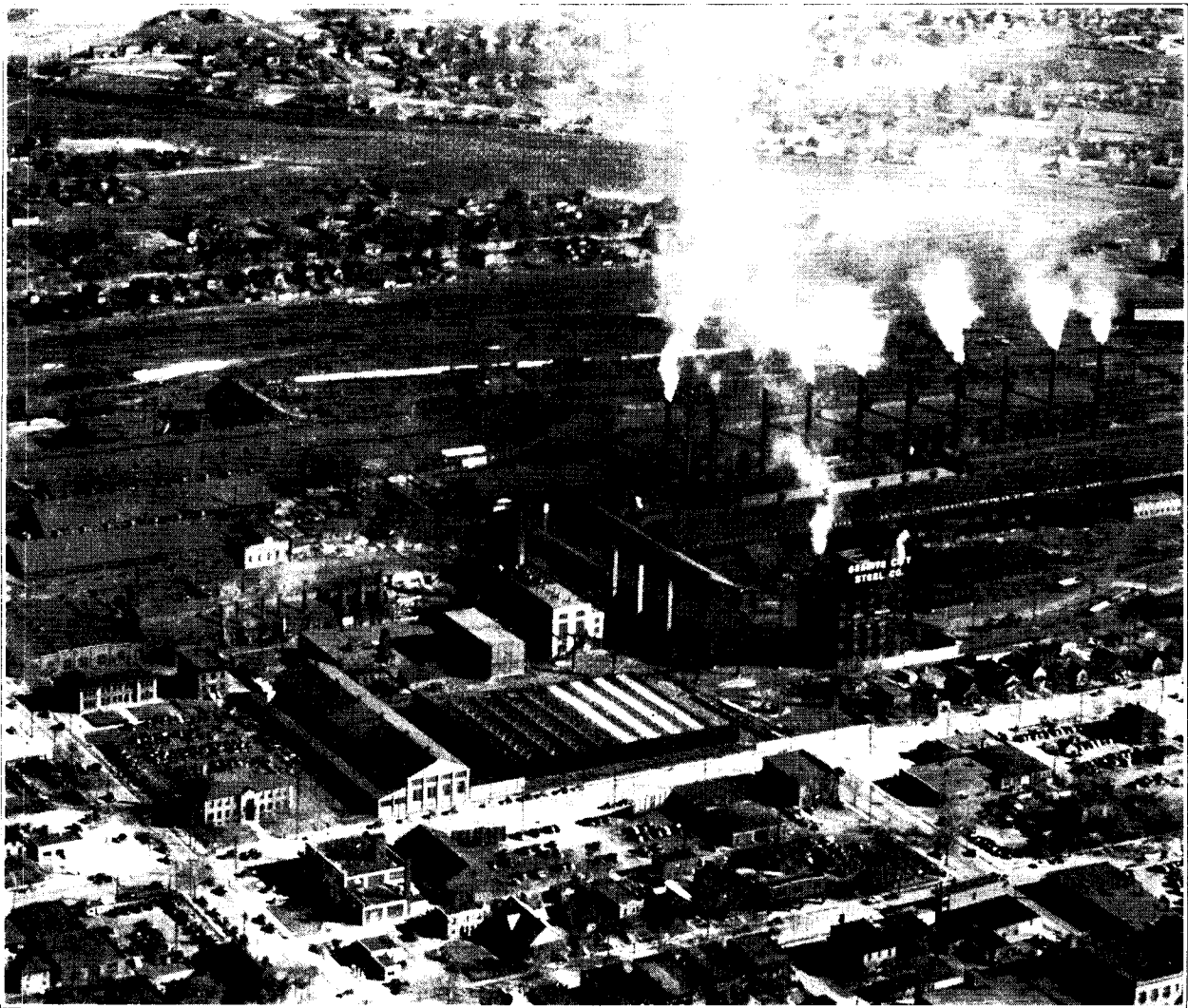




# BUSINESS CONDITIONS

*Monthly Review of Agriculture, Industry, Trade and Finance*  
*Released for Publication in Afternoon Papers of January 30, 1942*

FEDERAL RESERVE BANK OF ST. LOUIS



COURTESY GRANITE CITY STEEL CO.

*Eighth District Steel Plant*

## SUMMARY OF EIGHTH DISTRICT

INDUSTRY and trade in the Eighth District held at very high levels during December and early January. The gain in volume of trade in December was more than seasonal. In past years industrial activity has dropped somewhat in the holiday period, but this year it was maintained at close to capacity in most lines. Such declines as were evidenced were due primarily to shortages of materials.

Production for war needs is being intensified. The shift to an all-out war effort is underway. This effort is already pressing hard upon manufacture for civilian needs and will press harder in the future. December arms expenditure was at an annual rate of \$24 billion. This rate will have to be stepped up tremendously to achieve the goal of \$56 billion during the fiscal year 1943. This means that most durable goods producers must either shift to production of armaments or essential producers goods. Production of additional durable goods will be restricted to that necessary for replacement and repair of machinery used in manufacturing civilian goods essential to our war effort. Industries engaged in manufacture for direct non-essential civilian needs will thus be forced to shift over to war production where possible or get along without replacement machinery and possibly without full labor forces.

Employment should increase in coming months. While individual civilian businesses may be badly hurt in the transition period now taking place, workers in such lines are likely to be trained and absorbed quickly by war industries. Construction labor which was to have supplied a pool of workers when the construction program declined are now busily engaged in a new program that may well exceed that of 1941. The expansion of the armed services will also absorb a large portion of the available labor pool.

Reflecting chiefly increased war effort the rate of industrial production in the United States rose to a new peak in December. The index of the Board of Governors of the Federal Reserve System, adjusted for seasonal variation, climbed to 168 per cent of the 1935-1939 average, as compared with 166 in November and 163 in October. The December index was 21 per cent above the level of a year ago. Several months ago it was thought that industrial production had reached a plateau from which further rises would be small and difficult to attain, but as more and more facilities come into being the rate continues to advance.

Output of bituminous coal at mines in this area

in December increased 4 per cent over November and was 8 per cent over December, 1940. Production during 1941 was 8 per cent greater than the previous year. Steel ingot production at mills in the district was curtailed in December due to repairs and scrap shortages. Further decline may be evidenced in the future as scrap supplies dwindle. December consumption of electricity by industrial users was 2 per cent above November and 15 per cent more than a year ago. Total industrial consumption during 1941 was 24 per cent greater than in 1940. Dollar value of building permits granted in December was 42 per cent less than in November and 52 per cent less than in December, 1940. For 1941 the value exceeded that of 1940 by 38 per cent.

Sales of ordinary life insurance in Eighth District states in December were 49 per cent and 37 per cent greater, respectively, than a month and a year ago. Revenue freight carloadings of railroads operating in the Eighth District during the four weeks ending December 27 were 4 per cent less than a month earlier but 14 per cent above the similar period last year. Load interchanges for 25 connecting lines handled by the Terminal Railroad Association of St. Louis during December were slightly less than in November and 27 per cent greater than in December, 1940. Cumulative total of interchanges for 1941 exceeded those of 1940 by 28 per cent. Estimated tonnage moved by the Federal Barge Lines on the Mississippi River between St. Louis and New Orleans in December was 50 per cent less than in November and 3 per cent above a year ago. Cumulative tonnage for 1941 exceeded that of 1940 by 29 per cent.

Retail trade showed sizable gains over a month and a year ago. Wholesaling was slightly below November but well above last year. December sales of department stores in the principal cities of the District were 51 per cent more than in November and 20 per cent greater than a year earlier. Total sales for 1941 were 21 per cent above those for 1940. Sales in December of all wholesaling and jobbing firms whose statistics are available to this bank were 2 per cent below the preceding month and 34 per cent greater than a year ago.

Debits to individual accounts in December were 18 per cent above November and 31 per cent above a year ago. Gross deposits rose to a new peak as investments increased and loans declined slightly. The cost of living for the Eighth District as measured by the indexes for St. Louis and Memphis continued to rise but at a lower rate than was evident in previous months.

## DETAILED SURVEY OF DISTRICT

### IRON AND STEEL

Steel output in this area during late December and early January was at a lower level than in preceding months, due primarily to curtailment of scrap supplies. This is in sharp contrast to national output which was close to a record. After operating at close to capacity for most of 1941, furnaces in this district were forced to cut production sharply in the last week of December. As of mid-January the rate of operations in the St. Louis district was at 78.3 per cent of capacity. This represents a decline of about nine points from a year ago.

The scrap situation has grown even tighter. Recent cold weather made collection very difficult and consequently mill inventories have declined sharply. Warmer temperatures are expected to aid in the gathering of scrap. Also, trade sources expect the St. Louis area to be placed in a better position by recent changes announced by the Office of Price Administration with regard to steel scrap price schedules. Allocation plans have helped maintain operations at the present levels, but unless more actual scrap is delivered here, allocation as such will not relieve the situation. Allocation of pig iron seems to be working out satisfactorily.

The impact of war has intensified demand for all steel products. It was believed that cancellation of sheet orders brought about by stoppage of automobile production would ease the sheet situation, but much sheet capacity is now being used for rolling plates for which demand has increased. In view of the greatly expanded war program laid down by the President further curtailment of civilian consumption of steel products appears in prospect.

For the entire country pig iron production in December broke all previous daily, monthly, and annual records. According to the magazine "Steel" December output was 5,014,995 tons compared with November production of 4,707,194 tons, and December, 1940 production of 4,542,864 tons. Average daily output in December was 161,774 tons. Total 1941 production was 55,918,086 tons compared with 46,894,676 tons in 1940, and 35,310,042 tons in 1939.

Steel ingot production in the United States in December was within 1 per cent of the best on record. December output was 7,163,999 tons compared with 6,969,987 tons in November and 6,495,357 tons a year ago. Production in 1941 totalled 82,927,557 tons, about 25 per cent above 1940 output of 66,981,662 tons.

### WHISKEY

Of the 58 distilleries in Kentucky, 51 were in operation on December 31 comparing with 46 on

November 30. Production continues at capacity levels in most cases. On January 8 the Office of Production Management ordered 60 per cent of the distilleries in the nation to begin the manufacture of industrial alcohol on January 15. This order is intended to require the use of grain instead of molasses in the production of alcohol used in the manufacture of smokeless powder. It is expected that Kentucky distilleries will be materially affected by this, and an annual decrease of Kentucky State revenue of about \$1,250,000 is estimated because of decreased whiskey production.

On August 31, 1941, bourbon whiskey of various periods of production remaining in bonded warehouses in Kentucky amounted to 4,405,473 barrels, an all-time high record. This inventory exceeds that of April 30, 1941 by 44,058 barrels. Storage of 1941 production amounts to 1,237,720 barrels, an amount exceeded only during the record year 1937 when 1,592,000 barrels were produced. Withdrawals of 1937 production in 1941 were 503,491 barrels.

### AGRICULTURE

**Farming Conditions**—During December, mild weather prevailed in most parts of the Eighth District and was generally beneficial to crops and livestock. It also permitted completion of some late harvesting and fall farm routine which had been somewhat delayed by heavy fall rains. In southern Arkansas it was estimated that about 50 per cent of ground for the 1942 cotton crop in that area was broken by late December. The severe cold weather which spread over many sections in early January caused some local damage, particularly to fruit orchards, but it is too early as yet to assess the results for the district as a whole.

On January 15 the U. S. Department of Agriculture announced new 1942 production goals for hogs, corn for feed, oil-bearing crops, rice, eggs, dry beans, and vegetables for canning. Rigid crop controls will be retained on cotton and wheat, and but a small increase will be allowed for tobacco, since large stocks of these crops already exist. These new production schedules will put a further burden upon farmers and farm family workers inasmuch as large numbers of potential farm laborers have been absorbed by the armed services or by non-agricultural employment. In addition new farm machinery programs call for production at about 80 per cent of 1940 production, so that farm mechanization cannot be greatly increased during coming months.

Total farm value of principal crops in Eighth District states showed gains in 1941 over 1940 ranging from about 29 per cent in the case of Missouri to

about 81 per cent in the case of Mississippi. Most of this increase was due to higher prices since acreage increases were very small. The pronounced rise in the price of cotton and cottonseed accounted for the very large increases in farm value of crops in the cotton producing states of the District.

As of December 15 the United States index of prices received by farmers stood at 143 per cent of the August, 1909-July, 1913 average, up 6 per cent from the November index of 135, and 42 per cent above the December, 1940 index, which was 101. Prices received by farmers in Eighth District states were appreciably higher than a month ago. The most pronounced rise in the past year occurred in Arkansas where the index was 67 per cent above December, 1940.

**Cotton**—The 1941 Eighth District cotton crop was larger than that of 1940 and considerably larger than the average crop for the past eighteen years. The price of cotton is almost twice as high as at the beginning of the war. Most of the rise has come in the past year. In the St. Louis market 15/16 middling ranged between 17.55c per pound and 18.90c per pound between December 16, 1941 and January 15, 1942, closing on the latter date at 18.90c per pound. A year ago the range was from 9.55c to 10.00c, with the close at 9.90c. While the total current domestic supply of cotton is about double prospective domestic consumption plus exports, a substantial portion of the stocks is Government-owned. The amount of free cotton is about 150 per cent of prospective consumption plus exports, as compared to about 125 per cent in the 1916-1917 period. Despite this fact the price rise has been relatively larger during the past two years than during the corresponding period in the first World War.

United States cotton consumption may increase during coming months due to war demands, substitution of cotton for certain import fibers, and increased civilian demand. The extent of further expansion in mill output, however, is dependent largely upon the ability to obtain new and replacement equipment, and upon the available supply of mill labor. In recent weeks domestic mill activity has increased to an unusually high level with many additional mills going into a seven-day week.

Spot cotton market activity in the mid-south is increasing, with demand strong for most qualities of white grades. Offerings of such grades are a little more free but are still not sufficient for the demand. Offerings of the lower grades are sufficient however. The holding movement of the higher grade cotton in this area seems to be continuing with very little of the crop from Eighth District states going into

Government loan. As of January 2 about 6 per cent of Eighth District cotton was in Government loan as compared with almost 17 per cent for the country as a whole.

Domestic state allotments of cotton acreage are about the same as last year. For the cotton producing areas of Eighth District states the preliminary allotment is 99.8 per cent of 1941 preliminary allotment.

**Livestock**—The production and market supply of hogs in 1942 will be materially greater than that of any previous year. The 1941 pig crop for the United States is 18 per cent larger than the fall crop of 1940 and is the largest of record. The indicated number of sows to farrow in the spring season of 1942 is 28 per cent above the number farrowed in the spring of 1941 and is also the largest on record. For states in the Eighth District the fall pig crop is 14 per cent over that of 1940 and 39 per cent over the ten-year (1930-1939) average. The combined spring and fall crops of Eighth District states for 1941 is 6 per cent above 1940 production and 27 per cent above the ten-year average.

There were 3 per cent less cattle on feed in Corn Belt states on January 1, 1942 than a year ago, according to the U. S. Department of Agriculture. Present indications are that the net increase in numbers of livestock in 1942 will be even greater than the increase of about 6 per cent shown in 1941. Present stocks of feed grains on farms appear to be from 5 to 8 million tons larger than for the past three years. Feeding ratios continue to favor utilization of corn and other feed grains. Recent cold weather has brought about heavier feeding requirements.

**Tobacco**—When the burley markets closed for the holidays on December 19 a total of 207,000,000 pounds had been sold at an average price of \$29.26 per cwt. Auction sales reopened January 5 with sales for the week at all burley markets amounting to 67,293,676 pounds at an average price of \$30.81 per cwt. Through January 9 the season average price at Kentucky markets has been \$29.57, at Tennessee markets, \$31.20, and at all others, \$27.45. The highest average price of the season to date at Kentucky markets was registered on January 12 at \$31.27. Subsequently, prices have tapered off with State-wide average on January 20 at \$26.86 per cwt., \$4.41 below the season's high.

Despite the heavy snow and cold weather during the early part of January, large quantities of burley were sold with demand strong for all grades. By January 10 it was estimated that 70 per cent of the crop had been sold with very little delivered to the

Burley Growers Co-operative Association. To date Kentucky burley growers have received nearly \$57,000,000 for tobacco sold, with estimates for final total income ranging from \$70,000,000 to \$75,000,000. For the entire 1940 crop, growers received but \$46,698,784.

Green River and stemming district markets reopened on January 5 with a heavy volume of offerings. Prices weakened somewhat at opening but have strengthened recently. Through January 13 total sales for the season were 8,375,266 pounds at an average price of \$11.92 per cwt. This represents a rise of about 4c per cwt. from the pre-holiday season average. Approximately ten per cent of total marketings of the crop have been taken by the Farmers Co-operative Association.

Dark-fired markets opened in the eastern and western districts between January 5 and 7. Sales were light because of cold and snow which made it difficult to strip and deliver tobacco. Prices were considerably above last season's opening week, being from \$2.00 to \$5.00 per cwt. higher on heavy leaf grades. Domestic snuff dealers are buying strongly with trade reports indicating an increased demand for tobacco for the manufacture of snuff and chewing tobacco. Increased use of these products is reported in defense plants and the army where smoking is restricted at certain times.

Reopening of one-sucker markets on January 2 brought a price rise of from 25c to \$2.00 per cwt. Through January 7 total sales for the season were 8,749,394 pounds at an average price of \$11.50.

**Winter Wheat** — Acreage seeded to winter wheat in Eighth District states according to the U. S. Department of Agriculture totals 4,869,000, which is 19 per cent less than the 6,040,000 acres seeded in 1940, and 29 per cent less than the ten-year (1930-1939) average of 6,878,000 acres. Unfavorable autumn weather and heavy rainfall curtailed planting in certain areas. December 1 condition varied from 66 per cent in Missouri to 90 per cent in Kentucky. Condition in Illinois and Missouri was below that of the same date in 1940, in Indiana and Tennessee it was the same, while Kentucky and Arkansas showed improvement from a year ago. Indicated 1942 production is 68,342,000 bushels, or 32 per cent less than 1941 production of 100,736,000 bushels, and 36 per cent less than the ten-year (1931-1940) average of 106,516,300 bushels.

Warm weather in late December brought some growth to winter wheat, but low January temperatures may have damaged some of the crop, especially in Missouri and central Illinois where there was little snow to give adequate protection to fields.

Stocks of wheat on farms in Eighth District states on January 1 were 23,362,000 bushels as compared with 24,328,000 a year earlier and the 1931-1940 average of 23,790,000. For the United States wheat stocks were considerably in excess of both a year ago and the ten-year average.

### **COST OF LIVING AND PRICES**

For the larger cities in the United States, the cost of living rose 0.3 per cent between November 15 and December 15 and 9.8 per cent since the beginning of the war in 1939. The rate of increase again declined during the past month. Living costs in St. Louis rose 0.7 per cent in the past month and 10.2 per cent since September, 1939. In Memphis the rise was 10.7 per cent since the outbreak of war.

A primary factor in lowering the rate of increase in cost of living this past month has been the very small change in the cost of food. Food expenditures account roughly for one-third of total expenditures for living. For the United States the average of all food costs was unchanged from November 18 to December 16. Seasonal declines for pork, eggs, and oranges, and lower butter prices offset moderate increases in other food prices. Eighth District cities, however, did not follow the average. Food prices in Louisville declined 0.4 per cent. Those in St. Louis advanced 0.4 per cent; in Memphis, 0.7 per cent; and in Little Rock, 1.0 per cent.

Wholesale prices of commodities have moved up rapidly in recent weeks, with farm product prices leading the advance. For the week ending January 10, the index for all commodities stood at 95 per cent of the 1926 base, the highest point in 12 years, representing a rise of 2.0 per cent in the past month, and 18.5 per cent in the past year.

### **EMPLOYMENT**

Total civil non-agricultural employment in November was 40,693,000, a decrease of 83,000 from the October level, but an increase of 3,165,000 from a year ago. A drop of 70,000 in manufacturing employment accounted for much of the month's net decline, although this decrease was less than seasonal. Mining, transportation and public utilities, and finance and service employment were less than October totals while trade and construction employment showed gains. The rise in construction employment was due entirely to Federal building as a seasonal decrease occurred in non-Federal construction.

Non-agricultural employment in Eighth District states in November was 5,753,000 as compared with 5,764,000 in October and 5,119,000 a year earlier. Only Missouri and Arkansas in this district showed gains from October of 1.0 per cent and 3.5

per cent, respectively. The greatest decline was registered by Mississippi with 1.8 per cent. Kentucky showed no change from a month ago. In the past year all Eighth District states have shown large increases in employment with Missouri exhibiting the greatest, 17.9 per cent, and Mississippi the smallest, 7.2 per cent.

### BANKING AND FINANCE

A somewhat smaller demand for credit seems to have prevailed in the Eighth District during the past month. The impetus to credit demand given by the extended program of forward buying in earlier months has apparently slowed down. Conditions brought about by the war have tended to freeze certain lines of credit, notably with respect to borrowers dealing in automobiles and metal products. Also, until manufacturing plants engaged in civilian production are able to shift over to war production, at least in part, there may be a lessened demand from such sources due to inability to obtain raw materials and machinery. However, banks located in some agricultural communities and certain areas where war production or construction of new plants is going on report that credit demand is still rising. The enlarged farm program coupled with higher farm prices may increase demand for agricultural credit.

**Member Banks**—Total loans and investments of reporting member banks in the principal cities of the district on January 14, 1942 were virtually unchanged from December 17, 1941, but were 23 per cent above a year ago. Investments rose 2 per cent in the month, reflecting chiefly increased purchases of Treasury notes and bills. Loans declined 2 per cent during the period. Both loans and investments were 23 per cent over the corresponding date a year ago. Gross deposits reached another new peak on January 14, standing at \$1,449,511,000, up 18 per cent in the year. Total reserve balances increased 12 per cent in the four-week period and were three per cent above the comparable date last year. Aggregate amount of savings deposits on January 7 was 1.1 per cent and 1.5 per cent, respectively, below a month and a year ago.

Since the last issue of this review, the Maries County Bank, Vienna, Mo., and the Montrose Savings Bank, Montrose, Mo., became members of the Federal Reserve System.

### POSTAL RECEIPTS

| Quarter ending:  | Dec. 31, 1941 | Sept. 30, 1941 | Dec. 31, 1940 | Comp. 4th Qtrs. 1941 and 1940 |
|------------------|---------------|----------------|---------------|-------------------------------|
| Evansville.....  | \$226,800     | \$ 195,654     | \$ 215,665    | + 5%                          |
| Little Rock..... | 301,798       | 252,924        | 257,192       | +17                           |
| Louisville.....  | 961,015       | 772,398        | 877,376       | +10                           |
| Memphis.....     | 1,006,659     | 745,576        | 901,182       | +12                           |
| St. Louis.....   | 3,510,343     | 2,775,132      | 3,267,824     | + 7                           |
| Totals.....      | 6,006,615     | 4,741,684      | 5,519,239     | + 9                           |

### FARM INCOME INCLUDING GOVERNMENT BENEFIT PAYMENTS

| (In thousands of dollars) | November |          | Cumulative for 11 months |           |           |
|---------------------------|----------|----------|--------------------------|-----------|-----------|
|                           | 1941     | 1940     | 1941                     | 1940      | 1939      |
| Arkansas.....             | \$45,021 | \$23,148 | \$229,116                | \$132,956 | \$147,752 |
| Illinois.....             | 72,551   | 50,230   | 641,701                  | 514,380   | 475,802   |
| Indiana.....              | 39,864   | 29,561   | 348,564                  | 277,729   | 254,574   |
| Kentucky.....             | 13,677   | 9,922    | 151,882                  | 129,017   | 122,003   |
| Mississippi.....          | 34,520   | 31,466   | 201,350                  | 152,704   | 135,845   |
| Missouri.....             | 43,680   | 32,177   | 362,873                  | 274,496   | 251,252   |
| Tennessee.....            | 26,522   | 18,121   | 171,408                  | 122,937   | 116,862   |
| Totals.....               | 275,835  | 194,625  | 2,106,994                | 1,604,219 | 1,504,090 |

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

|                        | Receipts   |            |            | Shipments  |            |            |
|------------------------|------------|------------|------------|------------|------------|------------|
|                        | Dec., 1941 | Nov., 1941 | Dec., 1940 | Dec., 1941 | Nov., 1941 | Dec., 1940 |
| Cattle and Calves..... | 105,076    | 118,950    | 99,484     | 39,852     | 45,721     | 32,689     |
| Hogs.....              | 297,985    | 224,570    | 337,069    | 80,456     | 42,146     | 87,646     |
| Horses and Mules....   | 2,014      | 2,292      | 1,210      | 1,970      | 2,252      | 1,182      |
| Sheep.....             | 44,493     | 52,144     | 37,188     | 4,568      | 6,039      | 4,519      |
| Totals.....            | 449,568    | 397,956    | 474,951    | 126,846    | 96,158     | 126,036    |

### WHOLESALE PRICES IN THE UNITED STATES

| Bureau of Labor Statistics (1926=100) | Jan. 10,'42 | Jan. 3,'42 | Dec. 13,'41 | Jan. 11,'41 | Jan. 10,'42 comp. with Dec. 13,'41 | Jan. 11,'41 |
|---------------------------------------|-------------|------------|-------------|-------------|------------------------------------|-------------|
| All Commodities...                    | 95.0        | 94.3       | 93.1        | 80.2        | + 2.0%                             | +18.5%      |
| Farm Products...                      | 98.8        | 96.9       | 92.8        | 71.0        | + 6.5                              | +39.2       |
| Foods.....                            | 92.5        | 91.9       | 90.4        | 73.0        | + 2.3                              | +26.7       |
| Other.....                            | 94.3        | 94.1       | 93.8        | 84.4        | + 0.5                              | +11.7       |

### COST OF LIVING

| Bureau of Labor Statistics (1935-39=100) | Dec. 15, 1941 | Nov. 15, 1941 | Sept. 15, 1939 | Dec. 15,'41 comp. with Nov. 15,'41 | Sept. 15,'39 |
|--|---------------|---------------|----------------|------------------------------------|--------------|
| United States.....                       | 110.5         | 110.2         | 100.6          | + 0.3%                             | + 9.8%       |
| St. Louis.....                           | 110.6         | 109.8         | 100.4          | + 0.7                              | +10.2        |
| Memphis.....                             | 111.1         |               | 100.4          | .....                              | +10.7        |

\*Monthly statistics not available.

### COST OF FOOD

| Bureau of Labor Statistics (1935-39=100) | Dec. 16, 1941 | Nov. 18, 1941 | Dec. 17, 1940 | Dec. 16,'41 comp. with Nov. 18,'41 | Dec. 17,'40 |
|--|---------------|---------------|---------------|------------------------------------|-------------|
| U. S. (51 cities)...                     | 113.1         | 113.1         | 97.3          | - 0.0 %                            | +16.2%      |
| St. Louis.....                           | 117.5         | 117.0         | 99.3          | + 0.4                              | +18.3       |
| Little Rock.....                         | 115.5         | 114.4         | 96.0          | + 1.0                              | +20.3       |
| Louisville.....                          | 113.7         | 114.1         | 95.9          | - 0.4                              | +18.6       |
| Memphis.....                             | 113.1         | 112.3         | 95.6          | + 0.7                              | +18.3       |

### INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

| Bureau of Labor Statistics (1937=100) | Oct., 1941 | Sept., 1941 | Oct., 1940 | Oct., '41 comp. with Sept., '41 | Oct., '40 |
|---------------------------------------|------------|-------------|------------|---------------------------------|-----------|
| Evansville.....                       | 90.9       | 92.0        | 77.3       | - 1.2%                          | +17.6%    |
| Louisville.....                       | 119.2      | 116.6*      | 106.0      | + 2.2                           | +12.5     |
| Memphis.....                          | 118.0      | 106.6*      | 104.9      | +10.7                           | +12.5     |
| St. Louis.....                        | 121.8      | 120.8       | 100.8      | + 0.8                           | +20.8     |

\*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.....     | 27               | 11          | \$ 104    | \$ 47     | 67            | 54          | \$ 60     | \$ 20     |
| Little Rock.....    | 54               | 24          | 109       | 106       | 87            | 60          | 35        | 21        |
| Louisville.....     | 109              | 49          | 206       | 126       | 26            | 28          | 42        | 58        |
| Memphis.....        | 364              | 366         | 586       | 1,870     | 163           | 136         | 102       | 109       |
| St. Louis.....      | 149              | 177         | 293       | 629       | 148           | 92          | 133       | 257       |
| Dec. Totals...      | 703              | 627         | 1,298     | 2,778     | 491           | 370         | 372       | 465       |
| Nov. ".....         | 787              | 823         | 2,249     | 2,005     | 528           | 474         | 281       | 555       |
| Year ".....         | 12,493           | 10,465      | 36,253    | 26,254    | 8,326         | 6,974       | 7,625     | 6,565     |

### VALUE CONSTRUCTION CONTRACTS LET

| (In thousands of dollars) | Dec., '41 | Nov., '41 | Dec., '40 | Dec., '41 comp. with Nov., '41 | Dec., '40 |
|---------------------------|-----------|-----------|-----------|--------------------------------|-----------|
| Total 8th Dist....        | \$35,271  | \$23,394* | \$30,952  | +53%                           | + 14%     |

Source: F. W. Dodge Corporation.

\*Revised.

### CONSUMPTION OF ELECTRICITY

| (K.W.H. in thous.) | No. of Custom-ers* | Dec., 1941 | Nov., 1941 | Dec., 1940 | December, 1941 compared with Nov., 1941 | Dec., 1940 |
|--------------------|--------------------|------------|------------|------------|---|------------|
| Evansville.....    | 40                 | 4,336      | 4,127      | 4,851      | + 5%                                    | - 11%      |
| Little Rock.....   | 35                 | 2,426      | 2,637      | 2,309      | - 8                                     | + 5        |
| Louisville.....    | 82                 | 15,112     | 13,605     | 11,572     | +11                                     | + 31       |
| Memphis.....       | 31                 | 4,497      | 4,522      | 3,306      | - 1                                     | + 36       |
| Pine Bluff.....    | 20                 | 1,355      | 1,487      | 927        | - 9                                     | + 46       |
| St. Louis.....     | 125                | 54,348     | 53,779     | 48,305     | + 1                                     | + 13       |
| Totals.....        | 333                | 82,074     | 80,157     | 71,270     | + 2                                     | + 15       |

\*Selected industrial customers.

### PRODUCTION OF BITUMINOUS COAL

| (In thousands of tons) | Dec., '41 | Nov., '41 | Dec., '40 | Dec., '41 comp. with Nov., '41 | Dec., '40 |
|------------------------|-----------|-----------|-----------|--------------------------------|-----------|
| United States.....     | 46,667    | 42,865    | 41,400    | + 9%                           | +13%      |
| Illinois.....          | 5,006     | 4,366     | 4,942     | +15                            | + 1       |

# LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

| First nine days |           |           |           |           |              |              |
|-----------------|-----------|-----------|-----------|-----------|--------------|--------------|
| Dec., '41       | Nov., '41 | Dec., '40 | Jan., '42 | Jan., '41 | 12 mos., '41 | 12 mos., '40 |
| 110,959         | 111,100   | 87,281    | 29,379    | 25,187    | 1,269,640    | 989,987      |

Source: Terminal Railroad Association of St. Louis.

## WHOLESALE

| Lines of Commodities                   | Net Sales                                    |           | Stocks                                       |  |
|--|--|-----------|--|--|
|  | December, 1941<br>compared with<br>Nov., '41 | Dec., '40 | Dec. 31, 1941<br>comp. with<br>Dec. 31, 1940 |  |
| Automotive Supplies.....               | - 3%   | + 92%     | ....%  |  |
| Boots and Shoes.....                   | -10  | + 4       | ....   |  |
| Drugs and Chemicals.....               | - 0  | + 15      | ....   |  |
| Dry Goods.....                         | -25  | + 34      | ....   |  |
| Electrical Supplies.....               | +24  | + 64      | +34  |  |
| Furniture.....                         | - 7  | + 22      | +46  |  |
| Groceries.....                         | +15  | + 50      | +30  |  |
| Hardware.....                          | + 7  | + 34      | +24  |  |
| Machinery, Equipment and Supplies..... | + 2  | +120      | +47  |  |
| Plumbing Supplies.....                 | + 1  | + 42      | ....   |  |
| Tobacco and its Products.....          | + 9  | + 33      | ....   |  |
| Miscellaneous.....                     | +15  | + 43      | +34  |  |
| Total all lines.....                   | - 2  | + 34      | +32  |  |

## DEPARTMENT STORES

|                       | Net Sales                                    |           | Stocks on Hand                        |  | Stock Turnover                 |                  |
|-----------------------|--|-----------|---------------------------------------|--|--------------------------------|------------------|
|                       | December, 1941<br>compared with<br>Nov., '41 | Dec., '40 | 12 mos., '41<br>to same<br>period '40 | Dec. 31, '41<br>comp. with<br>Dec. 31, '40 | Jan. 1, to<br>Dec. 31,<br>1941 | Dec. 31,<br>1940 |
| Ft. Smith, Ark....    | +59%   | +36%      | +20%                                  | + 28%                                      | 3.60                           | 3.25             |
| Little Rock, Ark....  | +41  | +18       | +24                                   | + 37                                       | 4.17                           | 3.92             |
| Pine Bluff, Ark....   | +61  | +23       | +29                                   | + 2  | 3.32                           | 2.83             |
| E. St. Louis, Ill.... | +53  | +33       | +24                                   | ....                                       | 4.26                           | 4.24             |
| Quincy, Ill....       | +57  | +19       | +14                                   | + 23                                       | ....                           | ....             |
| Evansville, Ind....   | +48  | +16       | +14                                   | ....                                       | 5.23                           | 4.87             |
| Louisville, Ky....    | +51  | +15       | +31                                   | + 28                                       | 4.47                           | 4.65             |
| St. Louis, Mo....     | +52  | +20       | +17                                   | + 32                                       | 3.12                           | 3.71             |
| Springfield, Mo....   | +53  | +26       | +33                                   | + 49                                       | ....                           | ....             |
| Jackson, Tenn....     | +40  | +43       | +46                                   | ....                                       | 3.73                           | 3.75             |
| Memphis, Tenn....     | +56  | +23       | +21                                   | + 28                                       | 3.38                           | 3.29             |
| *All other cities.... | +42  | +22       | +18                                   | + 23                                       | 4.35                           | 4.40             |
| 8th F. R. District    | +51  | +20       | +21                                   | + 31                                       | ....                           | ....             |

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

Trading days: Dec., 1941—26; Nov., 1941—24; Dec., 1940—25.

Outstanding orders of reporting stores at the end of December, 1941, were 63 per cent greater than on the corresponding date a year ago.

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

|                  | Installment Accounts |     | Excl. Instal. Accounts |     | Installment Accounts |                | Excl. Instal. Accounts |     |
|------------------|----------------------|-----|------------------------|-----|----------------------|----------------|------------------------|-----|
|                  | Fort Smith...%       | 44% | Quincy.....            | 20% | 55%                  | St. Louis...%  | 20%                    | 60% |
| Fort Smith...%   | 44%                  |     | St. Louis...%          | 20% | 60%                  | Louisville...% | 18%                    | 48% |
| Little Rock...%  | 38%                  |     | Other cities...%       | 14% | 48%                  | Memphis....%   | 30%                    | 53% |
| Pine Bluff...%   | 49%                  |     | 8th F. R. Dist. %      | 20% | 53%                  |                |                        |     |
| E. St. Louis...% | 47%                  |     |                        |     |                      |                |                        |     |

## INDEXES OF DEPARTMENT STORE SALES AND STOCKS

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

|   | Dec., 1941 | Nov., 1941 | Oct., 1941 | Dec., 1940 |
|---|------------|------------|------------|------------|
| Sales (daily average), Unadjusted.....          | 190        | 133        | 119        | 167        |
| Sales (daily average), Seasonally adjusted..... | 115        | 114        | 106        | 101        |
| Stocks, Unadjusted.....                         | 86         | 108        | 105        | 64         |
| Stocks, Seasonally adjusted.....                | 92         | 96         | 94         | 69         |

Trading days: Dec., 1941—26; Nov., 1941—24; Dec., 1940—25.

## SPECIALTY STORES

|                        | Net Sales                                    |           | Stocks on Hand                        |  | Stock Turnover                 |                  |
|------------------------|--|-----------|---------------------------------------|--|--------------------------------|------------------|
|                        | December, 1941<br>compared with<br>Nov., '41 | Dec., '40 | 12 mos., '41<br>to same<br>period '40 | Dec. 31, '41<br>comp. with<br>Dec. 31, '40 | Jan. 1, to<br>Dec. 31,<br>1941 | Dec. 31,<br>1940 |
| Men's Furnishings..... | +33%   | +25%      | +28%                                  | + 30%                                      | 3.14                           | 2.81             |
| Boots and Shoes.....   | +42  | +28       | +21                                   | + 49                                       | 8.46                           | 7.86             |

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

Men's Furnishings.....35% Boots and Shoes.....35%

## CHANGES IN PRINCIPAL ASSETS AND LIABILITIES

### FEDERAL RESERVE BANK OF ST. LOUIS

| (In thousands of dollars)               | Change from   |               |               |
|---|---------------|---------------|---------------|
|   | Jan. 14, 1942 | Dec. 17, 1941 | Jan. 15, 1941 |
| Industrial advances under Sec. 13b..... | \$ 200        | — 300         | + 200         |
| Other advances and rediscounts.....     | —             | — 55          | + 19          |
| U. S. securities.....                   | 106,485       | — 6,333       | + 3,346       |
| Total earning assets.....               | 106,685       | — 6,688       | + 3,527       |
| Total reserves.....                     | 661,363       | +30,159       | +153,727      |
| Total deposits.....                     | 442,864       | +14,259       | + 57,171      |
| F. R. Notes in circulation.....         | 321,366       | + 6,491       | +101,687      |
| Industrial commitments under Sec. 13b.. | 1,194         | — 8           | + 896         |

## FEDERAL RESERVE OPERATIONS DURING DECEMBER, 1941

| (Incl. Louisville, Memphis, Little Rock branches)   | Pieces     | Amounts         |
|---|------------|-----------------|
| Checks (cash items) handled.....  | 6,312,696  | \$2,048,090,525 |
| Collections (non-cash items) handled.....   | 155,140    | 41,555,675      |
| Transfers of funds.....   | 5,457      | 552,583,568     |
| Currency received and counted.....  | 12,856,074 | 44,827,172      |
| Coin received and counted.....  | 12,268,676 | 1,202,446       |
| Rediscounts, advances and commitments.....  | 19         | 1,019,000       |
| New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc. | 185,794    | 70,622,137      |
| Bills and securities in custody—coupons clipped   | 20,745     | .....           |

## 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)                         | Jan. 14, 1942 | Dec. 17, 1941 | Jan. 15, 1941 |
|---|---------------|---------------|---------------|
| Commercial, industrial, agricultural loans.....   | \$284,888     | — 7,591       | + 64,562      |
| Open market paper.....                            | 23,557        | + 1,458       | + 13,626      |
| Loans to brokers and dealers.....                 | 4,303         | — 866         | + 316         |
| Other loans to purchase and carry securities..... | 10,282        | — 447         | + 2,506       |
| Real estate loans.....                            | 59,338        | — 843         | + 712         |
| Loans to banks.....                               | 756           | + 182         | + 2,049       |
| Other loans.....                                  | 77,209        | + 2,152       | + 9,220       |
| Treasury bills.....                               | 17,363        | + 1,498       | + 3,225       |
| Treasury notes.....                               | 44,529        | + 1,529       | + 8,669       |
| U. S. bonds.....                                  | 231,793       | — 588         | + 70,234      |
| Obligations guaranteed by U. S. Government.....   | 72,239        | + 4,936       | + 8,818       |
| Other securities.....                             | 112,706       | — 747         | + 1,190       |
| Balances with domestic banks.....                 | 210,894       | +10,028       | + 14,222      |
| Demand deposits—adjusted*.....                    | 631,853       | +14,761       | + 89,782      |
| Time deposits.....                                | 187,100       | — 1,561       | + 5,036       |
| U. S. Government deposits.....                    | 30,112        | + 2,302       | + 19,881      |
| Interbank deposits.....                           | 502,877       | +21,996       | + 89,044      |
| Borrowings.....                                   | .....         | .....         | .....         |

\*Other than interbank and Government deposits, less cash items on hand or in process of collection.

Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 75% of the resources of all member banks in this district.

## DEBITS TO INDIVIDUAL ACCOUNTS

| (In thousands of dollars)  | Dec., 1941 | Nov., 1941 | Dec., 1940 | Dec., '41 comp. with Nov., '41 | Dec., '40 comp. with Dec., '40 |
|----------------------------|------------|------------|------------|--------------------------------|--------------------------------|
| El Dorado, Ark....         | \$ 9,076   | \$ 7,449   | \$ 5,807   | + 22%                          | + 56%                          |
| Fort Smith, Ark....        | 22,909     | 18,546     | 16,285     | + 24                           | + 41                           |
| Helena, Ark....            | 3,096      | 2,964      | 2,069      | + 4                            | + 50                           |
| Little Rock, Ark....       | 62,208     | 53,156     | 56,162     | + 17                           | + 11                           |
| Pine Bluff, Ark....        | 15,291     | 12,694     | 10,112     | + 20                           | + 51                           |
| Texarkana, Ark.-Tex.       | 25,362     | 16,858     | 9,951      | + 50                           | +155                           |
| E. St. L.-Nat. S. Y., Ill. | 65,640     | 55,734     | 44,707     | + 18                           | + 47                           |
| Quincy, Ill....            | 12,967     | 11,295     | 9,648      | + 15                           | + 34                           |
| Evansville, Ind....        | 48,786     | 41,343     | 38,943     | + 18                           | + 25                           |
| Louisville, Ky....         | 313,091    | 257,149    | 214,516    | + 22                           | + 46                           |
| Owensboro, Ky....          | 11,221     | 7,641      | 7,354      | + 47                           | + 53                           |
| Greenville, Miss....       | 9,057      | 9,878      | 5,853      | — 8                            | + 55                           |
| St. Louis, Mo....          | 926,502    | 759,406    | 729,650    | + 22                           | + 27                           |
| Sedalia, Mo....            | 3,068      | 2,407      | 2,396      | + 27                           | + 28                           |
| Springfield, Mo....        | 21,737     | 19,450     | 16,651     | + 12                           | + 31                           |
| Memphis, Tenn....          | 267,765    | 254,157    | 207,849    | + 5                            | + 29                           |
| Totals.....                | 1,817,776  | 1,530,127  | 1,377,953  | + 19                           | + 32                           |

## COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

|                  | Dec., '41 | Nov., '41 | Dec., '40 | Dec., '41 comp. with Nov., '41 | Dec., '40 comp. with Dec., '40 |
|------------------|-----------|-----------|-----------|--------------------------------|--------------------------------|
| Number.....      | 25        | 34        | 40        | —26%                           | —37%                           |
| Liabilities..... | \$224,000 | \$426,000 | \$443,000 | —47                            | —49                            |

Source: Dun and Bradstreet.

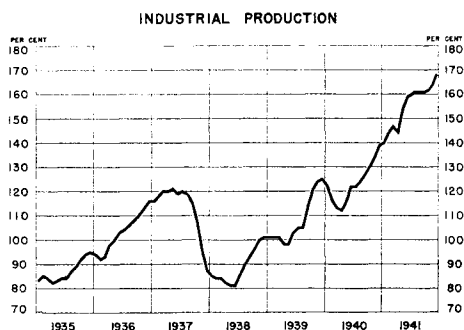
(Completed January 24, 1942)

Page 7

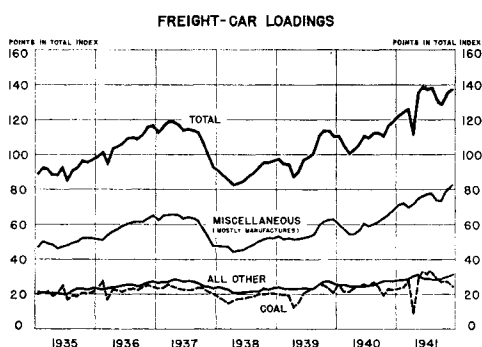


# NATIONAL SUMMARY OF CONDITIONS

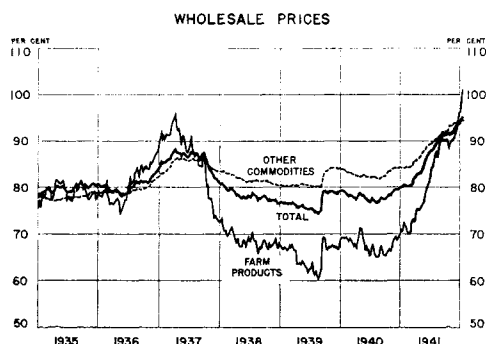
## BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



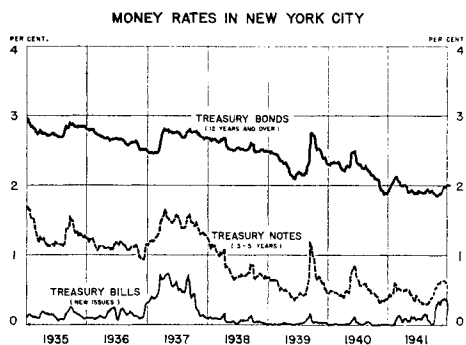
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. By months, January, 1935 to December, 1941. Latest figure 168.



Federal Reserve index of total loadings of revenue freight, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January, 1935 to December, 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 January 17, 1942.



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 January 17, 1942.

Industrial activity declined less than seasonally in December and the first half of January, retail trade continued in large volume, and prices of many commodities rose further.

**Production**—In December total volume of industrial output declined less than is usual at this season and the Board's adjusted index rose further to 168 per cent of the 1935-1939 average. In the armament industries output continued to advance and at machinery plants activity rose sharply, following little change in November. Output of materials, such as iron and steel and nonferrous metals, continued at peak levels and lumber production showed less than the usual seasonal decrease. Automobile production declined sharply in the latter half of December, following announcement of sharp reductions in passenger car quotas, but early in January quotas for that month were increased and output rose considerably. Sales of new automobiles to civilians were halted at the beginning of January pending the establishment of a rationing system.

Textile production declined somewhat in December owing to a reduction in activity at cotton mills from the record level reached in November. Output of wool and rayon textiles was sustained at about capacity. Output of manufactured food products and shoe production showed about the customary seasonal declines. Coal output decreased somewhat in December, while petroleum production and mining of nonferrous metals were maintained at the high November rate.

Value of construction contracts awarded in December declined less than is usual at this time of year, according to figures of the F. W. Dodge Corporation. Awards for public projects showed little change, while those for residential construction declined less than seasonally following a considerable reduction in November.

**Distribution**—Volume of retail trade, which had been large during most of the autumn, increased less than seasonally in December. This reflected to some extent a temporary slackening in sales around the middle of the month following this country's entry into the war. In the first half of January sales at department stores showed less than the customary sharp reduction from the Christmas buying peak and were at a level substantially higher in comparison with a year ago than that prevailing in other recent months.

Freight-car loadings of most products decreased by less than the customary seasonal amount in December. Coal shipments declined considerably in the latter part of the month but then increased sharply in the first half of January. Shipments of miscellaneous freight, which includes most manufactured products, were maintained in large volume for this season of the year.

**Commodity Prices**—Wholesale commodity prices increased sharply when this country entered the war early in December and then showed little change during the latter half of the month. In the first half of January prices again advanced, the principal increases being in agricultural commodities and chemicals.

Federal action to impose maximum prices was accelerated with the outbreak of war and applied on a wider scale to industrial products. Ceilings were extended to products in later stages of production and distribution and in most instances covered consumers' goods. Certain of the actions, like those relating to rubber and wool products, were associated with new Federal production restrictions. In this period also there were advances in a number of price ceilings established earlier.

**Bank Credit**—Total loans and investments of banks in leading cities, which had advanced sharply during the first half of December, have subsequently shown little further change.

Treasury financing in the middle of December and heavy currency withdrawals during the holiday season absorbed close to 700 million dollars of excess reserves during the month. About 500 million of this was recovered in the first half of January, as the result of a decline in Treasury deposits at the Reserve Banks and a return of currency from circulation. Recent changes in excess reserves have been almost entirely at banks outside of New York City.

**United States Government Security Prices**—Prices of Government securities were steady in the first half of January, following a decline in December after the entry of the United States into the war.