



# BUSINESS CONDITIONS

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FEDERAL RESERVE BANK OF ST. LOUIS



DIVISION OF STATE PUBLICITY, INDIANA

*Reclaimed Strip Coal Lands—Southern Indiana*

## SUMMARY OF EIGHTH DISTRICT

**M**ANUFACTURING and trade in the Eighth District continued at very high levels during April and the first part of May. Increased activity in war plants more than offset declines in non-war industries. Absorption of employees from non-essential industries by war goods manufacturers continues to keep the level of employment high.

The durable goods industry has been ordered by the War Production Board to stop using iron and steel in the manufacture of some 400 items after a period of approximately three months from the issuance of the order. Plants that have not yet converted to war production will thus be forced to do so or to cease operations.

Reflecting increased output of war goods, Treasury expenditures for war in April totaled \$3.2 billion or 14 per cent more than the total of \$2.8 billion spent in March. May expenditures so far are at the rate of \$3.6 billion for the month, or an annual rate of over \$43 billion. The heightened activity in war industries raised the level of the unadjusted index of industrial production prepared by the Board of Governors of the Federal Reserve System to 172 per cent of the 1935-39 average, a new high. The March index was 168 and that of April, 1941 was 144. The index of durable goods rose 7 points in the past month, while the index of non-durables was unchanged. The seasonally adjusted index of the Board also rose to a new high in April, registering 174 per cent.

Primary distribution in the Eighth District during April increased slightly over the March levels and was well above a year ago. Carloadings of all railroads operating in the district during the four-week period ending April 25 were 1 per cent greater than in the preceding four weeks and 21 per cent above the comparable period of 1941. Loads interchanged for 25 connecting lines at St. Louis in April increased 2 per cent over the total for March and were 41 per cent greater than in April, 1941. Cumulative total of interchanges from January through April, 1942 was 30 per cent above that of the first four months of 1941. Tonnage moved by the Federal Barge Line on the Mississippi River between St. Louis and New Orleans in April was 107 per cent above that of March and 30 per cent above that of April, 1941. Freight tonnage moved on the Mississippi may increase in subsequent months if petroleum is shipped by inland waterways as has been advocated.

Retail distribution of merchandise during April was below that of March. In comparison with a year ago the increase in dollar volume of goods sold at wholesale and retail is becoming smaller from month to month. Sales of all reporting department stores in the Eighth District in April were 2 per cent below those of March and only 5 per cent above April, 1941. The small decline in April of this year is particularly noticeable in view of the fact that Easter fell in April which normally tends to lift the dollar volume of sales in that month. Inasmuch as prices of department store merchandise were approximately 20 per cent above the level of last year on May 1, it is evident that total volume of goods sold by department stores is now appreciably under that sold in the corresponding month of 1941. In the first two weeks of May department store trade gained slightly over the corresponding level of last year, but the gain in dollar volume was not enough to offset the price change so that physical volume of goods is still below that of last year.

Sales of all wholesalers and jobbers whose statistics are available to this bank were 4 per cent above March and 38 per cent above April, 1941. Wholesalers' stocks fell slightly in the month but were 20 per cent above the corresponding period last year.

Rates of this bank on direct industrial advances and on commitments to financing institutions have been revised, effective May 16, to bring them into harmony with the rates charged on loans and on guarantees executed in connection with the war production financing program under Presidential Order No. 9112 and Regulation V of the Board of Governors of the Federal Reserve System. The new rates established are as follows: On advances made direct to established businesses, including advances made in participation with other financing institutions, 2½ per cent to 5 per cent. On commitments to make advances direct to business enterprises, 10 per cent to 25 per cent of the rate to be charged the borrower with a minimum of ½ per cent. On advances taken over from financing institutions under commitments, rate charged the borrower on that portion on which the Federal Reserve Bank assumes the risk, 1 per cent to 1½ per cent on portion on which financing institution assumes the risk. On commitments to financing institutions, 10 per cent to 25 per cent of the rate charged borrower with a minimum of ¼ per cent, provided that no commitment shall be given on a loan on which the borrower is charged more than 5 per cent.

## DETAILED SURVEY OF DISTRICT

### IRON AND STEEL

In the St. Louis area the rate of ingot operations during late April and the first part of May was maintained at a high level. As of mid-May the rate of operations was at 95.6 per cent of capacity or 10.5 points above the level of a month earlier.

Scrap is considerably easier than it was during the winter months. Mill and foundry backlogs average approximately ten days' supply. The campaign to bring in more scrap from auto junk yards, from farms and from homes is producing considerable tonnage.

Production of pig iron in the St. Louis area is still coming from only one furnace but it is expected that a second blast furnace will be in production by summer. Allocation of pig iron in this area continues to be satisfactory.

The War Production Board order stopping production of some 400 items using steel is expected to bring about cancellation of much low-rated tonnage on steel producers' order books. However, demand for all steel products continues very strong and it is very difficult to obtain delivery on plates, sheets, strip and bars for any tonnage rated below A-1.

Steel ingot production in the United States in April amounted to 7,122,313 tons as compared with 7,392,911 tons in March, and 6,754,179 tons in April, 1941. For the first four months of 1942 steel production exceeded that of the same period in 1941 by 4 per cent. Continuance of this rate of production would bring the total for 1942 to approximately 86,000,000 tons or about 3,000,000 tons more than in the record-breaking year 1941.

### WHISKEY

Of the 59 distilleries in Kentucky, 56 were in operation on April 30, the same number as on the last day of the preceding month. Production continues at capacity in anticipation of possible future curtailment.

A recent Government order directs distilleries to devote 75 days of the remaining 1942 production year to producing high wines. This product runs from 120 to 140 proof and is converted into 190 proof industrial alcohol at other plants. The program of high wine production may possibly curtail whiskey production on the part of Kentucky distilleries depending on natural sources of supplies for water, since such distilleries frequently curtail operations during the dry summer months.

Prices received for high wines have so far enabled distilleries to produce them at a profit. Bulk whiskey prices continue firm in a strong market. Most

distilleries have increased inventories of whiskey in recent months due to increased production.

### AGRICULTURE

**General Conditions**—During the last half of April and the first part of May weather throughout the Eighth District was somewhat more favorable for farm routine. Many sections in the district, however, report that there has been too much rain during the spring season and that the ground is very wet. Threats of rising waters have occurred in widely scattered areas. Portions of ground already plowed, and in some instances planted, will have to be reworked. Despite this, many of the more southern sections of the district report that planting is progressing well and in some cases is practically complete. Indications from fruit growing areas are that the heavy freezes and frosts of last winter and spring have killed off a considerable portion of the crops, especially early peaches.

Cash income from farm marketings in March totaled \$891,000,000 as compared with \$810,000,000 in February and \$610,000,000 in March last year. There has not yet been a report on Government benefit payments for March. For Eighth District States cash farm income during March totaled \$171,843,000, or 38 per cent above a year ago. Most of the increase in income during the first quarter of 1942 has come from oil bearing crops, poultry and eggs, cotton and cottonseed, vegetables and meat animals.

Farm employment on May 1 amounted to 10,796,000 persons, which was 1,313,000 more than on April 1 and 113,000 more than a year earlier. May is the first month this year that farm employment has been noticeably above the same month in 1941. Much farm labor now is being done by women, children, and relatively inexperienced help. On May 1 farm employment in Eighth District States was 2,628,000 or 290,000 above a month ago. Farm labor is reported short in most sections of the district but is regarded as adequate for planting and servicing of crops at the present time. Shortages developing during the harvesting season may prove more serious. Already there are some indications that parts of the strawberry crop harvest may not be gathered in time due to inability to recruit enough harvest workers.

Prices received by farmers on April 15 in the United States were 2.7 per cent higher than on March 15 and 36.3 per cent above a year earlier. In the past month price advances in cotton, fruit, meat animals and poultry more than offset declines in prices of grains and dairy products. In Eighth District States farm prices on April 15 showed

generally better gains from the levels of a month earlier than did those for the country as a whole. Compared with a year ago farm prices in Arkansas were 75 per cent ahead to lead all states in the district in increase. Most of the other states approximated the United States gain from a year ago.

**Cotton**—Planting of cotton in the more southern areas of the district is making good progress and in certain sections is practically complete. Weather and crop conditions for the past month have been variable. Many sections of Arkansas have had too much rain and in the southwestern portion of the state much cotton must be replanted because of high water. Preparations for the cotton crop throughout the district are late. Some areas report scarcity of good seed. The ground in general is wet and cold and more sunshine is needed. Farm labor for soil preparation and planting seems to be sufficient. The boll weevil problem is expected to be serious this year because of the scarcity and high prices of certain poisons used in insecticides. Sulphur appears to be the only material of which an abundant supply is likely to continue during the war.

Prices of cotton during the past month have moved within very narrow limits. On the Memphis market the price of 15/16 middling grade ranged between 19.90c per pound and 20.40c per pound between April 16 and May 15, closing on the latter date at 20.30c per pound. Domestic mill inquiries at Memphis have been less numerous and actual buying by mills is small.

The U. S. Department of Agriculture estimates that the cotton carryover on August 1, 1942 will be slightly more than 10,000,000 bales, or about 2,000,000 bales less than on the same date in 1941. The rate of domestic cotton consumption is expected to reach new record highs in the next few weeks due to the fact that shifts from lighter to heavier weight constructions will require a greater quantity of cotton per yard of fabric produced. The daily rate of cotton consumption in April was 45,900 bales as compared with 44,000 in March and 41,900 in April, 1941. The 1942 cotton cloth production goal of 14 billion square yards is about 18 per cent larger than estimated 1941 production, and with the same average cloth production per pound of cotton as in 1941, attainment of this goal would require 12,000,000 bales. With heavier weights of fabric being produced consumption is expected to exceed this figure appreciably. The shift to heavier weights may also increase the use of medium and shorter staples.

**Livestock**—Total receipts of livestock at the National Stock Yards in April were appreciably

larger than in March and in April, 1941. Livestock prices moved up during the latter part of April but showed some decline in the first part of May, and as of mid-May were somewhat lower than a month earlier. The average price of hogs at the National Stock Yards between April 16 and May 15 ranged from \$13.65 to \$14.34 per cwt., closing on the latter date at \$14.08 per cwt. For the comparable period a year ago, the range was from \$8.41 to \$8.97 per cwt.

The early lamb crop in Eighth District States developed favorably during April. In Tennessee improvement of pastures in western sections was marked and early lambs made unusually good growth. Improved pastures in Missouri resulted in good growth, and May 1 condition was reported as about average. In Kentucky permanent pastures were somewhat short but other pasturage was plentiful. Marketings in all three states will be somewhat late, but quality of the crop in general is likely to be high.

According to the U. S. Department of Agriculture the total feed grain supply for the 1942-43 season may be about 5 per cent less than in the previous season. First quarter disappearance of corn in the United States reduced stocks to 1,405,000,000 bushels on April 1 or 39,000,000 bushels below the same date a year earlier. Disappearance is expected to continue heavy and the carryover next October may be from 50 to 100 million bushels less than on October 1, 1941.

**Tobacco**—Certain areas in the burley region suffered from lack of moisture in the latter part of April and it was necessary to water seed beds to maintain proper growth. In early May, however, rainfall was sufficient to bring about a rapid development of young plants. As of mid-May plant beds were reported in excellent condition with plant supply plentiful. In general growers are well advanced in preparing fields for the new crop.

Green River and stemming district beds are in good condition with a plentiful supply of plants showing normal growth. Field preparation is progressing rapidly and it is believed that the majority of the crop will be set out by June 1. Planting of full acreage allotments is indicated.

Dark fired tobacco districts received rather heavy rainfall during early May and land is well prepared for transplanting the new crop. One sucker beds are in good condition with plants showing normal growth. Reports indicate full acreage allotments of this type of tobacco will be planted.

**Winter Wheat**—In general the growth of winter wheat continues satisfactory throughout the Eighth District, but some areas report the need for more

rain and warmer weather. The wheat crop in Eighth District States, however, will be considerably smaller this year than in previous years. In Missouri the crop is off 60 per cent, being the smallest since 1872, and in Illinois indicated production is off 48 per cent. For states in the district, 1942 net acreage of winter wheat is 3,002,000. Abandonment has been some 20-25 per cent greater than average this year and acreage planted was considerably reduced. Indicated production in these states as of May 1 is 63,984,000 bushels, as compared with the 1941 harvest of 100,736,000 bushels and the 10-year average of 104,203,000 bushels.

The 1942 wheat loan schedule as announced by the Department of Agriculture averages \$1.14 per bushel as compared with the 1941 average of 98c. The basic loan rate at St. Louis for No. 2 red winter wheat is \$1.32. The storage allowance of 7c per bushel for grain stored on farms will be allowed in advance to stimulate construction of new storage structures and repairing of old bins.

#### **EMPLOYMENT**

Total civil non-agricultural employment in the United States in March amounted to 40,298,000, an increase of 0.8 per cent from the February level and 6.7 per cent above March, 1941. Increases occurred in virtually all major classifications except mining. Manufacturing employment in the month increased 74,000 which is somewhat less than the normal seasonal increase. The relatively small gain was due primarily to conversion of industrial facilities to war production which is preventing some industries from absorbing employees as rapidly as is normal at this season.

In Eighth District States non-agricultural employment in March totaled 5,673,000, a rise of 1.1 per cent from the February total and an increase of 9.1 per cent from a year earlier. Kentucky was the only Eighth District State which registered a decline in the month and was down 0.1 per cent. Arkansas showed the greatest percentage increase for the month, 2.3 per cent, and the greatest from a year earlier, 23.9 per cent. The smallest increase from a year ago occurred in Kentucky where employment was up only 4.3 per cent.

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

The rise in cost of living in the United States continued from mid-March to mid-April. On the latter date the index of the Bureau of Labor Statistics stood at 115.1, a rise of 0.7 per cent in the past month and of 12.6 per cent from a year ago. The index for St. Louis advanced 0.6 per cent in the month to 115.5, and was 13.3 per cent above the level of April 15, 1941.

The cost of food in the United States rose 0.8 per cent between March 17 and April 14 and was 18.9 per cent above the level of a year ago. Food costs in Memphis and Little Rock rose 2.5 per cent in the month to exceed gains in the other Eighth District cities covered by the index. In the past year the advance in food costs in Eighth District cities ranged from 21.0 per cent in Louisville to 25.1 per cent in Little Rock.

Wholesale prices in the United States reached their most recent peak on May 2 when the Bureau of Labor Statistics index (1926 = 100) stood at 98.7. In the past two weeks the index has dropped about 0.2 per cent and on May 16 was at 98.5. The drop is accounted for largely by decreases in prices of farm commodities since prices of other commodities have risen 0.3 per cent in the two-week period.

The General Maximum Price Regulation order of the Office of Price Administration coupled with the order freezing rents in 323 "defense-rental areas" should operate to arrest the sharp rise in the cost of living. At the outbreak of the present war the cost of living index for the United States stood at 100.6. There was little change in the index for the next 18 months; in March, 1941, it registered 101.2. From that date, however, the rise has been rapid reflecting the growing disparity between available supplies of goods and the expanding volume of purchasing power generated by the armament spending of the Federal Government. In March, 1942, the index reached 114.3 and in April was 14.5 per cent above the pre-war level.

The two Eighth District cities covered by the index are St. Louis and Memphis. Both cities' indexes in September, 1939, were at 100.4 and have moved very closely together since that date. In March, 1942, both indexes reached 114.8, or about 14.4 per cent above the pre-war level.

#### **BANKING AND FINANCE**

Reports from numerous areas in the Eighth District indicate that total bank loans are continuing to decline. Major factors contributing to loan decreases are the halting of inventory accumulation due to curtailment of consumers goods manufacture, the steady decline of consumer credit, and the repayment of agricultural loans. Commercial banks reporting consumer instalment loan figures to this bank indicate a decline of 7 per cent in outstanding balances between April 1 and May 1.

Despite the fact that farm production in this area will greatly exceed last year's total, it appears that the volume of bank financing will be lower. This may reflect partly the improved financial condition of

farmers as a result of higher agricultural income and the fact that current production credit needs are being financed by institutions other than banks. Urban banks appear to be holding up their loan volume somewhat better than rural banks, perhaps because of their greater opportunities in extending credit to companies engaged in war production. On the basis of reports from a few of the larger city banks in the district it appears that about 25 per cent of their new loans and renewals to commercial and industrial businesses are being made for war production purposes.

Largely reflecting the decline in excess reserves in the New York money market the yield on Treasury bills has increased in recent months. Beginning with the weekly issue dated May 13 the Treasury increased the amount of weekly offerings to \$250,000,000 from the usual \$150,000,000. As a result the yield on Treasury bills increased further. The issue of May 20 was sold at an average price of 99.908 to yield 0.365 per cent per annum. The Federal Open Market Committee on April 30 directed the twelve Federal Reserve banks to purchase for the System Open Market Account all Treasury bills that may be offered on a discount basis at the rate of  $\frac{3}{8}$  of 1 per cent per annum. This arrangement puts an effective ceiling on the yield of Treasury bills and gives assurance to purchasers of bills that in case they have a need for cash before the maturity of the bills they can obtain it by selling to the Federal Reserve bank.

Total loan volume of reporting member banks in the district has declined steadily in recent months, and on May 13 was 9 per cent below the peak of \$471,000,000 reached last December. Commercial, industrial, and agricultural loans declined 4 per cent in the past month but were 16 per cent above a year ago, while other loans showed a slight rise for the month but were at virtually the same level as last year. Total investments increased 4 per cent in the four-week period and were 20 per cent above a year earlier. The increase was due almost entirely to holdings of Treasury bills and certificates of indebtedness which rose 43 per cent between April 15 and May 13. The increase in certificates of indebtedness represents the banks' allotments of the recent Treasury offering, while the increase in bill holdings probably reflects the greater interest due to the increase in yields. Holdings of Treasury bonds also increased slightly during the month. Gross deposits declined slightly in the month and on May 13 stood at \$1,459,000,000. Total reserve balances rose 3 per cent and were 32 per cent above the level of the corresponding date last year.

#### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	April, 1942	Mar., 1942	April, 1941	April, 1942	Mar., 1942	April, 1941
Cattle and Calves.....	97,695	96,685	89,548	31,272	28,764	29,864
Hogs .....	264,125	256,495	262,060	42,921	56,880	44,024
Horses and Mules.....	1,807	1,577	779	1,791	1,527	635
Sheep .....	38,600	37,446	39,036	2,453	4,438	4,502
Totals.....	402,227	392,203	391,423	78,437	91,609	79,025

#### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	May 16,'42	May 9,'42	April 18,'42	May 17,'41	comp. with April 15,'42	comp. with May 17,'41
All Commodities..	98.5	98.6	98.3	85.0	+ 0.2%	+15.9%
Farm Products..	104.3	104.0	105.2	77.3	- 0.9	+34.9
Other .....	95.9	95.8	95.5	86.7	+ 0.4	+10.6

#### COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	April 15, 1942	March 15, 1942	April 15, 1941	April 15,'42	comp. with Mar. 15,'42	comp. with April 15,'41
United States.....	115.1	114.3	102.2	+ 0.7%	+12.6%	
St. Louis.....	115.5	114.8	101.9	+ 0.6	+13.3	

#### COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Apr. 14, 1942	Mar. 17, 1942	Apr. 15, 1941	April 14,'42	comp. with Mar. 17,'42	comp. with Apr. 15,'41
U. S. (51 cities)...	119.6	118.6	100.6	+ 0.8%	+18.9%	
St. Louis.....	123.8	122.9	101.4	+ 0.7	+22.1	
Little Rock.....	123.1	120.1	98.4	+ 2.5	+25.1	
Louisville.....	120.6	119.3	99.7	+ 1.1	+21.0	
Memphis.....	120.8	117.8	98.2	+ 2.5	+23.0	

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

Bureau of Labor Statistics (1937=100)	Feb., 1942	Jan., 1942	Feb., 1941	Feb., '42	comp. with Jan., '42	comp. with Feb., '41
Evansville.....	80.5	81.0	91.7	- 0.6%	-12.2%	
Louisville.....	117.3	118.1*	111.8	- 0.7	+ 4.9	
Memphis.....	104.4	109.3*	110.4	- 4.5	- 5.4	
St. Louis.....	117.0	116.7*	106.5	+ 0.3	+ 9.9	

\* Revised.

#### BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1942	1941	1942	1941	1942	1941	1942	1941
Evansville....	54	39	\$ 289	\$ 112	136	141	\$ 40	\$ 52
Little Rock...	59	38	101	97	139	103	33	34
Louisville....	212	225	423	543	61	58	68	51
Memphis.....	92	782	65	1,458	318	271	174	255
St. Louis....	224	412	640	2,512	194	182	143	318
April Totals..	641	1,496	1,518	4,722	848	755	458	710
Mar. " ..	711	1,298	4,723	6,062	676	604	736	538

#### VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Apr., '42	Mar., '42	Apr., '41	Apr., '42	comp. with Mar., '42	comp. with Apr., '41
Total 8th Dist. . .	\$39,786	\$65,351	\$34,380	- 39%	+ 16%	

Source: F. W. Dodge Corporation.

#### CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Custom-ers*	April, 1942	Mar., 1942	April, 1941	April, 1942	compared with Mar., 1942	Apr., 1941
Evansville....	40	3,855	4,364	5,384	-12%	- 28%	
Little Rock...	35	2,424	2,251	2,488	+ 8	- 3	
Louisville....	82	14,671	15,650	12,951	- 6	+ 13	
Memphis.....	31	4,870	4,852	4,005	- 0	+ 22	
Pine Bluff....	19	776	1,166	1,239	-33	- 37	
St. Louis....	125	55,451	55,022	48,228	+ 1	+ 15	
Totals.....	332	82,047	83,305	74,295	- 2	+ 10	

\* Selected industrial customers.

#### PRODUCTION OF BITUMINOUS COAL

(In thousands of tons)	Apr., '42	Mar., '42	Apr., '41	Apr., '42	comp. with Mar., '42	comp. with Apr., '41
United States....	49,000	47,400	5,975	+ 3%	+720%	
Illinois .....	4,476	4,772	740	- 6	+505	

#### PETROLEUM

(In thous. of barrels)	Production				Cumulative		Stocks	
	March, 1942	Feb., 1942	March, 1941	1942	1941	Mar. 31, 1942	Mar. 31, 1941	
Arkansas..	2,302	2,072	2,191	6,625	6,299	*	..	
Illinois...	9,986	9,824	10,392	31,261	29,754	11,853	14,221	
Indiana...	604	472	556	1,748	1,747	3,605	3,067	
Kentucky..	376	335	414	1,035	1,225	1,552	1,558	
Totals....	13,268	12,703	13,553	40,689	39,025	17,010	18,846	

\* Not available.

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

Apr., '42	Mar., '42	First nine days		4 mos. '42	4 mos. '41
		Apr., '41	May, '42		
137,038	133,909	97,271	42,898	501,126	385,020

Source: Terminal Railroad Association of St. Louis.

**WHOLESALE**

Lines of Commodities	Net Sales		Stocks
	April, 1942 compared with Mar., '42	April, '41	
Automotive Supplies.....	+ 1%	+ 95%	....%
Dry Goods.....	0 -	+ 40	+35
Electrical Supplies.....	+ 16	+ 35	+15
Furniture.....	+ 16	+ 60	+ 5
Groceries.....	+ 11	+ 19	+21
Hardware.....	+ 3	+ 39	+ 4
Machinery, Equipment and Supplies.....	+ 25	+ 6	+ 30
Plumbing Supplies.....	+ 15	+ 36	....
Tobacco and its Products.....	+ 12	+ 37	....
Miscellaneous.....	+ 5	+ 21	+33
Total all lines*.....	+ 4	+ 38	+20

\*Includes certain lines not listed above.

**DEPARTMENT STORES**

	Net Sales		Stocks on Hand	Stock Turnover
	April, 1942 compared with Mar., '42	4 mos. '42 period '41		
Ft. Smith, Ark. . . . .	- 7%	+33%	+ 44%	+ 54%
Little Rock, Ark. . . . .	0 -	+16	+ 23	+ 49
E. St. Louis, Ill. . . . .	+10	- 5	+11	....
Quincy, Ill. . . . .	- 4	- 0 -	+18	+ 32
Evansville, Ind. . . . .	+10	+ 1	+16	....
Louisville, Ky. . . . .	+ 4	- 3	+13	+ 69
St. Louis, Mo. . . . .	- 5	+ 6	+24	+ 67
Springfield, Mo. . . . .	+ 8	- 9	+ 3	+ 47
Jackson, Tenn. . . . .	0 -	-14	+10	....
Memphis, Tenn. . . . .	- 3	+12	+25	+ 23
*All other cities. . . . .	+11	- 4	+12	+ 56
8th F. R. District . . . . .	- 2	+ 5	+22	+ 57

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

Trading days: April, 1942—26; March, 1942—26; April, 1941—26. Outstanding orders of reporting stores at the end of April, 1942, were 107 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding April 1, 1942, collected during April, by cities:

	Instalment Accounts		Excl. Instal. Accounts	
	April, 1942	April, '41	April, 1942	April, '41
Fort Smith. . . . .	40%	40%	21%	51%
Little Rock. . . . .	16	41	24	60
Louisville . . . . .	20	49	14	47
Memphis . . . . .	24	42	22	52

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

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

	April, 1942	Mar., 1942	Feb., 1942	April, 1941
	Sales (daily average), Unadjusted.....	120	125	101
Sales (daily average), Seasonally adjusted..	120	130	117	138
Stocks, Unadjusted.....	125	115	103	79
Stocks, Seasonally adjusted.....	122	113	108	76

Trading days: April, 1942—26; March, 1942—26; April, 1941—26.

**SPECIALTY STORES**

	Net Sales		Stocks on Hand	Stock Turnover
	April, 1942 compared with Mar., '42	4 mos. '42 period '41		
Men's Furnishings—	40%	0 - %	+51%	+ 27%
Boots and Shoes. . . . .	+ 10	+ 17	+31	+ 52

Percentage of accounts and notes receivable outstanding April 1, 1942, collected during April:

Men's Furnishings.....	38%
Boots and Shoes.....	38%

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

(In thousands of dollars)	Change from		
	May 13, 1942	April 15, 1942	May 14, 1941
Industrial advances under Sec. 13b.....	\$ 8	+ 8	+ 8
Other advances and rediscounts.....	0 -	....	35
U. S. securities.....	117,600	+ 7,167	+ 16,254
Total earning assets.....	117,608	+ 7,175	+ 16,227
Total reserves.....	643,540	+ 1,233	+162,346
Total deposits.....	410,497	+ 2,492	+ 72,155
F. R. Notes in circulation.....	348,225	+ 6,637	+109,135
Industrial commitments under Sec. 13b..	2,195	+ 422	+ 1,873

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

	Pieces	Amounts
Checks (cash items) handled.....	5,855,981	\$1,828,825,544
Collections (non-cash items) handled.....	121,251	35,753,365
Transfers of funds.....	4,875	498,880,324
Currency received and counted.....	10,983,715	42,097,280
Coin received and counted.....	11,139,517	923,063
Rediscounts, advances and commitments.....	5	503,100
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	198,819	82,833,317
Bills and securities in custody—coupons clipped	11,541	....

**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 ( 1 % to 1½ % 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..... 2½ % to 5 % per annum

Commitments to established industrial or commercial businesses under section 13b..... 10% to 25% of the loan rate charged borrower with a minimum rate of ¼ % per annum.

Commitments to member banks, nonmember banks, and other financing institutions, under section 13b..... 10% to 25% of the loan rate charged borrower with minimum rate of ¼ % per annum provided: that no commitment will be given on loan on which borrower is charged over 5 % per annum.

**PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS**

(In thousands of dollars)	May 13, 1942	April 15, 1942	May 14, 1941
	Commercial, industrial, agricultural loans.....	\$259,128	-11,711
Open market paper.....	22,801	- 222	+ 4,752
Loans to brokers and dealers.....	3,833	- 9	+ 680
Other loans to purchase and carry securities.....	10,126	- 107	+ 1,115
Real estate loans.....	59,337	+ 540	- 952
Loans to banks.....	247	+ 56	- 693
Other loans.....	74,050	+ 839	+ 2,559
Treasury Certificates of Indebtedness.....	13,516	+ 1,145	+ 13,516
Treasury bills.....	72,577	+21,680	+ 10,729
Treasury notes.....	42,055	+ 383	+ 4,966
U. S. bonds.....	266,296	+ 5,174	+ 81,532
Obligations guaranteed by U. S. Government	55,175	- 6,798	- 16,042
Other securities.....	114,747	+ 2,262	- 30
Balances with domestic banks.....	186,984	-25,003	+ 1,226
Demand deposits—adjusted*.....	662,399	+ 6,871	+109,218
Time deposits.....	183,847	+ 329	- 8,846
U. S. Government deposits.....	20,692	-31,351	+ 5,528
Interbank deposits.....	503,793	+19,057	+ 87,169

\*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)	April, 1942	March, 1942	April, 1941	Apr., '42, comp. with Mar., '42	Apr., '41
	El Dorado, . . . . . Ark. \$	7,293	\$ 7,520	\$ 6,237	- 3%
Fort Smith, . . . . . "	18,089	20,508	13,370	- 12	+ 35
Helena, . . . . . "	1,877	2,108	1,753	- 11	+ 7
Little Rock, . . . . . "	62,966	66,540	58,210	- 5	+ 8
Pine Bluff, . . . . . "	17,076	14,473	9,462	+ 18	+ 80
Texarkana, Ark.-Tex.	26,921	29,171	11,911	- 8	+126
E. St. L.-Nat. S. Y., Ill.	66,592	63,759	47,973	+ 4	+ 39
Quincy, . . . . . "	11,788	12,498	10,141	- 6	+ 16
Evansville, . . . . . Ind.	41,305	40,895	41,464	+ 1	- 0 -
Louisville, . . . . . Ky.	224,989	244,693	218,494	- 8	+ 3
Owensboro, . . . . . "	7,433	7,459	6,675	- 0 -	+ 11
Greenville, . . . . . Miss.	5,977	7,007	5,156	- 15	+ 16
St. Louis, . . . . . Mo.	805,313	810,326	672,433	- 1	+ 20
Sedalia, . . . . . "	3,078	3,021	2,451	+ 2	+ 26
Springfield, . . . . . "	21,572	21,430	17,783	+ 1	+ 21
Memphis, . . . . . Tenn.	201,777	227,976	177,548	- 11	+ 14
Totals.....	1,524,046	1,579,384	1,301,061	- 4	+ 17

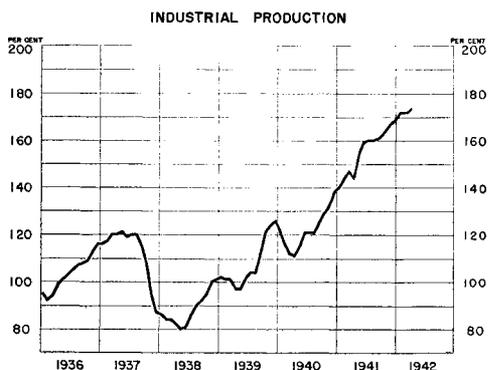
**COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT**

	Apr., '42	Mar., '42	Apr., '41	Apr., '42 comp. with Mar., '42	Apr., '41
	Number.....	28	39	36	-28%
Liabilities.....	\$172,000	\$482,000	\$185,000	-64	- 7

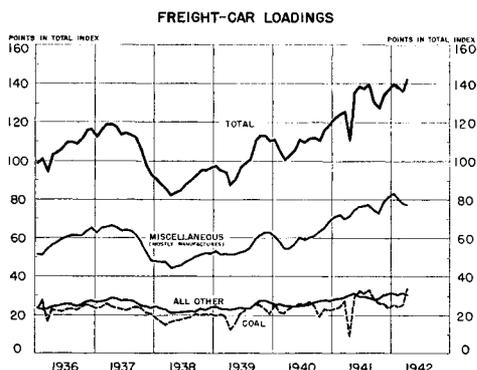
Source: Dun and Bradstreet.

## NATIONAL SUMMARY OF CONDITIONS

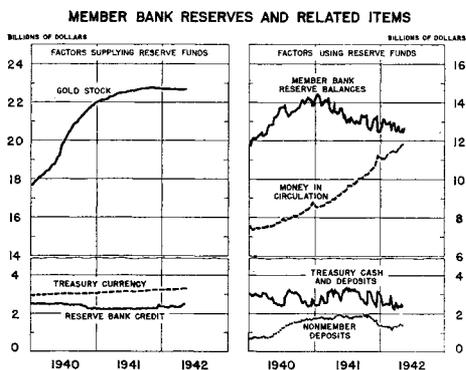
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



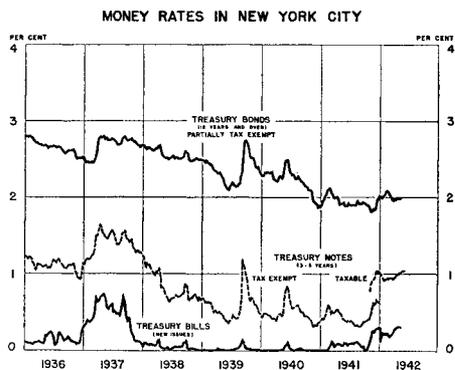
Federal Reserve monthly index of physical volume of production adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for April, 1942.



Federal Reserve monthly 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. Latest figures shown are for April, 1942.



Wednesday figures. Latest figures shown are for May 13, 1942.



Weekly averages of daily yields on Treasury notes and bills and average discount on new issues of Treasury bills offered within week. Latest figures shown are for week ending May 16, 1942.

Industrial activity increased in April and the first half of May reflecting continued advances in armament production. Following an increase in buying during the first quarter, retail trade declined somewhat. Wholesale commodity prices advanced further.

**Production**—Expansion of industrial production in April was reflected in an advance in the Board's seasonally adjusted index from 172 to 174 per cent of the 1935-39 average. This increase followed upon a period of relative stability during the first quarter of the year, when growing war production was offset by decreased civilian output.

Since the beginning of the year total volume of industrial output has shown little change but there have been marked differences among individual industries. In general output of machinery, chemicals, and armament of all kinds has continued to expand at a rapid rate. There have also been substantial increases in output of electric steel, nonferrous metals, glass containers, wood pulp, and coal. On the other hand, output of many products for civilian use such as automobiles, tires and tubes, wool textiles, electrical appliances, alcoholic beverages, petroleum, and petroleum products has been sharply reduced either by direct order or by shortages of material or transportation facilities. In the month of April crude petroleum and petroleum products were the principal commodities showing a decline in output. Output of furniture, cotton and rayon textiles, manufactured foods, paper products, and tobacco products has been maintained in large volume.

Value of construction contracts awarded in April, as reported by the F. W. Dodge Corporation, was almost one-fifth below the high March total, reflecting a decline in publicly financed construction. Residential contracts decreased by one-fourth and for the month were at about the same level as last year. Awards for non-residential building increased slightly, mainly because of a 40 per cent increase in awards for factory construction, practically all publicly financed.

In the first four months of 1942, total awards were about one-fourth greater than in the corresponding period last year; public awards more than doubled, while those for private projects were down by about two-fifths. Public awards in this period made up over 70 per cent of the total, compared with about 40 per cent last year.

**Distribution**—Retail sales declined somewhat in April, following a considerable amount of anticipatory buying during the first quarter of this year. At department stores, dollar sales in April were about 10 per cent below the first quarter average, making allowance for usual seasonal variation, but were 5 per cent above the level prevailing during the latter part of 1941. During the first half of May sales showed a further decrease and were around 6 per cent larger than a year ago in contrast with price increases amounting on the average to about 20 per cent over the year period.

Total freight car loadings increased sharply in April owing chiefly to larger shipments of coal and forest products, and to a sharp rise in iron ore loadings as the Great Lakes shipping season got underway. Shipments of merchandise in less than carload lots, which had begun to decline in March, were reduced sharply further in April, reflecting Government action to increase the average load per car in order to effect fuller utilization of railroad equipment.

**Commodity Prices**—Beginning on May 11, wholesale prices of most commodities were limited to the highest levels reached during March, according to the general maximum price regulation issued April 28. Effective May 18, retail prices of most commodities were likewise limited. Retail prices of related services will be limited beginning July 1.

About 30 new maximum price schedules for industrial products were issued from the middle of April to the middle of May. Most of these covered wholesale prices of items previously subject to informal or temporary controls. Upward adjustments in maximum prices were allowed for coal, ferromanganese, tires, petroleum products, and a few other items.

Wholesale prices of most farm products and basic foods, which are exempt from direct control, showed little change in this period, following sharp increases earlier in the year.

**Bank Credit**—During the five weeks ending May 20 Federal Reserve Bank holdings of Government securities increased by about 200 million dollars, while currency in circulation rose by 260 million. Member bank deposits increased during the period and required reserves showed a corresponding growth. The net result was a decline of 300 million in excess reserves. Holdings of United States securities at banks in leading cities increased further, while commercial loans declined. Liquidation of loans was concentrated at banks in New York City and in the Kansas City district.

**United States Government Security Prices**—Prices of U. S. Government bonds declined in the last half of April, but steadied in the first half of May. Rates on current Treasury bill issues rose from about 0.20 per cent in March to 0.36 per cent in May. The Federal Open Market Committee announced on April 30 that Federal Reserve Banks stood ready to purchase all Treasury bills offered at 0.375 per cent.