

BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance

Released for Publication in Afternoon Papers of March 31, 1942

FEDERAL RESERVE BANK OF ST. LOUIS



SUMMARY OF EIGHTH DISTRICT

MANUFACTURING, distribution and trade in the Eighth District held at high levels of activity during February and early March, although total volume of goods produced, transported, and sold was somewhat smaller in February than in January due to the shorter month. Conversion of manufacturing facilities to war production is being pushed harder and increasing numbers of existing plants are devoting their major efforts to war goods. Construction of new plants and rehabilitation of existing unutilized plants are adding materially to capacity for war production. Indicative of accelerated conversion and greater output of war material, expenditures for war during February totaled \$2,300,000,000, or more than \$820,000,000 per day. This daily average represents an 18 per cent rise over the January daily average, the most rapid rise since last September.

Reflecting gains in the physical volume of industrial production, the seasonally adjusted index of the Board of Governors of the Federal Reserve System rose to 173 per cent of the 1935-1939 average as compared with 171 in January and 167 in December. The durable manufacture's index rose 5 points in the month while the non-durable's was unchanged. In the past year durable manufactures have risen 29 per cent while non-durable manufactures have advanced but 13 per cent. The rate of actual physical production as measured by the unadjusted index rose to a new high in February standing at 168, up 3 points in the month and 1 point higher than the previous peak recorded in the September-November period in 1941.

Lumber production in the Eighth District was at practically full capacity during February, with both orders and shipments exceeding production. The rate of operations declined somewhat in early March but was still at a high level. Preliminary estimates of boot and shoe production in the District in February indicate a 5 per cent drop from January output due primarily to a shorter month.

Primary distribution in the Eighth District during February showed a small seasonal decline from January, but was in considerably greater volume than a year ago. Livestock, grain, and fuel loadings showed decreases, while movements of industrial commodities showed some increase. Carloadings of all railroads operating in the district for the four weeks ending February 28 were 3 per cent less than in the previous four weeks but 13 per cent greater than in the like period last year. Load interchanges for 25 connecting lines at St. Louis in February were

4 per cent less than in January but 27 per cent above February, 1941. Interchanges for the first two months of this year exceeded those of the comparable period in 1941 by 26 per cent. Tonnage moved by the Federal Barge Lines on the Mississippi between St. Louis and New Orleans in February was 20 per cent less than in January and 35 per cent less than a year ago.

The retail buying wave that was evident in January subsided somewhat in February. Sales at department stores in the principal cities of the District were 15 per cent less than in January and 23 per cent more than in February, 1941. The decline from the unusually high level of January trade was more than normal and this bank's seasonally adjusted index of department store trade for February dropped to 117 per cent of the 1923-25 average as compared with 138 in January and 94 in February, 1941. In early March, however, the dollar volume of sales increased sharply to a level more than 30 per cent above the corresponding period last year.

Wholesalers' sales and inventories continue at levels well above the corresponding period last year. In February, sales of all jobbers and wholesalers whose statistics are available to this bank were 2 per cent above those in January and 40 per cent greater than a year earlier. Stocks in all lines were 4 per cent below those in January, but were 28 per cent above those in February, 1941.

Building in the Eighth District as reflected by permits granted in the principal cities of the area rose sharply in February. Dollar value of permits was almost double that of January and was one-third greater than in February, 1941. Dollar value of construction contracts let in the district was 100 per cent above January and 119 per cent above a year ago. Consumption of industrial electric power in the major cities of the district in February was 1 per cent below the January level, but on a daily average basis was 10 per cent greater. Compared with February, 1941 industrial electricity consumption was up 14 per cent.

Debits to individual accounts in February were 16 per cent less than in January but 25 per cent above February, 1941. The cost of living in the district as measured by the index for St. Louis continued to rise but not by as much as in January.

The poster reproduced on the cover of this month's Review was drawn by Ellen Quinn, 14-year old student in the ninth grade of the Junior High School, Webster Groves, Missouri.

DETAILED SURVEY OF DISTRICT

IRON AND STEEL

Despite a recent decline in the rate of ingot operations in the St. Louis district due to scrap shortage, steel production during late February and early March was at a somewhat higher rate than during the preceding monthly period. As of mid-March the rate of operations was at 80.5 per cent of capacity which compares with a rate of 98 per cent a year ago.

The scrap situation continues tight and mills and foundries are unable to build up satisfactory backlogs. However, reports indicate that scrap has been moving somewhat better recently although continued wet weather still makes collection and processing difficult. State-wide drives for scrap are meeting with some success, and it is hoped that sufficient supplies will be forthcoming in order to maintain a higher rate of operations at steel mills. Pig iron allocation continues satisfactory with supplies being adequate in most cases.

Strong demand continues for all steel products especially for plates and sheets. Plates are virtually unobtainable except for war production, and sheet schedules are becoming tighter due to conversion of sheet and strip mills to light plate production.

Production of pig iron for the entire country in February was 4,503,962 tons as compared with 4,958,785 tons in January and 4,206,826 tons in February, 1941. The decline from January was due entirely to a shorter work month as the February daily rate of pig iron production was 6.8 per cent above that of January, and was exceeded only by the peak daily rate attained in December, 1941.

Steel ingot production in the United States in February totaled 6,525,111 tons which compares with 7,129,351 tons in January and 6,237,900 tons in February, 1941. Output was at the second highest rate on record, but due to the shorter month total production was below that of January.

WHISKEY

Of the 58 distilleries in Kentucky 54 were in operation on February 28 compared with 53 on January 31. This total of 54 was reached only one previous time since the repeal of the Eighteenth Amendment. Most distilleries are producing at near-capacity levels in anticipation of possible restrictions and to replenish inventories. The market for bulk whiskey continues strong at firm prices.

Several distilleries have curtailed production of whiskey and are producing neutral spirits for blending with straight whiskey. The shortage of alcohol from regular trade sources due to increased Government demands has made it necessary for the whiskey producers to distill their own alcohol which can

be done by making minor changes in existing plants. Inasmuch as this type of alcohol is stored in used barrels the demand for new cooperage has been eased somewhat.

AGRICULTURE

Farming Conditions—Throughout February and early March wet and cold weather predominated in most sections of the district. Precipitation generally retarded farm routine and the preparation of land for 1942 crops. In some sections, notably those in the more southern parts of the district, the weather was slightly more favorable. Before the recent tornado some areas in Mississippi reported farm routine up to schedule.

Cash farm income including Government payments for the United States in January amounted to \$1,097,000,000, or 46 per cent more than in January, 1941. The greatest increases came from oil bearing crops and vegetables where the sharply higher prices and greatly increased marketings doubled the income of last January. For the next few months cash income is expected to continue appreciably higher than in the corresponding months of last year, but the percentages of increase may decline as the year progresses. For Eighth District states cash income plus benefit payments in January totaled \$254,367,000 which was 43 per cent above the \$178,067,000 total for January, 1941.

Prices received by farmers on February 15 stood at 145 per cent of the 1909-1914 average, which is equivalent to 99 per cent of parity. This represented a decline of 4 points from the January 15 index, but was 42 points above the index of February 15, 1941. Declines in prices of poultry products, truck crops, and tobacco accounted for most of the drop from a month ago. The index of farm prices in most Eighth District States registered declines, but prices in Arkansas and Missouri were up slightly from the level of January 15. During late February and early March farm prices advanced generally.

The supply of farm labor is smaller this year than in several seasons due to the movement of men into the armed services and into defense work. As yet no critical overall labor shortage has developed. Certain sections in the district report inadequate labor supplies while other areas indicate that farm labor is sufficient for the immediate crop servicing. It is anticipated that most of the 20,000 pickers needed for the strawberry harvest in Arkansas beginning about May 1 will be available from within Arkansas and the immediate vicinity.

Cotton—Cold and wet weather during February and early March retarded cotton crop preparation in the Eighth District. Very little plowing has been done and land preparation is from a week to two weeks late in most sections of the district. The labor supply for cotton farming appears less short than was expected earlier, and should suffice for the early part of the season. If the shortage continues through the harvest season, however, it may prove more serious in that picking of the crop will be extended with consequent increase in exposure. Farm equipment and workstock are in sufficient quantity. The supply of fertilizer is regarded as rather short for the coming crop, and it is expected that airplanes and pilots may not be available for dusting.

The Government's program to encourage production of longer staple lengths in 1942 is being met by increased prospective plantings of longer staples. In Arkansas some 65,000 additional acres will be devoted to this purpose with a probable increase in production at average yields of 50,000 bales. Government loan rates for longer staples have been sharply increased over last year. Increases for middling cotton range from 30 points on 1 $\frac{1}{8}$ inch staple to 410 points on 1 $\frac{1}{4}$ inch.

The limited supply of imported fibers, such as jute, manila, hemp, sisal, henequin, wool and silk, which accounted for approximately one-third of all fibers used in the United States during the period 1935-1939, has greatly increased the need for cotton in the form of cordage, bags, clothing and household articles. Domestic mill activity remains at extremely high levels with no evidence of slackening. During February cotton spindles in the United States operated at 136 per cent of capacity, 22 points above February, 1941. Most mills are now running very close to their maximum capacity, a number of them operating 168 hours per week. Some estimates now place the rate of annual consumption by next fall at 13,000,000 bales of cotton.

In the past month cotton prices have ranged between narrow limits. On the Memphis market the price of 15/16 middling grade ranged between 19.20c per pound and 19.65c per pound between February 17 and March 16, closing on the latter date at 19.30c per pound.

Fruits and Vegetables—Arkansas and Tennessee strawberry beds are in relatively good condition. The cold, wet weather of February has tended to hold back plants, thus lessening the possibility of damage by spring freezes. The present outlook is for relatively good crops.

Tennessee cabbage has been retarded about 10

days to two weeks, and due to inclement weather plants appear tender and not as hardy as usual. Acreage planted to green peas in the States of Indiana and Illinois is 40 per cent and 34 per cent more, respectively, than that planted a year ago. This compares with an increase in acreage for the entire country of about 26 per cent.

Livestock—The early spring lamb crop in the principal producing States is expected to be somewhat smaller this year than in 1941. In general, weather up to March 1 was less favorable than that which obtained last year and marketings before July 1 probably will be smaller than last year. In this district the spring lamb crop in Tennessee and Missouri will be smaller than last year and later than usual. The many rainy days and lack of sunshine have been unfavorable to growth of pastures and little green feed is available. In Kentucky prospects are for a lamb crop of good quality about the same size as last year, but somewhat later.

Both receipts and shipments of livestock at the National Stockyards in February were sharply lower than in January and somewhat below those of February, 1941. Prices of cattle and sheep showed little change during the past month. Prices of hogs rose sharply and reached the highest point in 15 years. The average price on hogs at the National Stockyards between February 17 and March 16 ranged from \$12.58 per cwt. to \$13.55 per cwt., closing on the latter date at \$13.31 per cwt. For the comparable period a year ago the range was from \$7.51 per cwt. to \$7.82 per cwt.

The increase in milk production so far in 1942 is considerably less than needed to meet the 1942 goals which call for an 8 per cent increase over 1941. Milk production per cow in the United States has been running only about 1 per cent larger than a year ago. The number of milk cows is only about 3 per cent more than last year, so that total milk production is less than 5 per cent above last year. In Eighth District States the increase in production per cow on March 1 from the corresponding date a year ago was less than 1 per cent, but the number of cows was more than 4 per cent greater, so that total milk production was a little more than 5 per cent above 1941. Butter production is beginning to register its seasonal upturn, but is considerably below production a year ago. In recent weeks production in Eighth District States of Indiana, Illinois and Missouri showed sharp decreases from a year ago.

Tobacco—Final Government reports indicate that gross sales on the 42 burley markets amounted to 354,564,873 pounds at a season average price of

\$29.33 per cwt. The average price was \$13.07 per cwt. above last year, and was the highest since the 1936 crop. Marketings decreased more than 11 per cent from the 1941 total, but value of the crop was almost 60 per cent greater than that of a year ago. Kentucky markets sold 261,408,065 pounds, or 73.7 per cent of the total. Tennessee markets sold 59,773,351 pounds, or 16.9 per cent of the total. Season average price for Kentucky markets was \$29.22 per cwt.; for Tennessee, \$30.67 per cwt. The deadline of March 1 for authorizing an increase in 1942 burley crop acreage has passed with no change authorized. The 1942 quota is set at 292,000,000 pounds, or the production of 383,000 acres.

Total sales of Green River and stemming district tobacco amounted to 13,273,053 pounds at a season average price of \$11.70 per cwt. This compares with net sales of 17,397,371 pounds at an average price of \$7.64 per cwt. last year. All grades remained in good demand at firm prices until the end of the marketing season.

Total sales of Eastern district fire-cured tobacco through the season up to March 19 totalled 33,279,246 pounds at an average price of \$14.24 per cwt. Quality had been improving in recent weeks, but prices show a slight decline and the Tobacco Growers Cooperative Association receipts are increasing somewhat. Sales of Western district tobacco for the season to March 20 totalled 11,508,855 pounds at an average price of \$12.07 per cwt. Prices have been falling and receipts of the Growers Cooperative Association have been sharply increased.

The final report on one sucker tobacco sales indicates total marketings of 15,302,967 pounds at an average price of \$11.63 per cwt. This compares with marketings in the previous year of 20,551,704 pounds at an average price of \$8.04 per cwt. Factors contributing to the higher prices this year were the small crop, higher advance prices by the Growers Cooperative and increased consumption of chewing tobacco.

Winter Wheat—Generally cold weather accompanied by snow spread over much of the winter wheat belt in February. The snow blanket extended south of the Missouri River and, consequently, the cold weather did little damage. In early March moderate heaving was evident in central and eastern portions of the belt, but in general, prospects for the crop continue favorable. The crop is showing some growth as far north as the central Ohio belt and Nebraska.

COST OF LIVING AND PRICES

Between January 15 and February 15, the cost of living in large cities in the United States continued

to advance, but the rate of increase was somewhat smaller than that of the preceding month; 0.6 per cent as compared with 1.3 per cent. In the past year living costs in the United States rose 11.7 per cent. In St. Louis cost of living in the four-week period was 0.5 per cent and 11.5 per cent, respectively, above a month and a year ago.

For 51 cities in the United States the cost of food rose 0.5 per cent between January 13 and February 17 and was 19.3 per cent above the average of a year ago. The greatest increase among Eighth District cities covered by the index in the past month was 1.4 per cent in Memphis, and the smallest rise was 0.1 per cent in St. Louis. In the past year food costs in Little Rock have advanced 24.6 per cent to lead the principal Eighth District cities in percentage increase. Primary factors in rising food prices in the past month have been gains in the prices of pork, lard, potatoes and sugar which were partly offset by seasonal declines in prices of eggs and oranges. It is anticipated that there will be further increases in food costs in coming months following the sharp rises in wholesale prices of farm products and foods that have been evident in recent weeks.

The Bureau of Labor Statistics index of wholesale food prices on March 14 stood at 97.1 per cent of the 1926 average, a rise of 0.9 per cent from a month earlier and of 20.0 per cent from a year ago.

EMPLOYMENT

Total civilian non-agricultural employment in January declined to 39,838,000 from the all time peak registered in December of 41,073,000. In January, 1941 non-agricultural employment was 37,142,000. The decline in the past month was primarily seasonal, with all classifications showing decreases. Large reductions in retail and wholesale trade employment and in construction employment accounted for much of the decline. The decrease in manufacturing employment was less than seasonal, but was more than last year, with automobile manufacturing employment registering the greatest drop, as the industry pushed forward its conversion to war production.

Non-agricultural employment in Eighth District States in January was 5,546,000, a decline of 4.2 per cent from the 5,789,000 employed in December, but a gain of 9.2 per cent from the 5,080,000 employed a year ago. All Eighth District States registered decreases from a month ago, the largest being in Mississippi where 6.8 per cent less people were employed. Compared with a year ago the percentage increase of 17.9 per cent in Arkansas non-agricultural employment represented the greatest increase among Eighth District States.

BANKING AND FINANCE

Certain of the rates charged by this bank have been reduced effective at the opening of business March 14, 1942. Rediscounts and other advances to member banks under Section 13 and 13a of the Federal Reserve Act have been reduced from 1½ per cent to 1 per cent per annum. Advances to member banks under Section 10(b) have been reduced from 2 per cent to 1½ per cent per annum. Under the Federal Reserve Act this rate must be at least ½ per cent higher than the highest rediscount rate. Advances to individuals, firms and corporations, other than banks, secured by direct obligations of the United States under paragraph 13 of section 13 have been reduced from 4 per cent to 3 per cent per annum. The lowering of the rediscount rate to member banks has brought the rate of this bank down to the rates of Boston, New York and Chicago, and into line with the rate now charged on advances to banks secured by U. S. Government obligations under Section 13 of the Act. The ruling of the Board of Governors of March 10 made clear the fact that advances to banks secured by U. S. Government obligations may run for 90 days before renewal.

Credit demand in the Eighth District during February and early March continued to vary considerably both with respect to location and type, but in general seems to be declining to some extent. Volume of consumer credit is registering considerable decreases from month to month due in part to the administration of Regulation W, but in much greater degree to the curtailment and allocation of durable consumer goods from which originated a great portion of this volume. It is reported that a number of banks are endeavoring to obtain loans to contractors engaged in war production and the volume of this type of loan may be expected to rise in the future. Certain banks are carrying on extensive activities in collecting and disseminating information concerning war production for their existing or prospective customers.

Member Banks—Total loans and investments of reporting member banks in the principal cities of the district on March 18, were 2 per cent above the level of February 18, and were 13 per cent above a year ago. Loans declined 2 per cent in the four-week period while investments rose 6 per cent with large increases in holdings of Treasury bills accounting for most of the gain. Gross deposits were virtually unchanged from a month earlier, but were 19 per cent above a year ago. Savings deposits on March 4 were 0.6 per cent and 3.4 per cent, respectively, below a month and a year earlier.

PETROLEUM

| (In thousands of barrels) | Production | | | Stocks | |
|---------------------------|------------|---------|---------|---------------|---------------|
| | 1941 | 1940 | 1939 | Dec. 31, 1941 | Dec. 31, 1940 |
| Arkansas . . . | 26,327 | 25,583 | 21,143 | 1,988 | 2,197 |
| Illinois | 134,138 | 146,788 | 94,302 | 12,748 | 13,944 |
| Indiana | 6,634 | 4,843 | 1,443 | 3,007 | 3,393 |
| Kentucky . . . | 4,762 | 5,193 | 5,581 | 1,919 | 1,684 |
| Totals | 171,861 | 182,407 | 122,469 | 19,662 | 21,218 |

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

| | Receipts | | | Shipments | | |
|---------------------------|------------|------------|------------|------------|------------|------------|
| | Feb., 1942 | Jan., 1942 | Feb., 1941 | Feb., 1942 | Jan., 1942 | Feb., 1941 |
| Cattle and Calves | 77,363 | 104,249 | 79,041 | 17,173 | 32,732 | 23,200 |
| Hogs | 211,912 | 299,512 | 229,778 | 83,386 | 105,982 | 87,185 |
| Horses and Mules | 2,688 | 1,710 | 2,273 | 2,553 | 1,680 | 2,156 |
| Sheep | 30,111 | 39,220 | 20,015 | 3,910 | 1,657 | 804 |
| Totals | 322,074 | 444,691 | 331,107 | 107,022 | 142,051 | 113,345 |

WHOLESALE PRICES IN THE UNITED STATES

| Bureau of Labor Statistics (1926=100) | Mar. 14, '42 | Mar. 7, '42 | Feb. 14, '42 | Mar. 15, '41 | Mar. 14, '42 comp. with Feb. 14, '42 | Mar. 15, '41 |
|---------------------------------------|--------------|-------------|--------------|--------------|--------------------------------------|--------------|
| | | | | | | |
| All Commodities | 97.1 | 96.9 | 96.2 | 80.9 | + 0.9% | +20.0% |
| Farm Products | 102.3 | 101.5 | 100.7 | 70.9 | + 1.6 | +44.3 |
| Foods | 95.8 | 95.8 | 94.0 | 74.3 | + 1.9 | +28.9 |
| Other | 95.2 | 95.1 | 94.9 | 84.9 | + 0.3 | +12.1 |

COST OF LIVING

| Bureau of Labor Statistics (1935-39=100) | Feb. 15, 1942 | Jan. 15, 1942 | Feb. 15, 1941 | Feb. 15, '42 comp. with Jan. 15, '42 | Feb. 15, '41 |
|--|---------------|---------------|---------------|--------------------------------------|--------------|
| | | | | | |
| United States | 112.6 | 111.9 | 100.8 | + 0.6% | +11.7% |
| St. Louis | 112.4 | 111.8 | 100.8 | + 0.5 | +11.5 |

COST OF FOOD

| Bureau of Labor Statistics (1935-39=100) | Feb. 17, 1942 | Jan. 13, 1942 | Feb. 18, 1941 | Feb. 17, '42 comp. with Jan. 13, '42 | Feb. 18, '41 |
|--|---------------|---------------|---------------|--------------------------------------|--------------|
| | | | | | |
| U. S. (51 cities) | 116.8 | 116.2 | 97.9 | + 0.5% | +19.3% |
| St. Louis | 119.9 | 119.8 | 99.3 | + 0.1 | +20.7 |
| Little Rock | 119.1 | 117.9 | 95.6 | + 1.0 | +24.6 |
| Louisville | 118.2 | 116.8 | 95.8 | + 1.2 | +23.4 |
| Memphis | 116.9 | 115.3 | 94.8 | + 1.4 | +23.3 |

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

| Bureau of Labor Statistics (1937=100) | Dec., 1941 | Nov., 1941 | Dec., 1940 | Dec., '41 comp. with Nov., '41 | Dec., '40 |
|---------------------------------------|------------|------------|------------|--------------------------------|-----------|
| | | | | | |
| Evansville | 79.0 | 79.8 | 90.0 | - 1.0% | -12.2% |
| Louisville | 118.9 | 120.0 | 107.2 | - 0.9 | +10.9 |
| Memphis | 109.4 | 115.2 | 108.1 | - 5.0 | + 1.2 |
| St. Louis | 120.8 | 120.0 | 103.7 | + 0.7 | +16.5 |

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 | 18 | \$ 49 | \$ 49 | 52 | 60 | \$ 23 | \$ 49 |
| Little Rock | 53 | 36 | 129 | 168 | 217 | 81 | 83 | 87 |
| Louisville | 166 | 95 | 341 | 277 | 31 | 34 | 55 | 54 |
| Memphis | 804 | 496 | 1,184 | 689 | 143 | 132 | 157 | 75 |
| St. Louis | 174 | 204 | 589 | 369 | 132 | 120 | 171 | 288 |
| Feb. Totals | 1,212 | 849 | 2,292 | 1,552 | 575 | 427 | 489 | 553 |
| Jan. " | 492 | 828 | 903 | 1,374 | 360 | 409 | 513 | 417 |

VALUE CONSTRUCTION CONTRACTS LET

| (In thousands of dollars) | Feb., '42 | Jan., '42 | Feb., '41 | Feb., '42 comp. with Jan., '42 | Feb., '41 |
|---------------------------|-----------|-----------|-----------|--------------------------------|-----------|
| | | | | | |
| Total 8th Dist. . . . | \$47,987 | \$25,177 | \$21,894 | +100% | +119% |

Source: F. W. Dodge Corporation.

CONSUMPTION OF ELECTRICITY

| (K.W.H. in thous.) | No. of Customers* | Feb., 1942 | Jan., 1942 | Feb., 1941 | February, 1942 compared with | |
|---------------------|-------------------|------------|------------|------------|------------------------------|------------|
| | | K.W.H. | K.W.H. | K.W.H. | Jan., 1942 | Feb., 1941 |
| Evansville | 40 | 4,058 | 4,846 | 4,880 | -16% | - 17% |
| Little Rock | 35 | 2,591 | 2,377 | 2,279 | + 9 | + 14 |
| Louisville | 82 | 15,325 | 12,211 | 11,986 | +26 | + 28 |
| Memphis | 31 | 4,513 | 4,759 | 3,624 | - 5 | + 25 |
| Pine Bluff | 19 | 1,393 | 1,226 | 851 | +14 | + 64 |
| St. Louis | 125 | 50,623 | 53,766 | 45,273 | - 6 | + 12 |
| Totals | 332 | 78,503 | 79,185 | 68,893 | - 1 | + 14 |

*Selected industrial customers.

PRODUCTION OF BITUMINOUS COAL

| (In thousands of tons) | Feb., '42 | Jan., '42 | Feb., '41 | Feb., '42 comp. with Jan., '42 | Feb., '41 |
|------------------------|-----------|-----------|-----------|--------------------------------|-----------|
| | | | | | |
| United States | 43,840 | 48,540 | 41,695 | -10% | + 5% |
| Illinois | 4,855 | 5,320 | 4,549 | - 9 | + 7 |

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

| First nine days | | | | | | |
|-----------------|-----------|-----------|-----------|-----------|-------------|-------------|
| Feb., '42 | Jan., '42 | Feb., '41 | Mar., '42 | Mar., '41 | 2 mos., '42 | 2 mos., '41 |
| 112,794 | 117,385 | 89,123 | 36,786 | 29,994 | 230,179 | 182,794 |

Source: Terminal Railroad Association of St. Louis.

WHOLESALE

| Lines of Commodities | Net Sales | | Stocks | |
|---|--|-----------|--|--|
| | February, 1942 compared with Jan., '42 | Feb., '41 | Feb. 28, 1942 comp. with Feb. 28, 1941 | |
| Data furnished by Bureau of Census, U. S. Dept. of Commerce. | | | | |
| Automotive Supplies..... | + 10% | + 64% |% | |
| Boots and Shoes..... | + 10 | + 6 | .... |  |
| Drugs and Chemicals..... | + 7 | + 18 | .... |  |
| Dry Goods..... | + 9 | + 60 | +38 | |
| Electrical Supplies..... | + 4 | + 38 | +14 | |
| Furniture..... | + 27 | + 57 | +13 | |
| Groceries..... | + 9 | + 31 | +43 | |
| Hardware..... | + 5 | + 43 | +13 | |
| Machinery, Equipment and Supplies. | + 4 | + 87 | +16 | |
| Plumbing Supplies..... | + 13 | + 73 | .... |  |
| Tobacco and its Products..... | + 5 | + 33 | +26 | |
| Miscellaneous..... | + 1 | + 30 | +41 | |
| Total all lines*..... | + 2 | + 40 | +28 | |

*Includes certain lines not listed above.

DEPARTMENT STORES

| | Net Sales | | Stocks on Hand | Stock Turnover |
|-----------------------|--|--------------------------------------|--|-------------------------------------|
| | February, 1942 compared with Jan., '42 | 2 mos., '42 to same period '41 | Feb. 28, '42 comp. with Feb. 28, '41 | Jan. 1, to Feb. 28, 1942 1941 |
| Ft. Smith, Ark.... | -12% | +38% | +47% | .57 .47 |
| Little Rock, Ark. - | -0 | +26 | +25 | .55 .61 |
| Pine Bluff, Ark.... | -11 | +30 | +43 | .64 .47 |
| E. St. Louis, Ill.... | -12 | +21 | +33 | .... |
| Quincy, Ill. | -5 | +19 | +32 | .57 .56 |
| Evansville, Ind.... | -8 | +22 | +34 | .... |
| Louisville, Ky.... | -9 | +19 | +24 | .62 .68 |
| St. Louis, Mo.... | -18 | +25 | +34 | .64 .67 |
| Springfield, Mo.... | -2 | +10 | +19 | .40 .40 |
| Jackson, Tenn.... | -17 | +17 | +36 | .... |
| Memphis, Tenn.... | -17 | +24 | +31 | .55 .55 |
| *All other cities.. | -10 | +13 | +23 | .46 .42 |
| 8th F. R. District | -15 | +23 | +31 | .61 .64 |

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

Trading days: Feb., 1942—24; Jan., 1942—26; Feb., 1941—24.

Outstanding orders of reporting stores at the end of February, 1942, were 107 per cent greater than on the corresponding date a year ago.

| Percentage of accounts and notes receivable outstanding February 1, 1942, collected during February, by cities: | | Installment | |
|---|---------------|-----------------|---------------|
| Accounts | Excl. Instal. | Accounts | Excl. Instal. |
| Fort Smith...% | 40% | Quincy..... | 21% |
| Little Rock.. 15 | 39 | St. Louis.... | 24 |
| Louisville... 17 | 46 | Other cities.. | 14 |
| Memphis.... 26 | 43 | 8th F. R. Dist. | 22 |

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

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

| | Feb., 1942 | Jan., 1942 | Dec., 1941 | Feb., 1941 |
|--|------------|------------|------------|------------|
| Sales (daily average), Unadjusted..... | 101 | 110 | 190 | 81 |
| Sales (daily average), Seasonally adjusted.. | 117 | 138 | 115 | 94 |
| Stocks, Unadjusted..... | 103 | 87 | 86 | 77 |
| Stocks, Seasonally adjusted..... | 108 | 100 | 92 | 76 |

Trading days: Feb., 1942—24; Jan., 1942—26; Feb., 1941—24.

SPECIALTY STORES

| | Net Sales | | Stocks on Hand | Stock Turnover |
|------------------------|--|--------------------------------------|--|-------------------------------------|
| | February, 1942 compared with Jan., '42 | 2 mos., '42 to same period '41 | Feb. 28, '42 comp. with Feb. 28, '41 | Jan. 1, to Feb. 28, 1942 1941 |
| Men's Furnishings..... | -15% | +47% | +45% | .47 .41 |
| Boots and Shoes..... | -5 | +28 | +37 | .94 .99 |

Percentage of accounts and notes receivable outstanding February 1, 1942, collected during February:
Men's Furnishings.....38% Boots and Shoes.....34%

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

| (In thousands of dollars) | Change from | | |
|---|---------------|---------------|---------------|
| | Mar. 18, 1942 | Feb. 18, 1942 | Mar. 19, 1941 |
| Industrial advances under Sec. 13b.....\$ | 5 | -1 | +3 |
| Other advances and rediscounts..... | 106,236 | -48 | +3,097 |
| U. S. securities..... | 106,241 | -49 | +3,100 |
| Total earning assets..... | 620,201 | -27,511 | +165,945 |
| Total deposits..... | 382,885 | -35,486 | +59,892 |
| F. R. Notes in circulation..... | 337,381 | +5,635 | +109,191 |
| Industrial commitments under Sec. 13b.. | 1,456 | +326 | +223 |

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

| | Pieces | Amounts |
|---|------------|-----------------|
| Checks (cash items) handled..... | 5,267,859 | \$1,651,772,553 |
| Collections (non-cash items) handled..... | 55,249 | 35,474,699 |
| Transfers of funds..... | 4,470 | 433,863,134 |
| Currency received and counted..... | 10,094,178 | 34,824,856 |
| Coin received and counted..... | 12,158,680 | 980,636 |
| Rediscounts, advances and commitments..... | 4 | 58,500 |
| New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc. | 183,669 | 85,866,340 |
| Bills and securities in custody—coupons clipped | 8,864 | ..... |

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.....1 % per annum
Advances to member banks under section 10(b).....1½ % 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.....3 % 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) | Mar. 18, 1942 | Feb. 18, 1942 | Mar. 19, 1941 |
|---|---------------|---------------|---------------|
| Commercial, industrial, agricultural loans..... | \$279,273 | -8,347 | +54,599 |
| Open market paper..... | 23,869 | -331 | +10,534 |
| Loans to brokers and dealers..... | 3,988 | -291 | +112 |
| Other loans to purchase and carry securities. | 10,372 | -166 | +2,067 |
| Real estate loans..... | 59,741 | +1,056 | +189 |
| Loans to banks..... | 212 | -1,085 | +1,362 |
| Other loans..... | 74,822 | -870 | +5,028 |
| Treasury bills..... | 33,715 | +22,844 | -39,308 |
| Treasury notes..... | 42,499 | +468 | +831 |
| U. S. bonds..... | 260,738 | +2,463 | +91,977 |
| Obligations guaranteed by U. S. Government | 58,340 | +1,536 | +7,611 |
| Other securities..... | 113,960 | +2,185 | +1,534 |
| Balances with domestic banks..... | 223,090 | +1,809 | +31,151 |
| Demand deposits—adjusted*..... | 645,075 | +2,577 | +110,214 |
| Time deposits..... | 182,706 | -1,165 | +9,828 |
| U. S. Government deposits..... | 48,180 | +29,392 | +36,714 |
| Interbank deposits..... | 482,973 | -32,019 | +67,045 |
| 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.

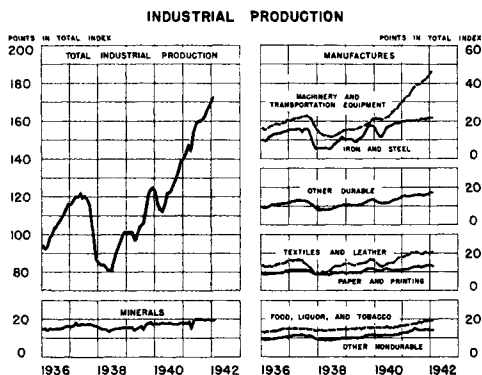
DEBITS TO INDIVIDUAL ACCOUNTS

| (In thousands of dollars) | Feb., 1942 | Jan., 1942 | Feb., 1941 | Feb., '42 comp. with Jan., '42 | Feb., '41 |
|----------------------------|------------|------------|------------|--------------------------------|-----------|
| El Dorado, Ark....\$ | 6,405 | \$ 8,101 | \$ 5,194 | -21% | +23% |
| Fort Smith, Ark.... | 17,826 | 20,636 | 12,921 | -14 | +38 |
| Helena, Ark.... | 2,005 | 3,062 | 1,425 | -35 | +41 |
| Little Rock, Ark.... | 55,947 | 62,236 | 43,874 | -10 | +28 |
| Pine Bluff, Ark.... | 11,639 | 13,423 | 7,889 | -13 | +48 |
| Texarkana, Ark.-Tex. | 26,451 | 32,304 | 8,406 | -18 | +215 |
| E. St. L.-Nat. S. Y., Ill. | 56,728 | 64,215 | 39,870 | -12 | +42 |
| Quincy, Ill. | 10,210 | 11,813 | 8,436 | -14 | +21 |
| Evansville, Ind.... | 36,725 | 45,445 | 33,177 | -19 | +11 |
| Louisville, Ky.... | 227,764 | 277,907 | 195,781 | -18 | +16 |
| Owensboro, Ky.... | 7,111 | 11,295 | 6,218 | -37 | +14 |
| Greenville, Miss.. | 8,604 | 10,427 | 5,813 | -17 | +48 |
| St. Louis, Mo.... | 688,158 | 801,420 | 555,934 | -14 | +24 |
| Sedalia, Mo.... | 2,923 | 2,870 | 2,256 | +2 | +30 |
| Springfield, Tenn. | 18,390 | 20,502 | 16,510 | -10 | +11 |
| Memphis, Tenn.... | 210,089 | 274,019 | 164,090 | -23 | +28 |
| Totals..... | 1,386,975 | 1,659,675 | 1,107,794 | -16 | +25 |

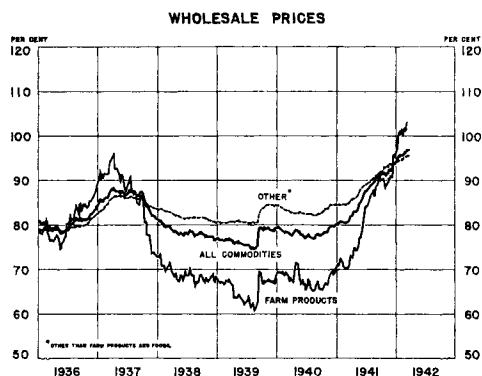
COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

| | Feb., '42 | Jan., '42 | Feb., '41 | Feb., '42 comp. with Jan., '42 | Feb., '41 |
|------------------|-----------|-----------|-----------|--------------------------------|-----------|
| Number..... | 34 | 32 | 42 | +6% | -19% |
| Liabilities..... | \$336,000 | \$375,000 | \$497,000 | -10 | -32 |

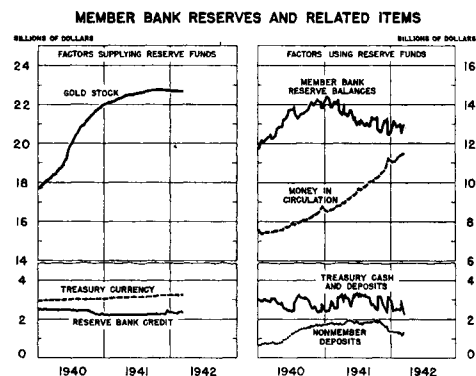
Source: Dun and Bradstreet.



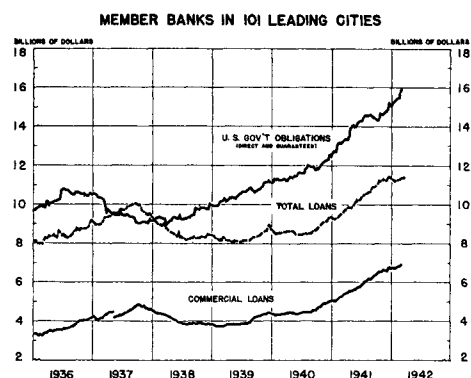
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 = 100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for February, 1942.



Bureau of Labor Statistics' weekly indexes, 1926 average = 100. Latest figures shown are for week ending March 21, 1942.



Wednesday figures. Latest figures shown are for March 11, 1942.



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 March 11, 1942.

NATIONAL SUMMARY OF CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Production—In February the Board's seasonally adjusted index of industrial production rose from 171 to 173 per cent of the 1935-39 average. As in other recent months, activity in the durable goods manufacturing industries, where the majority of military products are made, continued to advance, while in industries making nondurable goods and at mines activity was maintained at about the levels reached last autumn.

Steel production rose to 96 per cent of capacity in February and increased further to 98 per cent in the third week of March—which corresponded to an annual rate of nearly 87 million net tons. Lumber production also increased, following less than the usual seasonal decline during the previous two months. In the machinery and transportation equipment industries, now engaged mainly in armament production, activity continued to advance rapidly as plant utilization increased and capacity expanded. Conversion to armament production in the automobile industry, where output of civilian products was discontinued in early February, is apparently being effected much more rapidly than had been anticipated earlier.

There were further increases in output at cotton textile mills and at chemical factories, reflecting an increasing amount of work on military orders. At meatpacking establishments activity was maintained near the high rate reached in January. Shoe production increased by less than the usual seasonal amount. Anthracite production rose sharply in February and bituminous coal production was maintained near the high rate of other recent months. Output of crude petroleum, which had been at record levels in December and January, declined somewhat in the latter part of February and in the first half of March, reflecting transportation difficulties.

Construction—Value of construction contract awards increased considerably in February, according to figures of the F. W. Dodge Corporation, owing mainly to a sharp rise in awards for public projects. Total awards in February were half again as large as last year, and public awards were about three times as large.

In nonresidential building, awards for public projects increased materially, while those for private projects continued to decline. There was a slight rise in awards for public utility construction.

In residential building, contracts for private work changed little from January, while those for publicly-financed projects increased sharply and amounted to about half of the total for the first time on record. For the past six months there has been a noticeable shift in privately-financed housing activity from building for owner-occupancy to building for sale or rent; in February, awards for the former constituted only about one-fifth of the small-homes total. This shift is attributable mainly to the activity in defense areas and to legislation enacted last spring making possible the insurance of mortgages taken out by builders.

Distribution—Value of retail trade continued large in February. Sales at general merchandise stores and variety stores increased more than seasonally, while sales at department stores declined. In the first half of March department store sales increased by about the usual seasonal amount. Freight-car loadings, which in January had been unusually large for this time of year, declined somewhat in February owing to smaller shipments of coal, grain, and miscellaneous freight.

Commodity Prices—Wholesale prices continued to advance from the middle of February to the middle of March, particularly those for finished consumer goods such as meats, fruits and vegetables, shoes, clothing, and household items. Temporary maximum price orders were issued covering wholesale prices of some of these products, including pork, canned fruits and vegetables, finished cotton and rayon fabrics, cotton rugs, and bedding equipment. These orders, according to statute, used as maximums the prices prevailing within five days prior to issuance. They are effective for only 60 days and may be replaced by regular schedules.

Treasury Financing and Bank Credit—In March income tax receipts by the Treasury for the first time reflected the higher schedule of rates. The effect of these receipts on the money market was largely offset by redemption of Treasury bills previously issued to mature during the tax collection period, by tax-anticipation notes turned in on payment of taxes, and by continued heavy Treasury expenditures. As a consequence a record volume of Treasury operations was effected with little influence on conditions in the market. Excess reserves of member banks showed no large change and on March 18 amounted to about \$3.2 billion.

United States Government obligations held by member banks in leading cities showed little change during the first three weeks of March following a sharp rise in February. Commercial loans increased further.

United States Government Security Prices—Prices of United States Government bonds advanced steadily from the middle of February to the middle of March. Long-term taxable bonds yielded 2.35 per cent compared with an average of 2.39 per cent in February. Prices of short-term securities have held steady since the first of the year, with Treasury bills selling at around .20 per cent.