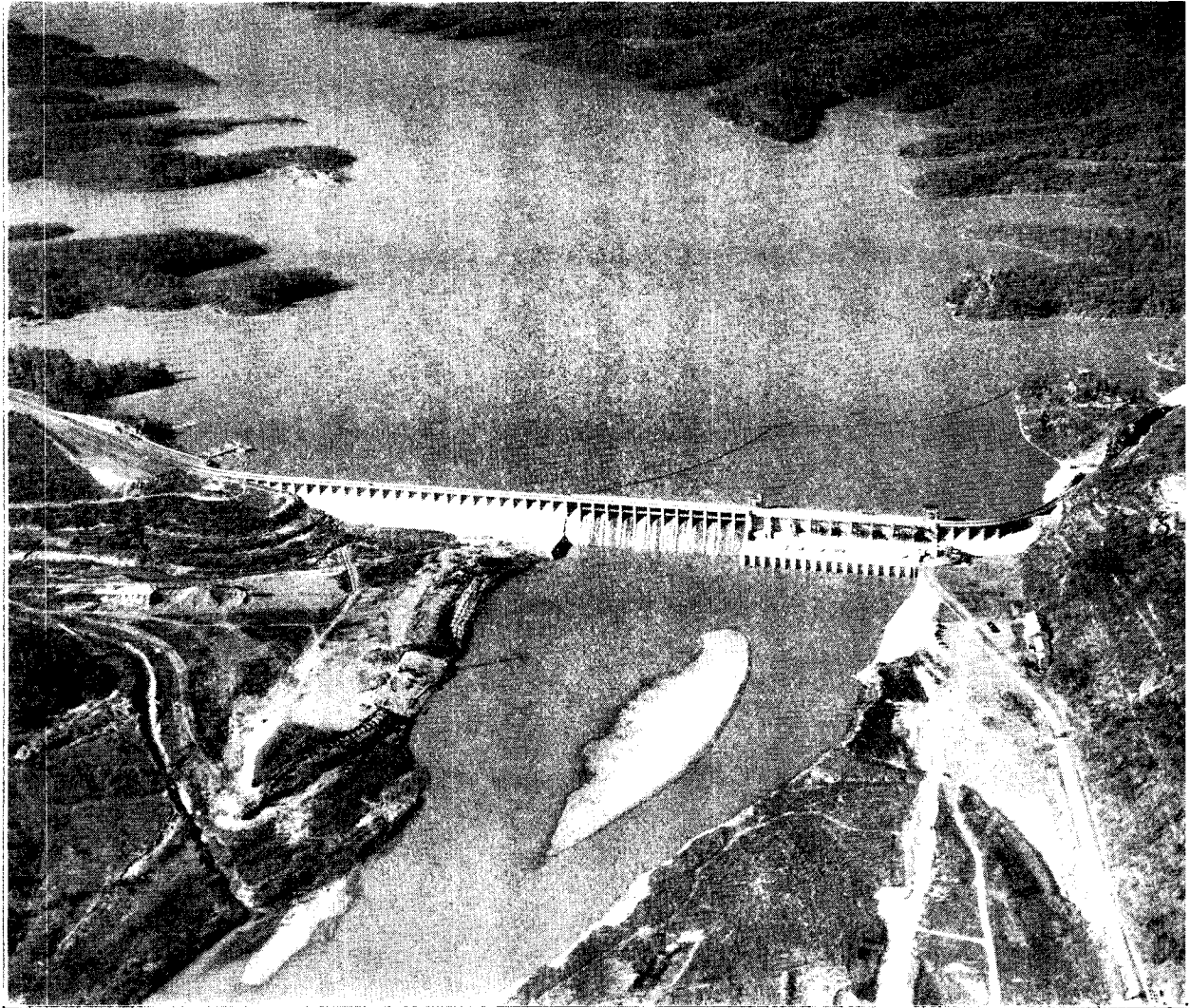




BUSINESS CONDITIONS

*Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication in Morning Papers of February 28, 1942*

FEDERAL RESERVE BANK OF ST. LOUIS



COURTESY UNION ELECTRIC CO. OF MO., MEADE PHOTO

Bagnell Dam, Lake of the Ozarks, Missouri

SUMMARY OF EIGHTH DISTRICT

EIGHTH District manufacturing, primary distribution, and trade maintained a high level of activity during January and early February. New plants moving into production, existing plants shifting to war output, and construction of additional war production facilities are the principal factors tending to raise the level of industrial activity. The expanding war program is encroaching more and more on output of civilian goods, particularly durable consumers goods. Complete stoppage of refrigerator output early this spring may be expected to be followed by sharp curtailment in other durable goods lines for civilian use. The Department of Commerce forecasts for 1942 a 15 per cent increase over 1941 in industrial production if the 1942 war production goals are attained. The entire advance will be concentrated in the war industries with 53 per cent of total output earmarked for war uses.

Indicative of industrial gains the seasonally adjusted index of the Board of Governors of the Federal Reserve System reflecting the physical volume of industrial production rose to another new peak in January, standing at 170 per cent of the 1935-1939 average as compared with 167 in December and 166 in November. The January index was 21 per cent above a year earlier, with durable manufactures recording a 29 per cent gain in the year and non-durables a 16 per cent rise. While the seasonally adjusted index has been rising, actual physical production as measured by the unadjusted index has declined slightly from the high level of 167 reached in September and maintained through November. The unadjusted index for December was 163 and increased to 165 in January. This figure may be expected to increase further as war production rises in coming months.

Primary distribution in the Eighth District in January recorded relatively large gains over December and a year earlier. The increases are attributable primarily to heavy movements of fuel, grains, finished and semi-finished manufactures. Carloadings of all railroads operating in this district for the four weeks ending January 31 were 11 per cent and 16 per cent greater, respectively, than in the corresponding periods a month and a year ago. Loads interchanged by the Terminal Railroad Association for 25 connecting lines at St. Louis were 6 per cent above those in December and 25 per cent above January, 1941. For the first nine days of February interchanges were 31 per cent above those of the comparable period a year ago. Tonnage moved by

the Federal Barge Lines on the Mississippi River between St. Louis and New Orleans during January was 33 per cent less than in December and 24 per cent less than in January, 1941.

Retail distribution of merchandise in January was at extraordinarily high levels. Sales at department stores in the principal cities of the district were down much less than seasonally from December and were 39 per cent greater than in January, 1941. Gains from a year ago ranged from a low of 24 per cent in Little Rock to a high of 57 per cent in Fort Smith. Year to year comparisons for the previous three months have been running only about half of the January gain. This bank's seasonally adjusted index of department store trade for January stood at 138 per cent of the 1923-1925 average, the highest point for any January since the inception of the series, and only 3 points below the peak of 141 recorded in August, 1941. The buying wave which accounted for these increases seems to have subsided somewhat in early February, as sales for the first two weeks in February exhibit smaller gains from a year earlier than in the month of January.

Stocking up by consumers in anticipation of impending shortages contributed heavily to the large increases of the past month, and buying was extended over a wide range of articles. This type of buying intensifies the problem of distributing certain products equitably and may lead to more intervention in retail markets in the form of price control and rationing.

Wholesalers' inventories for the past several months have been valued well above those held on comparable dates a year earlier, but since last summer have increased very little from month to month, thus reflecting some difficulty in obtaining goods, particularly durable goods. Stocks of wholesalers whose statistics are available to this bank in January were 8 per cent above those in December and 30 per cent above a year ago. Sales in all lines were 12 per cent above December and 37 per cent greater than in January, 1941.

Building in the Eighth District as reflected by dollar value of permits granted in the principal cities of the area declined 15 per cent from December to January and was 21 per cent below last January. Dollar value of construction contracts let in the district was 32 per cent below December, but 12 per cent above a year ago. Consumption of industrial electric power in the major cities of the district in January declined 3 per cent from the December level, but was 8 per cent above a year ago.

DETAILED SURVEY OF DISTRICT

IRON AND STEEL

During the last part of January and early February steel production in the St. Louis area was at a slightly lower level than that of the preceding monthly period. Contraction was due in large measure to taking furnaces out of production for repairs, and it is expected that in the near future the rate of operations will be increased, providing that the supply of scrap is adequate for production needs. As of mid-February, the rate of operations in the St. Louis district was at 82.9 per cent of capacity. This compares with a rate of 93.3 per cent a year ago.

Milder weather in late January facilitated the collection of scrap, but the snow and rain of early February slowed down deliveries to commercial yards and the scrap situation is still stringent. Mills and foundries in this area have virtually no backlogs of scrap supplies. While the flow of scrap to commercial yards has been somewhat increased, the supply has been just adequate to maintain the current rate of mill and foundry operations. The allocation of pig iron remains satisfactory.

Demand for all steel products continues strong with most production of plates and sheets going into war uses. Sheet schedules are in a state of constant revision and plate deliveries are becoming more extended. Increasing production of light plates on continuous sheet and strip mills seem to be indicated to relieve the heavy pressure on available plate capacity.

Production of pig iron for the entire country in January was 4,958,785 tons, about 1 per cent less than peak production of 5,014,995 tons in December, 1941, but 6 per cent above the 4,666,233 tons produced in January, 1941.

Steel ingot production in the United States in January totalled 7,129,351 tons, a new January record, and the fourth largest monthly production in history. This compares with 7,163,999 tons in December and 6,928,085 tons in January, 1941.

WHISKEY

Of the 58 distilleries in Kentucky, 53 were in operation on January 31, compared with 51 on December 31. With the exception of last February, when 54 distilleries were operating, this represents the largest number in operation in Kentucky at any one time since the repeal of the Eighteenth Amendment.

Production in most cases continues at capacity levels, although reports indicate that lack of adequate warehouse space may bring about curtailment of operations in the future. One Kentucky distillery is already producing industrial alcohol for use in the manufacture of smokeless powder, and

two others are preparing to produce alcohol for war use in the near future. According to an announcement of the War Production Board, the present stocks of grain and molasses are adequate to produce the amount of alcohol required.

Stocks of whiskey on hand at the end of 1941 in the United States were 511,211,285 gallons, compared with 479,102,210 gallons a year earlier. Total whiskey production in December, 1941 was 13,632,281 gallons, of which 6,428,851 gallons were produced in Kentucky. Total 1941 production of whiskey in Kentucky was 65,538,461 gallons as compared with 1940 production of 46,234,033 gallons.

AGRICULTURE

Farming Conditions — After the severe cold weather in early January, temperatures for the past month have been milder and better suited for the growth and development of crops and the progress of routine agricultural activities. Precipitation has been adequate and well distributed. Preparation of land for planting spring crops is going forward with fair progress in southern portions of the district.

Cash farm income, including Government payments, for the United States in 1941, totalled \$11,700,000,000, a larger amount than in any year since 1920. For Eighth District states, cash income plus benefit payments in 1941, totalled \$2,434,000,000, which was 37 per cent above the \$1,771,000,000 total for 1940.

Mississippi registered the largest percentage increase of 66 per cent while Illinois showed the smallest gain of 27 per cent. Marketings of crops and livestock during the early months of 1942 are expected to be heavy and this, coupled with prospective high prices, probably will sharply increase cash farm income in this period relative to 1941.

The average of farm production prices on January 15, reached 102 per cent of parity. The index of prices received by farmers stood at 149 per cent of the 1909-1914 base, 45 points above a year ago and the highest level since October, 1929. Most of the major groups of products showed increases from December 15, with grains advancing 7 points, meat animals 6 points, and cotton and cottonseed 5 points. Prices of farm products continued to advance during late January, and then showed irregularity for the first three weeks of February.

The farm labor situation is becoming more stringent as less than the usual seasonal gain in farm employment was recorded in February. On Feb-

ruary 1, total agricultural employment was 8,940,000 as compared with 8,665,000 on January 1, and 8,782,000 a year ago. Some estimates place the farm labor supply for 1942 at 1,000,000 less than in 1941. Certain sections in this area report marked shortages of farm labor. In view of increased production goals for 1942 crops and livestock, this shortage of labor, together with the curtailment in production of new farm machinery, places a heavy burden on agriculture.

Cotton—Early in February, the Department of Agriculture announced plans to encourage growers to shift from the production of short staple cotton to the longer staple length in 1942 to make available particular types of cotton needed to meet military requirements. The Commodity Credit Corporation will increase the premiums to be offered on longer staple lengths under the 1942 loan program. This program will affect particularly the Delta region of Mississippi.

In the past month, cotton prices have fluctuated considerably. During January prices advanced about \$10.00 a bale, reaching the highest point in thirteen years. In early February prices fell somewhat, but have been moving up again late this month. In the St. Louis market the price of 15/16 middling grade ranged between 18.80c per pound and 20.15c per pound between January 15 and February 16, closing on the latter date at 18.91c per pound. This compares with a range from 9.85c per pound to 10.40c per pound for the comparable period a year ago.

Spot cotton trading in mid-South markets was quite active during late January, but slackened somewhat in early February. Demand for the better grades continued strong, but the scarcity of these qualities in current offerings restricted business to some extent. Due to strong demand for the better grades, a considerable amount that had been held has come out into the market, and while there are probably still sizable lots of these better qualities withheld, the total quantity involved now seems to be relatively small.

Domestic mill activity remains at very high levels. With increased Government demand for cotton products requiring most mill production, it is believed that this activity will be maintained and possibly increased, subject to the limiting factors of labor and machinery supply. Domestic cotton consumption for the year ending July 31, 1942 may total 11,500,000 bales, according to the U. S. Department of Agriculture.

Fruits and Vegetables—Preliminary acreage planted to strawberries in the early and second

early states of Mississippi, Arkansas, and Tennessee is only slightly above that of 1941, but is almost one quarter greater than the 10-year (1931-1940) average. Preliminary acreage planted to early Irish potatoes in the second early states of Kentucky and Missouri is 8,900 acres as compared with 9,700 acres in 1941, and the 10-year (1931-1940) average of 10,440 acres. The reduction in acreage is attributed primarily to the price of seed potatoes, shortage of burlap bags, and the uncertain labor supply. Stocks of merchantable potatoes held by growers and local buyers and dealers in the United States on January 1, were 6 per cent below a year ago, but 1 per cent above the 10-year (1931-1940) average. In Eighth District states stocks were 62 per cent and 14 per cent, respectively, above last year and the 10-year average.

Much of the increased goal for canned vegetables for 1942 is due to the increase scheduled for canned tomatoes. To aid growers and canners in attaining this increase, the U. S. Department of Agriculture has set fair minimum prices which canners must offer to growers before they are eligible to sell to the U. S. Department of Agriculture.

Livestock—In this area receipts of livestock in January were slightly lower than in December. Receipts of hogs, however, were in greater volume than a month ago. At the National Stockyards, livestock receipts for January were 1 per cent below December but 4 per cent above January, 1941. Shipments were 12 per cent greater and 13 per cent less, respectively, than a month and a year ago. Prices on livestock were uneven throughout the past month, but new four-year highs were recorded for hogs. The average price on hogs at the National Stockyards between January 16 and February 16 ranged from \$11.38 per cwt. to \$12.79 per cwt., closing on the latter date at \$12.79 per cwt. This compares with a range from \$7.60 per cwt. to \$8.52 per cwt. for the comparable period a year ago.

The 1942 goal for egg production is 13 per cent above 1941 production. On January 1, the number of potential layers was 8 per cent greater than on January 1, 1941. On February 1 the number of eggs produced per 100 layers for the United States was 35.5 as compared with 33.9 a year ago and 27.2 for the 10-year (1931-1940) average. The percentage increases from a year ago and the average were 5 per cent and 31 per cent, respectively. For Eighth District states production per 100 layers on February 1 was 31.4 which was 1 per cent above the rate of February 1, 1941 of 31.1 and 27 per cent above the 10-year (1931-1940) average of 24.7.

Tobacco—Burley tobacco markets closed on Feb-

ruary 13, after having sold 354,313,242 pounds of tobacco at an average price of \$29.35 per cwt. Quality and quantity of tobacco offered during the last two weeks had dropped steadily, and the average price for the closing week was \$23.96 per cwt. Because of the higher prices received this season, reports indicate that a very small part of the crop was delivered to the Tobacco Growers' Cooperative Association. Purchase of tobacco has been on such a large scale that some of the cigarette manufacturing concerns are reported to be seeking financing to help carry the larger and higher-priced inventories.

Green River tobacco markets were closed on February 13. The season's average price on this tobacco through February 10 was \$11.73 per cwt. on a total of 14,185,184 pounds. During the closing weeks the lower quality of offerings reduced the average price. About 12 per cent of tobacco sold went to the Growers' Cooperative Association this year.

The dark-fired tobacco crop, in general, is of normal quality with good length and body. The market remained strong during early February with prices showing an upward trend, but recently has weakened slightly due to lowered quality of offerings. Season averages through the week of February 12 for Eastern and Western districts were, respectively, \$14.54 per cwt. and \$12.35 per cwt. Since the opening week the tobacco Growers' Cooperative Association receipts of dark-fired tobacco have declined from 40 per cent of total sales to about 20 per cent.

Sales of one sucker tobacco through February 11, totalled 15,160,212 pounds at a season average price of \$11.63 per cwt. Prices have fallen steadily throughout the past month as quality of offerings declined. Very little of this type of tobacco remains to be marketed.

At mid-January, the Department of Agriculture revised its 1942 goals for all types of tobacco restoring allotments to the 1941 level for burley, fire-cured, dark air-cured and cigar leaf tobacco. The 1942 allotments will, with average yields, maintain stocks at present high levels.

Winter Wheat — Prospects for winter wheat during January and early February remained generally favorable. Although most of the area south of the Ohio River was bare of snow, the ground was relatively dry and little heaving is apparent. Some instances of heaving in certain sections of the district are reported as a result of warm days and relatively cold nights.

The Commodity Credit Corporation is prepared to sell wheat in place of corn for the production of ethyl alcohol, butyl alcohol and acetone. The delivered price to processors is to be 91c per bushel.

This plan, coupled with the program to release 100,000,000 bushels of wheat for feed, will make available additional storage space for the 1942 crop, will conserve corn for other uses, and will insure adequate feed supplies to attain the increased goals for livestock, dairy and poultry products. Loans made by the Commodity Credit Corporation on the 1941 wheat crop through February 7, 1942, in Eighth District states totalled \$27,522,289 on 25,080,479 bushels.

COST OF LIVING AND PRICES

The cost of living in the United States continued to rise from December 15 to January 15. The rate of increase for the past month was 1.3 per cent as compared with a rise of 0.3 per cent for the previous period. Since the beginning of the war in 1939 living costs in the United States have advanced 11.2 per cent, with most of the rise coming in the past year. In St. Louis, living costs rose 1.1 per cent and 11.4 per cent, respectively, in the past month and since September, 1939. Strongly influencing advances in the total cost of living for St. Louis were gains since December 15 in the cost of food and clothing.

For the United States the average of all food costs rose 2.7 per cent between December 16 and January 13 and was 18.8 per cent above the average of January 14, 1941. Increases in cost of food in Eighth District cities during the month ranged from 1.9 per cent in St. Louis and Memphis to 2.7 per cent in Louisville. In the past year, the greatest rise in food costs in the district was in Little Rock where prices advanced 23.3 per cent. The smallest increase was 20.8 per cent, for St. Louis. Primary factors in rising food prices the past month have been gains in the prices of potatoes, meats, and sugar, which were partially offset by declines in prices of oranges and eggs.

Wholesale prices advanced sharply throughout January and then declined somewhat during the first week in February. On January 31 the index stood at 95.9 the highest point since September, 1929. On February 7 the index was 95.7. Changes in prices of farm products and foods continue to influence the index strongly.

EMPLOYMENT

Total civilian non-agricultural employment in December reached a new all-time peak of 40,940,000, as compared with 40,749,000 in November and 38,161,000 in December, 1940. The gain resulted largely from the seasonal rise of 357,000 in trade employment. Manufacturing showed a less than seasonal decline of 53,000. Curtailment of automobile production caused considerable unemployment, but rises in volume of employment in war industry and

in meat packing offset the total decline in manufacturing employment.

Non-agricultural employment in Eighth District states in December was 5,781,000 as compared with 5,762,000 in November and 5,235,000 in December, 1940. Arkansas showed the greatest gains from a month and a year ago, of 5.5 per cent and 17.1 per cent, respectively. Missouri employment declined 1.5 per cent from the November level, but was 13.2 per cent above a year ago. Fragmentary reports from Eighth District centers of manufacturing indicate some rise during January from December employment levels.

BANKING AND FINANCE

General demand for credit in the Eighth District during January and early February varied considerably with respect to area and type, and total loans rose slightly from the level obtaining a month earlier. Liquidation of loans at rural banks in tobacco producing regions has been heavy, due to the greatly increased income received by farmers from sale of the crop. In most other agricultural districts the demand for credit for this year's program is not yet making itself evident, although many banks in such areas are anticipating increased loan volume this year due to the 1942 farm goals and to rising costs of production of farm products. Urban banks report a slight increase in demand since the beginning of February and expect some demand from industrial concerns for the payment of income taxes. Industrial and commercial inventory shrinkage accounts for part of the lessened need for credit, although food processing and allied industries should be expected to increase their dollar inventory holdings due to much higher agricultural prices and increased farm production.

Member Banks—Total loans and investments of reporting member banks in the principal cities of the district on February 18 were virtually unchanged from January 21, but were 29 per cent above a year ago. Loans increased about 1 per cent in the four-week period and were up 21 per cent from a year ago. While total investments showed no change in the month, holdings of Treasury bonds increased appreciably but were offset by declines in holdings of Treasury notes and bills, and other securities. Aggregate amount of savings deposits on February 4 was 1.5 per cent and 2.9 per cent, respectively, below a month and a year earlier. Gross deposits receded somewhat from the peak of \$1,450,293,000 reached January 21.

Since the last issue of this review, the O'Bannon Banking Company of Buffalo, Mo., became a member of the Federal Reserve System.

FARM INCOME INCLUDING GOVERNMENT BENEFIT PAYMENTS

(In thousands of dollars)	December		Cumulative for 12 months		
	1941	1940	1941	1940	1939
Arkansas	\$30,187	\$18,045	\$259,117	\$160,729	\$164,559
Illinois	85,434	55,030	736,355	578,951	532,454
Indiana	40,200	30,692	393,989	294,569	276,889
Kentucky	56,361	30,326	207,051	160,376	147,943
Mississippi	30,974	17,960	230,446	139,039	170,896
Missouri	40,353	29,413	404,102	295,787	279,676
Tennessee	31,265	18,957	203,403	141,755	133,378
Totals	314,774	200,423	2,434,463	1,771,206	1,705,795

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Jan., 1942	Dec., 1941	Jan., 1941	Jan., 1942	Dec., 1941	Jan., 1941
Cattle and Calves.....	104,249	105,076	93,167	32,732	39,852	31,575
Hogs	299,512	297,985	296,872	105,982	80,456	125,263
Horses and Mules.....	1,710	2,014	1,530	1,680	1,970	1,611
Sheep	39,220	44,493	34,080	1,657	4,568	4,330
Totals	444,691	449,568	425,649	142,051	126,846	162,779

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Feb. 7,'42	Jan. 31,'42	Jan. 10,'42	Feb. 8,'41	Feb. 7,'42 comp. with Jan. 10,'42	Feb. 8,'41
All Commodities ..	95.7	95.9	95.0	80.5	+ 0.7%	+18.9%
Farm Products ..	100.1	101.3	98.8	70.7	+ 1.3	+41.6
Foods	93.7	93.9	92.5	73.2	+ 1.3	+28.0
Other	94.5	94.7	94.3	84.6	+ 0.2	+11.7

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Jan. 15, 1942	Dec. 15, 1941	Sept. 15, 1939	Jan. 15,'42 comp. with Dec. 15,'41	Sept. 15,'39
United States	111.9	110.5	100.6	+ 1.3%	+11.2%
St. Louis	111.8	110.6	100.4	+ 1.1	+11.4

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Jan. 13, 1942	Dec. 16, 1941	Jan. 14, 1941	Jan. 13,'42 comp. with Dec. 16,'41	Jan. 14,'41
U. S. (51 cities) ...	116.2	113.1	97.8	+ 2.7%	+18.8%
St. Louis	119.8	117.5	99.2	+ 1.9	+20.8
Little Rock	117.9	115.5	95.6	+ 2.1	+23.3
Louisville	116.8	113.7	95.5	+ 2.7	+22.3
Memphis	115.3	113.1	94.2	+ 1.9	+22.4

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	Nov., 1941	Oct., 1941	Nov., 1940	Nov., '41 comp. with Oct., '41	Nov., '40
Evansville.....	79.8	90.9	87.3	-12.2%	- 8.6%
Louisville.....	120.0	119.1*	104.2	+ 0.8	+15.2
Memphis.....	115.2	118.0	107.3	- 2.4	+ 7.4
St. Louis.....	120.0	121.7*	100.4	- 1.4	+19.5

*Revised.

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1942	Number 1941	Cost 1942	Cost 1941	Number 1942	Number 1941	Cost 1942	Cost 1941
Evansville....	15	15	\$ 43	\$ 39	42	39	\$ 16	\$ 20
Little Rock....	21	30	40	63	47	63	21	26
Louisville....	26	93	23	184	16	36	10	41
Memphis.....	313	504	444	676	137	166	309	131
St. Louis.....	117	186	353	411	118	105	157	199
Jan. Totals...	492	828	903	1,373	360	409	513	417
Dec. ".....	...	703	...	1,298	...	491	...	372

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Jan., '42	Dec., '41	Jan., '41	Jan., '42 comp. with Dec., '41	Jan., '41
Total 8th Dist. ...	\$23,950	\$35,153*	\$21,367	-32%	+ 12%

Source: F. W. Dodge Corporation.

*Revised.

CONSUMPTION OF ELECTRICITY

(K. W. H. in thous.)	No. of Custom-ers*	Jan., 1942	Dec., 1941	Jan., 1941	January, 1942 compared with Dec., 1941	January, 1941
Evansville....	40	4,846	4,336	5,266	+12%	- 8%
Little Rock....	35	2,377	2,426	2,373	- 2	- 0.
Louisville....	82	12,211	15,112	11,668	-19	+ 5
Memphis.....	31	4,759	4,497	3,642	+ 6	+ 31
Pine Bluff....	19	1,226	1,355	899	-10	+ 36
St. Louis.....	125	53,766	54,348	49,327	- 1	+ 9
Totals.....	332	79,185	82,074	73,175	- 3	+ 8

*Selected industrial customers.

PRODUCTION OF BITUMINOUS COAL

(In thousands of tons)	Jan., '42	Dec., '41	Jan., '41	Jan., '42 comp. with Dec., '41	Jan., '41
United States.....	48,540	46,667	44,070	+ 4%	+10%
Illinois.....	5,320	5,006	4,853	+ 6	+10

**LOADS INTERCHANGED FOR 25 RAILROADS
AT ST. LOUIS**

Jan., '42	Dec., '41	Jan., '41	Feb., '42	Feb., '41
117,385	110,959	93,671	35,135	26,864

Source: Terminal Railroad Association of St. Louis.

WHOLESALE

Lines of Commodities	Net Sales		Stocks
	January, 1942 compared with Dec., '41	January, 1941	Jan. 31, 1942 comp. with Jan. 31, 1941
Automotive Supplies.....	+ 2%	+ 40%%
Boots and Shoes.....	+137	+ 13	....
Drugs and Chemicals.....	+ 7	+ 15	....
Dry Goods.....	+ 36	+ 37	+38
Electrical Supplies.....	+ 71	+ 21	+38
Furniture.....	+ 13	+ 66	+30
Groceries.....	+ 10	+ 45	+25
Hardware.....	+ 2	+ 51	+22
Machinery, Equipment and Supplies.....	+ 6	+ 31	+48
Plumbing Supplies.....	-20	+ 61	....
Tobacco and its Products.....	- 18	+ 40	....
Miscellaneous.....	+ 20	+ 22	+13
Total all lines*	+ 12	+ 37	+30

*Includes certain lines not listed above.

DEPARTMENT STORES

	Net Sales		Stocks on Hand	Stock Turnover
	January, 1942 compared with Dec., '41	January, 1941	Jan. 31, '42 comp. with Jan. 31, '41	Jan. 1, to Jan. 31, 1942
Ft. Smith, Ark.....	-52%	+57%	+15%	.31 .24
Little Rock, Ark.....	-51	+24	+37	.29 .23
Pine Bluff, Ark.....	-42	+56	+10	.34 .23
E. St. Louis, Ill.....	-56	+46	....	....
Quincy, Ill.....	-50	+47	+20	.31 .26
Evansville, Ind.....	-56	+46	....	....
Louisville, Ky.....	-53	+28	+41	.35 .35
St. Louis, Mo.....	-37	+43	+42	.38 .36
Springfield, Mo.....	-52	+30	+31	.21 .18
Jackson, Tenn.....	-35	+56	....	....
Memphis, Tenn.....	-51	+38	+30	.32 .30
All other cities*.....	-52	+33	+39	.26 .23
8th F. R. District.....	-44	+39	+38	.35 .34

*El Dorado, Fayetteville, Ark.; Alton, Harrisburg, Mt. Vernon, Ill.; Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Ky.; Chillicothe, Mo.
Trading days: Jan., 1942—26; Dec., 1941—26; Jan., 1941—26.
Outstanding orders of reporting stores at the end of January, 1942, were 84 per cent greater than on the corresponding date a year ago.
Percentage of accounts and notes receivable outstanding January 1, 1942, collected during January, by cities:

	Installment Accounts		Excl. Instal. Accounts	
	Accounts	%	Accounts	%
Fort Smith.....	33%	22%	22%	57%
Little Rock... 15	38	21	58	....
Louisville... 17	45	12	52	....
Memphis.... 26	48	20	52	....

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
8th Federal Reserve District (1923-1925 average = 100):

	Jan., 1942	Dec., 1941	Nov., 1941	Jan., 1941
Sales (daily average), Unadjusted.....	110	190	133	80
Sales (daily average), Seasonally adjusted..	138	115	114	100
Stocks, Unadjusted.....	87	86	108	62
Stocks, Seasonally adjusted.....	100	92	96	71

Trading days: Jan., 1942—26; Dec., 1941—26; Jan., 1941—26.

SPECIALTY STORES

	Net Sales		Stocks on Hand	Stock Turnover
	January, 1942 compared with Dec., '41	January, 1941	Jan. 31, '42 comp. with Jan. 31, '41	Jan. 1, to Jan. 31, 1942
Men's Furnishings.....	-45%	+44%	+29%	.26 .23
Boots and Shoes.....	-39	+46	+47	.52 .53

Percentage of accounts and notes receivable outstanding January 1, 1942, collected during January:
Men's Furnishings.....38% Boots and Shoes.....44%

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

(In thousands of dollars)	Change from		
	Feb. 18, 1942	Jan. 14, 1942	Feb. 19, 1941
Industrial advances under Sec. 13b.....	\$ 6	- 194	+ 4
Other advances and rediscounts.....	106,284	- 201	+ 3,145
U. S. securities.....	106,290	- 395	+ 3,149
Total earning assets.....	647,712	-13,651	+133,917
Total deposits.....	418,371	-24,493	+ 30,291
F. R. Notes in circulation.....	331,746	+10,380	+108,098
Industrial commitments under Sec. 13b..	1,130	- 640	+ 902

FEDERAL RESERVE OPERATIONS DURING JANUARY, 1942
(Incl. Louisville, Memphis, Little Rock branches)

	Pieces	Amounts
Checks (cash items) handled.....	5,868,169	\$1,799,134,184
Collections (non-cash items) handled.....	106,727	43,869,102
Transfers of funds.....	5,053	491,099,305
Currency received and counted.....	13,487,782	49,735,325
Coin received and counted.....	14,042,640	1,220,642
Rediscounts, advances and commitments.....	- 0 -	- 0 -
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	275,254	108,177,087
Bills and securities in custody—coupons clipped	9,237	.....

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: { 1½ % to 2 % per annum
(a) On portion for which such institution is obligated { 2 % per annum
(b) On remaining portion—No charge to financing institution. Federal Reserve Bank will retain interest collected from borrower.
Advances to established industrial or commercial businesses under section 13b..... { 3½ % to 5½ % per annum
Commitments to member banks, nonmember banks, and other financing institutions, under section 13b....1 % per annum
Provided: that on commitments issued for periods of 90 days or less the minimum charge shall be ¼ of 1% flat; and further provided, that on commitments for loans secured by assignment of "Emergency Plant Facilities Contract" with the United States Government, the rate may be as low as ¼ of 1% per annum.

PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS

(In thousands of dollars)	Change from		
	Feb. 18, 1942	Jan. 21, 1942	Feb. 19, 1941
Commercial, industrial, agricultural loans.....	\$287,620	+ 3,295	+ 64,032
Open market paper.....	24,200	+ 113	+ 11,684
Loans to brokers and dealers.....	4,279	+ 44	+ 311
Other loans to purchase and carry securities.....	10,538	+ 68	+ 1,911
Real estate loans.....	58,685	- 580	- 552
Loans to banks.....	1,297	+ 504	+ 1,113
Other loans.....	75,692	- 1,012	+ 7,261
Treasury bills.....	10,871	- 6,492	+ 2,455
Treasury notes.....	42,031	- 270	+ 3,726
U. S. bonds.....	258,275	+14,912	+ 89,719
Obligations guaranteed by U. S. Government	56,804	- 7,228	- 8,389
Other securities.....	111,775	- 372	- 1,135
Balances with domestic banks.....	221,281	- 273	+ 13,096
Demand deposits—adjusted*.....	642,498	+12,587	+ 91,812
Time deposits.....	183,871	- 2,073	- 8,626
U. S. Government deposits.....	18,788	- 8,764	+ 7,380
Interbank deposits.....	514,992	- 559	+ 82,535

*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

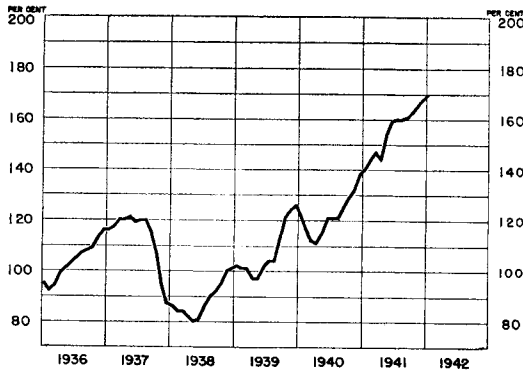
(In thousands of dollars)	Change from			
	Jan., 1942	Dec., 1941	Jan., 1941	Jan., '42 comp. with Dec., '41
El Dorado, Ark.....	\$ 8,101	\$ 9,076	\$ 6,400	- 11% + 27%
Fort Smith.....	20,636	22,909	15,918	- 10 + 30
Helena.....	3,062	3,096	2,091	- 1 + 46
Little Rock.....	62,236	62,208	55,424	- 0 - + 12
Pine Bluff.....	13,423	15,291	9,792	- 12 + 37
Texarkana, Ark.-Tex.	22,304	25,362	10,002	- 12 + 123
E. St. L.-Nat. S. Y., Ill.	64,215	65,640	67,626	- 2 + 35
Quincy.....	11,813	12,967	9,404	- 9 + 26
Evansville..... Ind.	45,445	48,786	40,196	- 7 + 13
Louisville..... Ky.	277,907	313,091	218,712	- 11 + 27
Owensboro.....	11,295	11,221	8,045	+ 1 + 40
Greenville..... Miss.	10,427	9,057	6,675	+ 15 + 56
St. Louis..... Mo.	801,420	926,502	644,933	- 14 + 24
Sedalia.....	2,870	3,068	2,196	- 6 + 31
Springfield.....	20,502	21,737	17,449	- 6 + 17
Memphis..... Tenn.	274,019	267,765	207,555	+ 2 + 32
Totals.....	1,649,675	1,817,776	1,302,418	- 9 + 27

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	Jan., '42	Dec., '41	Jan., '41	Jan., '42 comp. with Dec., '41	Jan., '41 comp. with Jan., '41
Number.....	32	25	33	+28%	- 3%
Liabilities.....	\$375,000	\$224,000	\$458,000	+67	-18

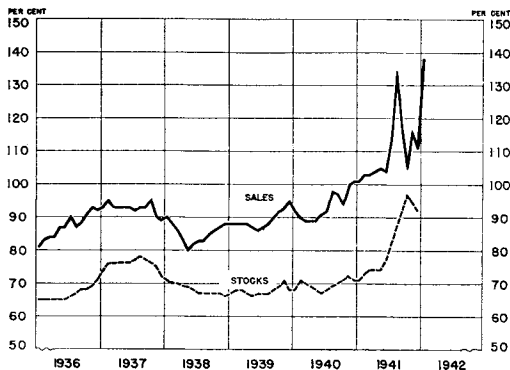
Source: Dun and Bradstreet.

INDUSTRIAL PRODUCTION



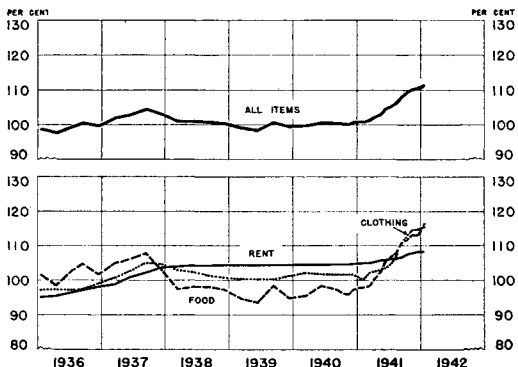
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for January, 1942.

DEPARTMENT STORE SALES AND STOCKS



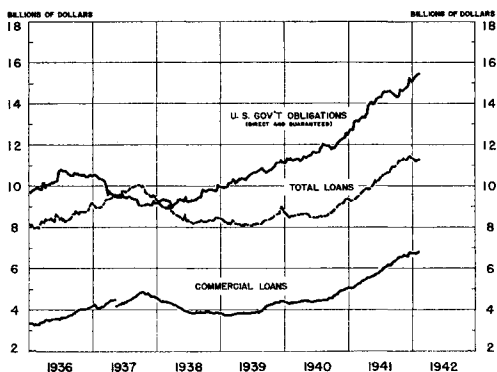
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown for sales are January, 1942; for stocks, December, 1941.

COST OF LIVING



Bureau of Labor Statistics' indexes, 1935-39 average = 100. Fifteenth of month figures. Last month in each calendar quarter through September, 1940, monthly thereafter. Latest figures shown are for January, 1942.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported. Latest figures shown are for February 11, 1942.

NATIONAL SUMMARY OF CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Industrial activity rose further in January and the first half of February, reflecting continued sharp advances in output of military products. Retail trade was unusually active and prices, particularly of unregulated commodities, advanced.

Production—Volume of industrial production increased in January, although usually there is some decline at this season, and the Board's adjusted index rose further to 170 per cent of the 1935-39 average. Continued rapid increases in activity were reported in the machinery and armament industries and production of chemicals likewise rose sharply. Activity at cotton textile mills reached a new high level, following some decline in December. In the meatpacking industry, where activity had risen to record levels in December, there was a further advance in January and output of most other manufactured food products was maintained in large volume for this time of year.

Production of steel and nonferrous metals continued near capacity in January and lumber production, which usually declines at this season, was sustained. In the automobile industry output of passenger cars and light trucks continued at about the December rate; in February, however, production of cars and trucks for civilian use was halted and the plants were shut down for conversion to armament production. Coal production increased in January, following a decline in December when demand was curtailed somewhat by unusually warm weather, and output of crude petroleum was maintained at record levels.

Value of construction contracts awarded in January was some two-fifths below the level of the last quarter of 1941, according to figures of the F. W. Dodge Corporation. Declines were reported in all classes of construction; the decrease in residential building being usual at this season.

Total awards in January were slightly larger than last year, but public projects accounted for a much larger proportion of the total than a year ago.

Distribution—In January retail trade was stimulated considerably by widespread anticipatory buying of many products resulting from announcements that distribution of new tires and tubes, new automobiles, and sugar would henceforth be rationed and that the amount of materials available for use in various other goods would be restricted. Sales at department stores, variety stores, and general merchandise stores declined much less than is usual after the Christmas season, while sales of tires and tubes were restricted to essential uses and sales of automobiles ceased pending the establishment of a rationing system. In the first half of February department store sales decreased somewhat from the high level reached in mid-January.

Total carloadings of revenue freight, which usually decline in January, showed little change this year and the Board's seasonally adjusted index advanced from 137 to 140 per cent of the 1935-39 average. Loadings of grain and forest products rose to unusually high levels for this time of year and coal shipments also increased, following a decline in December. Shipments of miscellaneous freight, which include most manufactured products, declined less than seasonally.

Commodity Prices—Prices of commodities and services continued to advance sharply in January and the first half of February. The Emergency Price Control Act of 1942 became a law on January 30 and former Federal maximum price schedules—approximately 100 in number—remained in effect under its terms. About one-half of these schedules were issued following the United States' entry into the war. In this period, price controls were extended to a number of finished consumers' goods and covered mainly items for which output for civilian use had been sharply curtailed or prohibited by Federal order. Retail prices of foods and textile products, which are not subject to direct control, showed exceptionally large increases from December 15 to January 15 and, according to preliminary indications, have continued to advance since that time.

Bank Credit—Since the beginning of the year loans and investments at banks in leading cities have increased, reflecting purchases of Government securities by city banks outside New York and increases in commercial loans by banks in New York. Demand deposits and currency in circulation have risen sharply. Member bank reserves have shown little change in recent weeks, and excess reserves have continued close to 3½ billion dollars.

United States Government Security Prices—Prices of United States Government bonds declined somewhat in the first half of February, following little change during the previous month, while prices of short-term securities, which had risen in January, were steady.