can assist manufacturers among their customers to convert their plants, wherever possible, into defense production. All available plant facilities and labor must be used if our armament program is to go forward with maximum speed.

Fourth, some continued Government borrowing from banks will be necessary notwithstanding that the Government's financial requirements will be met to the largest extent possible without credit expansion. The supply of bank reserves, together with the Federal Reserve powers to add to reserves, should this be necessary, are fully adequate to meet all present and prospective needs, both of the Government and of private activity.

Fifth, for the most successful prosecution of the war, it is desirable that borrowing for non-defense purposes should be discouraged, particularly if it would add to the purchasing power that will be generated by the huge expenditures of the greatly increased and speeded-up armament program. The rise in purchasing power, plus the necessary curtailment of many types of consumers' goods, could lead to run-away price inflation which would not only greatly increase the cost of the armament program but would work hardships and undermine morale of many groups of our population. Exercise of careful

bank lending judgment is only one aspect of a well-rounded and coordinated program to keep inflationary forces from getting out of hand. Regardless of the measures eventually adopted by the Government, a successful attack on inflation also calls for self-discipline on the part of the general public in the expenditure of its income. Bankers can aid by encouraging their customers to use their larger incomes to retire indebtedness, to purchase defense savings bonds, or to build up deposits which can be channelled into financing the war. Bankers, because they are frequently consulted for financial advice, are peculiarly well situated for this job.

The program outlined above only focuses attention on some of the most direct ways in which banks can contribute to the war effort. Carrying out the program involves much additional work and expense to the banks of the country. In this respect it involves sacrifices which all of us must make to a greater or lesser degree if victory is to be won.

SUMMARY OF EIGHTH DISTRICT

DURING November and early December Eighth District industry and trade were maintained at about the high levels of recent months. However, due to a shorter month in November, the physical volume of goods produced and distributed declined generally from October totals. New highs may be expected in the future with additional plants coming into operation as our economy moves into all-out war production.

The impact of war on industry, agriculture, and trade in the Eighth District is almost certain to bring about a reallocation of effort more striking than that called forth by the defense program to date. Employment in the construction industry may be stepped up instead of tapering off, as additional new plants or expansions are needed for the war effort. Employment in war industries, such as aircraft, ordnance, steel, etc., will increase in coming months. On the other hand, industries producing non-essential goods will probably be forced to curtail operations sharply. An example of this is already seen in the further cuts in automobile production announced by the Office of Production Management.

In the United States during November the rate of industrial production continued to increase. The index of the Board of Governors of the Federal Reserve System, adjusted for seasonal variation, rose to 167 per cent of the 1935-1939 average, as compared with 163 in October and 161 in September. These increases have raised the total output of

goods to a level about 25 per cent above a year ago.

According to preliminary reports, November shoe production in the Eighth District is estimated at 26 per cent below October. Sales of ordinary life insurance in Eighth District states in November were 10 per cent less than in October and 14 per cent above November, 1940. Revenue freight carloadings of railroads operating in the Eighth District during the four weeks ending November 29 were 6 per cent less and 15 per cent greater, respectively, than in the similar periods a month and a year ago. Estimated tonnage moved by the Federal Barge Lines on the Mississippi River between St. Louis and New Orleans in November was 6 per cent below October but 67 per cent above November, 1940. Cumulative tonnage for the first eleven months of this year exceeded that of the comparable period last year by 16 per cent.

Debits to individual accounts in November were 13 per cent less than October and 24 per cent greater than in November, 1940. Gross deposits reached a new peak as loans and investments rose.

Employment continued to gain in Eighth District states during October and was considerably above a year ago. Cost of living in the Eighth District as measured by the November index for St. Louis continued to rise, but the rate of increase was smaller than that of the preceding month.

Since the last issue of this Review, the First State Bank of Dongola, Dongola, Illinois, became a member of the Federal Reserve System.

DETAILED SURVEY OF DISTRICT

IRON AND STEEL

Production of iron and steel in this area was at a somewhat lower level during late November and early December. Curtailment was due primarily to taking furnaces out for repairs. As of mid-December the rate of operations in this area was at 88.7 per cent of capacity.

Scrap continues very tight. There is some variation in volume of mill stocks but the longest inventory in this area seems to be about one month's supply, while most mills are considerably shorter than this. Colder weather is making collection of scrap more difficult. Allocation of material has aided some mills to keep up operations at high levels. Unless actual scrap supplies can be increased, however, allocation, while providing some relief, is not likely to keep production at near capacity, and the industry anticipates some curtailment of operations due to scrap deficiencies in 1942.

Demand for all steel products remains strong, and with intensified war effort, is expected to grow. If production is not increased, or even declines somewhat as expected by the steel industry, and war demand for steel increases, it is evident that civilian consumption will suffer even more than has been anticipated.

For the entire country production of pig iron in November, according to the magazine "Steel," was 4,707,194 tons, comparing with 4,860,033 tons in October and 4,397,656 tons in November, 1940. The decrease from October was due entirely to a shorter work-month, as average daily output in November was the second highest of record. Tonnage of pig iron produced in the first eleven months of 1941 was 50,903,091 tons compared with 46,894,676 tons produced in the whole of 1940.

Steel ingot production in November was 6,929,987 tons as compared with 7,242,683 tons in October and 6,469,107 tons a year ago. The rate of operations for the United States was 98.3 per cent, which represented a decline of 0.7 per cent from October but a gain of 1.7 per cent over November, 1940. Production of steel ingots for the first eleven months of 1941 amounted to 75,763,558 tons, comparing with 66,981,662 tons produced in the entire year 1940.

WHISKEY

Of the 58 distilleries in Kentucky, 46 were in operation on November 30, as compared with 42 on October 31. Due to anticipated increased consumption and possible future restriction of production, schedules call for continued operation at near-capacity levels. No definite sales trend of whiskey has

been indicated recently; primarily because stocks of individuals and retailers were augmented considerably prior to September 1, the effective date of the increased whiskey tax. However, sale of revenue stamps in Kentucky during November, 1941 shows some increase in consumption as compared with the same month in the past three years.

AGRICULTURE

Farming Conditions—Final estimates of the principal crops in the Eighth District given by the U. S. Department of Agriculture in its report based on December 1 conditions, show no marked changes from forecasts made a month previous. November weather was generally favorable for harvesting late crops.

Farm employment in the United States declined less than usual during November and the total number of persons employed in agriculture on December 1 was 9,349,000, according to the U. S. Department of Agriculture. This compares with 10,420,000 estimated for November 1 and 9,320,000 a year ago. The number of hired farm workers on December 1 was the largest for this date since 1935 and showed a much less than usual decline from November 1 totals. A factor accounting for this may be a tendency to retain hired help through the slack season to be sure of having them next spring. Also evident on December 1 was a shift of family workers from an unpaid to a paid status.

Cash income from farm marketings and Government payments for Eighth District states in October was 35 per cent above September and 53 per cent above October, 1940. All groups of farm products shared in the increase, with returns from wheat, soybeans, and truck crops recording the greatest percentage gains. Most of the increase from a year ago is accounted for by higher agricultural prices.

Corn—Eighth District corn production for all purposes in 1941 is estimated at 348,402,000 bushels against 1940 production of 328,495,000 bushels and the 18-year (1923-1940) average of 330,578,000 bushels. Although considerably behind schedule, especially in parts of Missouri and Illinois, as of mid-December, husking and cribbing of corn was making progress. A considerable amount of corn still remained in the fields of the northern sections of the Corn Belt. Quality of new corn marketed showed improvement, which was unexpected on the basis of previous reports.

Cotton—An Eighth District cotton crop of 3,539,000 bales is forecast by the U. S. Department of

Agriculture as of December 1. This is a decrease of about 1 per cent from the November 1 forecast, and compares with production of 3,277,000 bales in 1940 and the 18-year (1923-1940) average of 2,972,000 bales. Indicated yields-per-acre are record-breaking in Missouri, Tennessee and Mississippi, and only slightly below the peak of 1940 in Arkansas. The crop is fully two weeks early this year. By December 1 about 95 per cent had been ginned. Only remnants remained in the fields.

The tendency to hold cotton rather than place it under Government loan continues, particularly in the case of larger producers. It is believed that most of this will not be sold until after January. Much of this cotton is eligible for the loan so that owners are in a fairly independent position. As indicating both a holding movement and higher prices in relation to loan values, the Commodity Credit Corporation through December 13 had made loans on 1,494,878 bales as compared with loans on about 2,500,000 bales at the same time last year. The percentage of the crop placed under loan has been less for the cotton producing areas of the Eighth District than for the country as a whole.

The supply of good grades of cotton in the Central Belt is below normal, due principally to insect damage, particularly from leaf worms. Trading in recent weeks has not been so active due to curtailed offerings of the better qualities. Higher grades were readily absorbed and fair interest was shown in low grades. Inquiries from domestic mills showed a slight slackening immediately after the outbreak of war, but trade reports indicate that domestic mills may come into the market more strongly after January, 1942.

Livestock—There was an increased movement of stocker and feeder cattle into the Corn Belt states during November, and for the first time in the past five months such shipments were larger than in the corresponding month of last year. Shipments inspected at stockyards were about 30 per cent larger than last November and were large relative to the previous months of this year, although cumulative shipments from stockyards for the past five months were about 17 per cent smaller than for the same period in 1940. Direct shipments in November show little change from a year ago, but for the five-month period were down in about the same proportion as shipments from markets.

Recent sharp advances in prices of fat cattle are expected to improve demand for stocker and feeder cattle and thus bring about a rather heavy movement of shortfeds back to Corn Belt feedlots during December and the early months of 1942. This would

tend to reduce the slaughter supply of fed cattle during the winter months and to increase it during the spring and summer. Even with this expected movement the total of cattle fed in 1942 is likely to be below the record number of 1941, although large in comparison with most years in the past ten-year period.

The number of lambs fed in the United States during the 1941-1942 feeding season will be larger than the record number fed in the 1940-1941 season. Shipments into Corn Belt states inspected at stockyards during November were about 25 per cent greater than a year ago, and direct shipments also showed an increase from last year.

Tobacco—Production of all types of tobacco in the Eighth District is estimated by the U. S. Department of Agriculture in the December 1 report at 249,835,000 pounds, which compares with 277,830,000 pounds harvested in 1940, and the 18-year (1923-1940) average of 285,064,000 pounds.

During the latter part of November, deliveries of the burley crop to market were unusually heavy. Large quantities were reported at warehouses on opening dates. Generally, burley is thinner than a year ago, with a consequent larger percentage of grades suitable for cigarette and smoking types. Sales in the first two weeks at Kentucky markets totaled 94,366,641 pounds. Opening week prices in Kentucky averaged \$27.89 per cwt., more than \$10 per cwt. above opening week last year, and have advanced substantially since then.

Green River and stemming district tobacco auctions opened at Owensboro on November 27. The 1941 crop of this type of tobacco is reported as one of the best quality crops in years. Volume of sales to mid-December was light due to lack of suitable weather for stripping. Average price for the first two weeks of the season was \$11.60 per cwt., compared with last season's average of \$7.64.

Auction markets for one-sucker tobacco opened November 25 with the crop moving slowly to market due to unfavorable weather. Offerings indicate a very good quality crop, much superior to last year. Average price for the first two weeks of auctions was \$11.25 per cwt., compared with last season's average of \$8.04 per cwt.

Dark-fired auctions open early in January, 1942. Warm, damp weather in November was quite helpful to growers in fire-curing the crop and this work is largely completed. Reports indicate presence of houseburn in some cuttings, but the seriousness of this cannot yet be determined. It is believed, however, that color and quality will be better than earlier expected.

COST OF LIVING AND PRICES

For the larger cities in the United States, the cost of living rose 0.7 per cent between October 15 and November 15 and 9.5 per cent since the outbreak of war in 1939. The rate of increase during the past month was smaller than that of the preceding month. Living costs in St. Louis advanced 0.9 per cent and 9.4 per cent, respectively, in the same periods. Food and clothing have paced the rise this past month.

Between October 14 and November 18, food costs in the United States rose 1.3 per cent. All Eighth District cities showed increases from a month earlier with Little Rock reporting the greatest gain, 2.8 per cent, and Memphis reporting the least, 0.9 per cent. Compared with a year ago, food costs in Little Rock were up 22.4 per cent, for the largest increase, and those in Louisville were up 21.0 per cent for the smallest.

Wholesale prices of commodities were virtually unchanged during the first three weeks of the past month, but coincident with the Japanese attack moved up in the week ending December 13 when the index for all commodities stood 0.9 per cent above a month ago and 16.8 per cent more than a year ago.

EMPLOYMENT

Total civil non-agricultural employment in the United States in October amounted to 40,749,000, according to the U. S. Department of Labor. In each month since February of this year, non-agricultural employment has reached a new peak. The October estimate represents a gain of 34,000 workers since September and 3,374,000 since October, 1940. Manufacturing employment declined by 0.1 per cent with increases in durable goods industries, particularly shipbuilding and aircraft, being slightly more than offset by sharp seasonal declines in canning and preserving industries. Construction employment increased in October, due largely to increased building activity at defense plants financed by the Government. Non-agricultural employment in Eighth District states in October was 5,748,000 compared with 5,745,000 in September and 5,115,000 a year ago. In the past month, of all Eighth District states Missouri showed the greatest gain, 3.0 per cent, while Indiana showed the greatest loss, 2.9 per cent, due largely to declines in canning employment. Illinois, Tennessee, and Arkansas showed small positive changes while Kentucky and Mississippi showed slightly larger negative changes. In the past year Missouri has shown the greatest gain, 16.0 per cent while Arkansas has shown the smallest increase, 8.0 per cent.

FARM INCOME INCLUDING GOVERNMENT BENEFIT PAYMENTS

(In thousands of dollars)	October		Cumulative for 10 months		
	1941	1940	1941	1940	1939
	Arkansas	\$68,075	\$45,638	\$184,095	\$121,238	$114,982
Illinois	81,610	51,971	569,150	464,150	426,811
Indiana	39,405	27,642	308,700	248,168	227,133
Kentucky	12,438	9,997	138,205	119,095	113,424
Mississippi	58,146	34,440	166,830	109,808	124,357
Missouri	53,240	37,397	319,193	242,319	222,607
Tennessee	34,062	20,064	144,886	104,816	103,150
Totals	346,976	227,149	1,831,059	1,409,594	1,332,464

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Nov., 1941	Oct., 1941	Nov., 1940	Nov., 1941	Oct., 1941	Nov., 1940
	Cattle and Calves	118,950	154,277	112,665	45,721	67,311	44,729
Hogs	224,570	228,449	330,211	42,146	53,424	70,939
Horses and Mules	2,292	2,171	1,422	2,252	1,506	1,346
Sheep	52,144	87,634	50,662	6,039	19,158	8,206
Totals	397,956	472,531	494,960	96,158	141,399	125,220

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Dec. 13,'41	Dec. 6,'41	Nov. 15,'41	Dec. 14,'40	Dec. 13,'41	comp. with Nov. 15,'41	Dec. 14,'40
	All Commodities	93.1	92.2	92.3	79.7	+ 0.9%	+ 16.8%
Farm Products	92.8	90.8	90.7	68.8	+ 2.3	+ 34.9	
Foods	90.4	88.7	89.6	73.5	+ 0.9	+ 23.0	
Other	93.8	93.7	93.6	84.4	+ 0.2	+ 11.1	

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Nov. 15, 1941	Oct. 15, 1941	Sept. 15, 1939	Nov. 15,'41	comp. with Oct. 15,'41	Sept. 15,'39
	United States	110.2	109.4	100.6	+ 0.7%	+ 9.5%
St. Louis	109.8	108.8	100.4	+ 0.9	+ 9.4	

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Nov. 18, 1941	Oct. 14, 1941	Nov. 12, 1940	Nov. 18,'41	comp. with Oct. 14,'41	Nov. 12,'40
	U. S. (51 cities)	113.1	111.6	95.9	+ 1.3	+ 17.9%
St. Louis	117.0	114.6	96.3	+ 2.1	+ 21.5	
Little Rock	114.4	111.3	93.5	+ 2.8	+ 22.4	
Louisville	114.1	111.6	94.3	+ 2.2	+ 21.0	
Memphis	112.3	111.3	92.0	+ 0.9	+ 22.1	

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	Sept., 1941	Aug., 1941	Sept., 1940	Sept., '41	comp. with Aug., '41	Sept., '40
	Evansville	92.0	92.3*	82.5	- 0.3%	+ 11.5%
Louisville	117.4	114.4	101.5	+ 2.6	+ 15.7	
Memphis	106.7	115.2*	96.1	- 7.4	+ 11.0	
St. Louis	120.8	119.1	97.5	+ 1.4	+ 23.9	

*Revised

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1941	1940	1941	1940	1941	1940	1941	1940
Evansville	20	20	\$ 72	\$ 66	82	92	\$ 21	\$ 47
Little Rock	59	39	145	153	129	66	35	22
Louisville	130	127	254	363	25	43	7	19
Memphis	406	380	1,392	561	163	138	132	156
St. Louis	172	257	386	862	129	135	86	311
Nov. Totals	787	823	2,249	2,005	528	474	281	555
Oct. Totals	1,194	1,081	3,749	1,851	909	664	877	783

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Nov., '41	Oct., '41	Nov., '40	Nov., '41	comp. with Oct., '41	Nov., '40
Total 8th Dist.	\$23,743	\$24,640	\$31,697	- 4%	- 25%	

Source: F. W. Dodge Corporation.

CONSUMPTION OF ELECTRICITY

(K. W. H. in thous.)	No. of Customers*	Nov., 1941	Oct., 1941	Nov., 1940	November, 1941	compared with
		K. W. H.	K. W. H.	K. W. H.	Oct., 1941	Nov., 1940
Evansville	40	4,127	4,845	4,600	-15%	-10%
Little Rock	35	2,637	2,898	2,365	- 9	+ 12
Louisville	82	13,605	15,177	11,157	-10	+ 22
Memphis	31	4,522	4,792	3,371	- 6	+ 34
Pine Bluff	20	1,487	1,477	864	+ 1	+ 72
St. Louis	125	53,779	59,648	48,099	-10	+ 12
Totals	333	80,157	88,837	70,456	-10	+ 14

*Selected industrial customers.

PRODUCTION OF BITUMINOUS COAL

(In thousands of tons)	Nov., '41	Oct., '41	Nov., '40	Nov., '41	comp. with Oct., '41	Nov., '40
United States	42,865	49,800	40,012	-14%	+ 7%	
Illinois	4,366	4,446	4,234	- 2	+ 2	

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Nov., '41		Oct., '41		Nov., '40		Dec., '41		Dec., '40		11 mos. '41		11 mos. '40	
First nine days													
111,100	118,188	86,601	32,261	26,627	1,158,681	902,706							

Source: Terminal Railroad Association of St. Louis.

WHOLESALE

Lines of Commodities	Net Sales		Stocks	
	November, 1941 compared with Oct., '41	Nov., '40	Nov. 30, 1941 comp. with Nov. 30, 1940	
Data furnished by Bureau of Census, U. S. Dept. of Commerce.				
Automotive Supplies.....	- 2%	+ 91%%	
Drugs and Chemicals.....	-17	+ 22	....
Dry Goods.....	-24	+ 13	+30	
Electrical Supplies.....	- 6	+ 53	+43	
Furniture.....	-30	+ 12	+35	
Groceries.....	- 8	+ 17	+40	
Hardware.....	-23	+ 25	+26	
Machinery, Equipment and Supplies.....	-26	+ 10	+36	
Tobacco and its Products.....	- 1	+ 22	+21	
Miscellaneous.....	-36	- 8	+32	
Total all lines.....	-28	+ 17	+31	

DEPARTMENT STORES

	Net Sales		Stocks on Hand		Stock Turnover	
	November, 1941 compared with Oct., '41	11 mos. '41 to same period '40	Nov. 30, '41 comp. with Nov. 30, '40	Jan. 1, to Nov. 30, 1941	Nov. 30, 1940	1940
Ft. Smith, Ark....	+ 4%	+15%	+17%	+ 33%	2.98	2.73
Little Rock, Ark....	+10	+16	+26	+ 32	3.56	3.27
Pine Bluff, Ark....	+ 5	+21	+30	+ 20	2.77	2.36
E. St. Louis, Ill....	-18	+13	+23	....	....	....
Quincy, Ill....	- 0	- 4	+14	+ 23	3.64	3.62
Evansville, Ind....	- 5	+ 8	+14	....	....	....
Louisville, Ky....	+ 6	+21	+35	+ 31	4.45	4.04
St. Louis, Mo....	- 5	+14	+17	+ 33	3.86	4.00
Springfield, Mo....	-12	+12	+34	+ 42	2.68	3.21
Jackson, Tenn....	-21	+57	+47	....	....	....
Memphis, Tenn....	+ 1	+19	+21	+ 30	3.11	3.12
*All other cities....	- 6	+10	+18	+ 32	2.83	2.79
8th F. R. District	- 2	+15	+21	+ 32	3.73	3.75

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

Trading days: Nov., 1941—24; Oct., 1941—27; Nov., 1940—25.

Outstanding orders of reporting stores at the end of November, 1941, were 62 per cent greater than on the corresponding date a year ago.

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

	Installment Accounts		Excl. Instal. Accounts		Installment Accounts		Excl. Instal. Accounts	
	Fort Smith...%	44%		Quincy.....	20%	52%		
Little Rock... 14	39		St. Louis....	29	51			
Louisville... 17	48		Other cities..	16	47			
Memphis.... 27	48		8th F. R. Dist.	20	53			

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

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

	Nov., 1941	Oct., 1941	Sept., 1941	Nov., 1940
	Sales (daily average), Unadjusted.....	133	119	128	112
Sales (daily average), Seasonally adjusted..	114	105	120	96
Stocks, Unadjusted.....	108	105	97	79
Stocks, Seasonally adjusted.....	96	94	92	71

Trading days: Nov., 1941—24; Oct., 1941—27; Nov., 1940—25.

SPECIALTY STORES

	Net Sales		Stocks on Hand		Stock Turnover	
	November, 1941 compared with Oct., '41	11 mos. '41 to same period '40	Nov. 30, '41 comp. with Nov. 30, '40	Jan. 1, to Nov. 30, 1941	Nov. 30, 1940	1940
Men's Furnishings	+12%	+25%	+28%	+ 40%	2.66	2.35
Boots and Shoes..	- 9	+19	+21	+ 43	7.50	6.87

Percentage of accounts and notes receivable outstanding November 1, 1941, collected during November:
Men's Furnishings.....38% Boots and Shoes.....39%

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

(In thousands of dollars)	Change from		
	Dec. 17, 1941	Nov. 19, 1941	Dec. 18, 1940
Industrial advances under Sec. 13b.....	\$ 500	- 0 -	+ 495
Other advances and rediscounts.....	55	+ 21	+ 438
U. S. securities.....	112,818	+ 1,704	+ 18,442
Total earning assets.....	113,373	+ 1,725	+ 18,499
Total reserves.....	631,204	- 16	+126,154
Total deposits.....	428,605	-12,952	+ 50,489
F. R. Notes in circulation.....	314,425	+17,346	+ 94,835
Industrial commitments under Sec. 13b..	1,202	- 47	+ 774

FEDERAL RESERVE OPERATIONS DURING NOVEMBER, 1941

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,466,196	\$1,720,891,303
Collections (non-cash items) handled.....	101,441	38,999,568
Transfers of funds.....	4,875	456,818,877
Currency received and counted.....	11,488,264	40,132,754
Coin received and counted.....	10,370,055	1,165,529
Rediscounts, advances and commitments.....	20	2,862,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	52,660	44,504,951
Bills and securities in custody—coupons clipped	10,688	.....

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)	Dec. 17, 1941	Nov. 19, 1941	Dec. 18, 1940
Commercial, industrial, agricultural loans.....	\$292,479	+ 5,370	+ 73,323
Open market paper.....	22,099	- 96	+ 11,866
Loans to brokers and dealers.....	5,169	+ 45	+ 886
Other loans to purchase and carry securities.....	10,729	- 272	- 2,143
Real estate loans.....	60,181	- 80	+ 1,912
Loans to banks.....	574	- 510	- 2,804
Other loans.....	79,361	- 338	+ 11,052
Treasury bills.....	15,865	+ 8,340	+ 24
Treasury notes.....	43,000	+ 177	+ 5,963
U. S. bonds.....	231,205	+ 8,506	+ 86,976
Obligations guaranteed by U.S. Government	67,303	- 2,738	+ 3,352
Other securities.....	113,453	+ 1,549	+ 1,087
Balances with domestic banks.....	200,866	+ 2,202	+ 9,978
Demand deposits—adjusted*.....	617,092	- 9,915	+ 81,417
Time deposits.....	188,661	- 3,549	- 2,253
U. S. Government deposits.....	27,810	+ 7,258	+ 16,289
Interbank deposits.....	480,881	+ 8,647	+ 85,395
Borrowings.....	.....	.....	300

*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)	Nov., 1941	Oct., 1941	Nov., 1940	Nov., '41	Nov., '40	comp. with Nov., '40
El Dorado, Ark....	\$ 7,449	\$ 8,435	\$ 5,739	- 22%		+ 30%
Fort Smith, Ark....	18,546	20,266	14,436	- 8		+ 28
Helena, Ark....	2,964	4,940	2,267	- 40		+ 31
Little Rock, Ark....	53,156	66,839	48,745	- 20		+ 9
Pine Bluff, Ark....	12,694	18,149	10,299	- 30		+ 23
Texarkana, Ark.-Tex.	16,858	16,973	8,278	- 1		+104
E. St. L.-Nat. S. Y., Ill.	55,734	64,987	43,872	- 14		+ 27
Quincy, Ill....	11,295	11,408	10,056	- 1		+ 12
Evansville, Ind....	41,343	46,074	35,101	- 10		+ 18
Louisville, Ky....	257,149	260,113	183,849	- 1		+ 40
Owensboro, Ky....	7,641	8,026	6,939	- 5		+ 10
Greenville, Miss....	9,878	14,143	6,619	- 30		+ 49
St. Louis, Mo....	759,406	832,429	627,970	- 9		+ 21
Sedalia, Mo....	2,407	2,652	2,216	- 9		+ 9
Springfield, Mo....	19,450	21,909	16,018	- 11		+ 21
Memphis, Tenn....	254,157	355,807	213,841	- 29		+ 25
Totals.....	1,530,127	1,753,150	1,236,245	- 13		+ 24

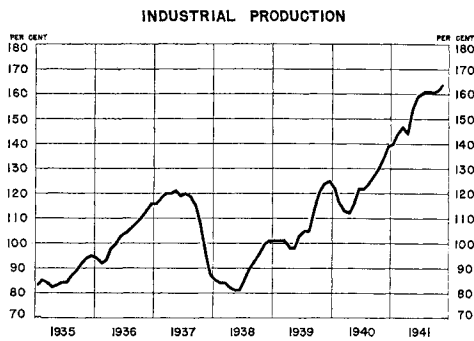
COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	Nov., '41	Oct., '41	Nov., '40	Nov., '41	Nov., '40	comp. with Nov., '40
Number.....	34	29	44	+17%		-23%
Liabilities.....	\$426,000	\$252,000	\$534,000	+69		-20

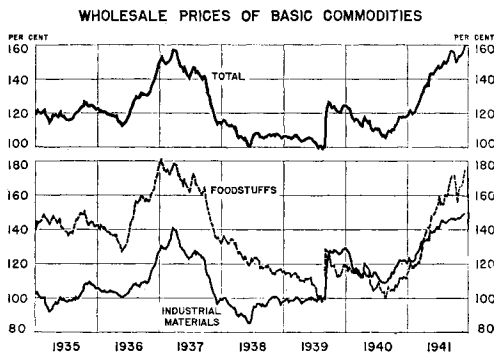
Source: Dun and Bradstreet.

NATIONAL SUMMARY OF CONDITIONS

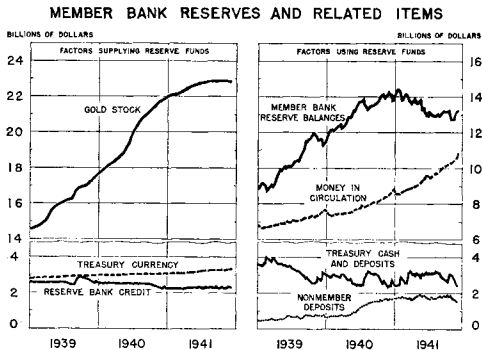
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



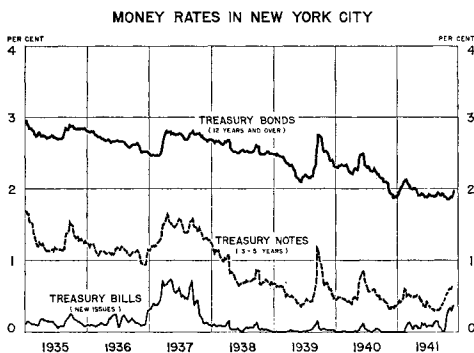
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. By months, January, 1935 to November, 1941. Latest figure 167.



Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August, 1939 = 100. Thursday figures, January 3, 1935 to December 11, 1941.



Wednesday figures, January 4, 1939 to December 10, 1941.



Weekly averages of daily yields of 3- to 5-year tax-exempt Treasury notes, Treasury bonds callable after 12 years, and average discount on new issues of Treasury bills offered within week. For weeks ending January 5, 1935 to December 13, 1941.

Production—Volume of industrial output was sustained in November at the high rate of the previous two months, although a decline is usual at this season. The Board's adjusted index advanced from 163 to 167 per cent of the 1935-39 average. In industries engaged in production of armament and munitions activity continued to increase and in most other lines volume of output was maintained or declined less than seasonally.

Output of materials, such as steel and nonferrous metals, was maintained at about capacity. In the automobile industry activity increased, reflecting larger output of both military and civilian products, and at lumber mills and furniture factories activity declined less than seasonally. At cotton and rayon textile mills activity rose to new record levels, and at woolen mills the high production rate of other recent months was maintained. Less than seasonal declines in output were indicated for shoes and manufactured food products.

Crude petroleum production increased further in November. Bituminous coal production declined somewhat owing to temporary shutdowns at some mines during November, and anthracite production was curtailed as a result of unusually warm weather in some areas and the existence of considerable stocks of coal accumulated in earlier months. Iron ore shipments continued in large volume until the shipping season closed early in December; during 1941 about 80 million tons of ore were brought down the Lakes as compared with the previous record of 65 million tons in 1929. Stocks of ore at lower Lake ports on November 30 amounted to about a seven months' supply at the current consumption rate of around 6.5 million tons a month.

Following a declaration of war by this country in early December further steps were taken to curtail output of nondefense goods using critical materials. Output quotas for passenger cars and household appliances were greatly reduced and cessation of output of some other products was ordered as of the end of January. Also, the production and sale of new automobile tires and tubes for civilian use were halted temporarily, pending establishment of a system for controlling their distribution.

Value of construction contracts awarded in November declined sharply from the high level of other recent months, according to figures of the F. W. Dodge Corporation. Awards for privately-financed construction decreased more than seasonally and contracts for publicly-financed projects also declined following a continued large volume of awards since last spring. Total awards in November were about a fifth larger than a year ago, while for the first ten months of the year they were three-fifths larger.

Distribution—Volume of retail trade increased in November following some decline in the previous month. Department store sales, as measured by the Board's seasonally adjusted index, advanced to 115 per cent of the 1923-25 average as compared with 105 in October and 116 in September. Larger sales in November were also reported by variety stores. Sales of automobiles increased somewhat, according to trade reports, but, as in other recent months, new car sales were smaller than output and dealers' stocks rose further.

In the second week of December sales at department stores rose less than seasonally, particularly in the coastal regions.

Freight traffic on the railroads continued in large volume in November and the first half of December. Grain shipments increased considerably and loadings of miscellaneous merchandise, which includes most manufactured products, were maintained at the high level reached several months earlier. Coal loadings declined somewhat, owing in part to temporary shutdowns at some mines. Shipments of most other classes of freight decreased less than is usual at this season.

Commodity Prices—Following the entry of the United States into the war, prices of grains, livestock, and foods rose sharply. Prices of most industrial materials traded in the organized markets, being limited by Federal regulation, showed little change. Additional measures to prevent advances in wholesale prices were soon announced for wool and shellac and for such imported foods as cocoa, coffee, pepper, and fats and oils.

Retail food prices, as compared by the Bureau of Labor Statistics' index, increased 1½ per cent further from the middle of October to the middle of November to a level 18 per cent above a year ago. Indications are that retail prices of both foods and other commodities continued to rise in December.

Bank Credit—Total loans and investments at banks in leading cities continued to advance during November and the first two weeks of December, owing mostly to increased holdings of Government securities at banks outside New York City. Commercial loans, after showing little net change in November, again increased sharply in the first two weeks of December.

Excess reserves increased through most of the period as a result of Treasury expenditures from Reserve Bank balances, but declined sharply on December 15 when these balances were replenished in connection with the issue of 1.6 billion dollars of new Government securities. Money in circulation has continued to show a marked increase.