



BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
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FEDERAL RESERVE BANK OF ST. LOUIS



MISS. BOARD OF DEVELOPMENT

Mississippi Watermelons Ready for Shipment

SURVEY OF COMMERCIAL AND INDUSTRIAL LOANS

THIS bank has just completed a special survey of commercial and industrial loans made by member banks in the Eighth Federal Reserve District between April 16 and May 15. Included in the survey were reports from 270 banks which on December 31, 1941, held \$317,000,000, or 96 per cent of the total commercial and industrial loans held by the 437 member banks. The following points were brought out by the survey:

1. The amount of commercial and industrial loans outstanding dropped 4 per cent between April 16 and May 15, after showing little change from the close of 1941 to April 15. The decline in these loans this year was more pronounced than in either 1940 or 1941, while in 1939 loan volume of weekly reporting member banks increased in the comparable monthly period.

2. On December 31 the commercial and industrial loans of the banks included in the survey were distributed as follows: The 7 large banks held about 65 per cent, the 23 smaller banks located in the large cities about 15 per cent, and the 240 other banks about 20 per cent. Both the large banks and "other" banks showed a decline in commercial and industrial loans outstanding from December 31, 1941, to April 15, 1942, and a further decline to May 15. The smaller city banks increased their outstandings by more than 20 per cent from the end of last year to April 15 but their loan volume declined about 9 per cent in the next month. This was the only class of banks, however, whose outstandings on May 15 exceeded the December 31 total.

3. Of all loans and renewals made during the month 23 per cent were classified as being war loans. Loans and renewals to commercial and industrial borrowers by both large banks and smaller city banks in the month were divided about 25 per cent for war and 75 per cent for non-war purposes, while only 18 per cent of total loans and renewals made by the other banks was for war purposes.

When only new loans are considered, however, the percentage for war purposes amounted to about 30 per cent, indicating that lending activity related to the war program is increasing. The average size of the war loans was \$25,800 or 65 per cent larger than the average for all loans.

4. About 42 per cent of all loans and renewals made in the month went to finance wholesale and retail trade, including commodity dealers. These loans were largely for non-war purposes. About 30 per cent of the loans went to finance manufacturing and mining, less than 7 per cent for building and construction, and the remainder for other purposes.

5. Among the types of business groups, manufacturing and construction showed the largest borrowings for war purposes. More than 40 per cent of the total of manufacturing and mining loans was to finance war production. For new loans alone, 56 per cent was for war purposes. More than 90 per cent of new loans to three manufacturing classes, metal mining, metal production, chemicals and rubber, was for war purposes. Moreover, it seems likely that some of the funds loaned to manufacturing interests, not specifically classified as for war purposes, went to finance production which indirectly aids the war effort or to finance the output of foods and other essential civilian goods.

6. Almost 99 per cent of the dollar volume of all loans and renewals made during the month carried rates varying from slightly over 1 per cent to 6 per cent with approximately four-fifths of the volume of loans being made at rates of 4 per cent or less. Nine-tenths of the dollar amount of loans to borrowers with assets of \$5 million or over carried rates of 3 per cent or less and no loan to this class was at more than 5 per cent. Virtually all loans made to borrowers with assets under \$50,000 carried rates of 3 per cent or more and almost 70 per cent of the dollar volume to such borrowers was loaned at 5 per cent or more.

(Dollar figures
in thousands)

COMMERCIAL AND INDUSTRIAL LOANS AND RENEWALS Made by 270 Member Banks in the Eighth Federal Reserve District Between April 16 — May 15, 1942

Business of Borrower	Total Loans and Renewals	War Loans as % of Total	New Loans	War Loans as % of New Loans	Loan Renewals	War Loans as % of Renewals
Wholesale and retail trade, including commodity dealers.....	\$40,700	9.4	\$23,998	12.7	\$16,702	4.7
Sales finance and personal loan companies.....	10,860	2.5	6,469	2.3	4,391	2.7
Services: Hotels, restaurants, amusements, repair shops, etc.....	787	9.4	274	14.6	513	6.6
Manufacturing and Mining — Total.....	28,977	40.5	14,238	56.3	3,731	25.3
Metal mining, refining, and smelting.....	1,149	94.4	1,115	96.4	34	29.4
Metal products, including transportation equipment, ship- building, ordnance and munitions.....	3,391	77.7	1,624	90.2	1,767	66.3
Petroleum and petroleum products.....	538	0.7	369	1.1	169	- 0 -
Chemicals, drugs, rubber and products.....	1,081	78.6	918	91.6	163	5.5
Textiles, apparel, leather and products.....	3,731	19.4	1,724	28.3	2,007	11.9
Food, liquor and tobacco.....	12,359	25.7	5,145	40.8	7,214	15.0
All other manufacturing and mining.....	6,728	48.6	3,343	61.2	3,385	36.1
Public utilities, transportation and communication.....	562	32.0	340	30.0	222	34.7
Building and construction operations.....	6,297	73.3	4,736	78.3	1,562	58.3
All other.....	7,651	11.6	3,764	19.2	3,887	4.3
Total.....	95,834	22.6	53,819	29.4	42,016	13.9

SUMMARY OF EIGHTH DISTRICT

Increased activity in plants producing essential war goods continues to dominate the industrial scene in the Eighth District. Estimates as to employment needs for such manufacturing facilities indicate that employment in this area will gain appreciably in the next few months despite prospective lay-offs in manufacturing plants unable to obtain material for civilian production and unable to convert for war production. Reports from various sections of the district indicate that both the heavy and light durable goods industries are virtually all either converted, or are in process of conversion. Some plants, however, are reported to have ceased operations because of raw material shortages, particularly in the metals group. Employees in most of these curtailed industries are finding employment in the expanding war production facilities.

Treasury expenditures for war in May totaled about \$3.6 billion and on the basis of recent trend, will total about \$4 billion in June. This increasing flow of Government payments raised the level of the unadjusted index of industrial production prepared by the Board of Governors of the Federal Reserve System to 177 per cent of the 1935-39 average in May, another new high. The index for April was 171 and for March, 168. In May, 1941, the index was 155. While month to month gains in the total index recently have been relatively small percentage-wise as compared with monthly rises a year ago, increases in the durable goods index on a month to month basis continue to be very marked. From April to May, 1942, the unadjusted index of durable goods production rose 9 points as contrasted with a rise of 11 points for the corresponding period last year. The index for non-durables advanced 1 point in the month.

Indicative of high levels of activity in this district during May, the steel industry operated at virtual capacity with only necessary repairs to furnaces keeping the rate of operations below capacity. Production of both hardwood and southern pine in the timber regions of the southern parts of the district was close to record levels with orders in most recent weeks exceeding production. Shoe production was at a high level in May. Consumption of industrial electricity in the principal cities of the district in May was 5 per cent greater than in April and 23 per cent more than in May, 1941. Illinois coal production was slightly above the level of the preceding month, as contrasted with a decline during the month for the United States as a whole, and exceeded production in May, 1941, by 26 per cent.

Primary distribution in the Eighth District in May in general was at a higher level than that obtaining during April and considerably above that of last year. Loads interchanged by the Terminal Railroad Association at St. Louis for 25 connecting lines during May exceeded interchanges during April by 8 per cent and were 41 per cent above those of May, 1941. Cumulative total of interchanges for the first five months of this year was 33 per cent greater than in the corresponding period of last year. Carloadings of all railroads operating in the Eighth Federal Reserve District for the four weeks ending May 30, showed some decline from the previous four weeks but were 10 per cent above the level of last year. Tonnage moved by the Federal Barge Line on the Mississippi River between St. Louis and New Orleans in May was 22 per cent above tonnage for April and 18 per cent above tonnage moved in May, 1941.

Retail distribution of merchandise as measured by department store sales during May was below that of April and of May, 1941. The decline in the past month was more than seasonal. Dollar volume of sales of all reporting department stores in the Eighth District in May was 11 per cent below that of April and 5 per cent below that of May, 1941, when there was one more trading day. The Fairchild index of department store prices continues to stand approximately 18 per cent above the level of last year so that the decline in the physical volume of goods sold in May, 1942, as compared with May, 1941, is even more marked than the decline in the dollar volume of goods sold. Preliminary indications of department store sales in June show a continuance of this trend which probably reflects resistance of consumers to the higher level of retail prices, tightening of open book and instalment credit terms, shortages or freezing of stocks of certain types of goods, and a decline in demand due to the heavy stocking up by consumers, particularly at the close of last summer and early this year. Department store stocks in this district continue to rise, reflecting largely price increases, but also a heavier physical volume of goods on hand. The increase has been general for all departments, but is particularly noticeable in women's wear.

Sales of all wholesalers and jobbers in the district in May were 10 per cent less than in April but 16 per cent more than in May, 1941. Wholesalers' stocks were also down slightly as compared with a month earlier, but were 16 per cent above last year.

DETAILED SURVEY OF DISTRICT

MANUFACTURING

Iron and Steel—Production of steel ingots and castings in this area continued at high levels during May and the first half of June. The rate of steel ingot operations as of mid-June was 95.5 per cent of capacity, unchanged from the level of mid-May but slightly below the rate obtaining on June 15 last year.

The expansion program in the steel industry in this area has not been curtailed as a result of the recent War Production Board decision to reduce the nation-wide steel expansion program of some 10,000,000 tons by about 35 per cent. In fact, completion dates on certain of the expansion projects in this area have been advanced appreciably and it seems probable that production in most of the enlarged facilities will begin considerably ahead of schedule. Ingot, plate, and castings capacities are being enlarged.

The supply of scrap in this area is considerably larger than it was in the earlier months of this year. Most mill and foundry inventories are being held at approximately two weeks' supply. However, trade sources indicate that there is no certainty as to how long such stock piles of scrap may be maintained. Pig iron allocation in this area continues to be satisfactory and with the addition of another reconditioned blast furnace, is expected to be sufficient for future operations.

Shoes—The final estimate for shoe output in the Eighth District during April was slightly over 8,000,000 pairs. In recent months shoe output in this district has expanded somewhat more than that for the country as a whole. Most factories are operating at high levels of capacity with much production being for military needs. Preliminary estimates of Eighth District output in May indicate that high levels are being maintained but that output in May fell by about the usual seasonal amount from the April level. On the basis of available figures May production of shoes in this area was about 20 per cent below April.

Whiskey—Of the 60 distilleries in Kentucky, 55 were in operation on May 30 as compared with 56 at the close of April. Production continues at high levels of capacity in most cases with output of high wines accounting for a considerable portion of total manufacture.

Recently, estimated Government requirements for industrial alcohol were increased about 70 per cent, due in great measure to proposed increases in synthetic rubber output. It is expected that distilleries in the United States will be almost entirely con-

verted to the production of alcohol or high wines by January 1, 1943. Present indications are that plants may continue to produce beverage spirits until they receive Government contracts for, or until equipped to produce, alcohol for the war program. It is estimated that Kentucky will lose more than \$3,000,000 revenue annually coming from the production tax on whiskey.

Trade reports indicate that a number of rectifying stills are to be shipped into Kentucky and attached to existing equipment thereby enabling distillers to produce high proof alcohol and also to redistill high wines produced by other plants.

AGRICULTURE

General Conditions—Farm work in the Eighth District is generally behind schedule this year. Excessive rain during the first three weeks in May considerably delayed farm routine and the planting of crops. The relatively hot, dry weather of late May and early June enabled farm work to go forward with good progress but the heavy and continuous rain recently has succeeded in further retarding planting and necessitating some replanting. Some corn planting has been delayed and it seems probable that this delay will bring about lower yields at harvest.

Despite the unfavorable weather, crop prospects and condition on June 1 were above average in most sections of the district. The rain which curtailed planting and cultivating, aided the growth of pastures, hay and small grains. The oat crop in particular, is estimated to be the best in some years reflecting both increased acreage and much higher yields per acre. Fruit prospects in general are considerably below those of last year with peaches in particular being estimated at considerably below last year's production.

Farm prices in the United States on May 15 averaged parity, being 1.5 per cent above the level of a month earlier and 40 per cent above that of May 15, 1941. Farm price increases in most Eighth District states in May showed approximately the same gains as did those in the United States but in general were considerably higher than the U. S. average as compared with a year ago.

Cotton—Continued wetness retarded the growth of cotton in the Eighth District during much of May but in early June, especially in the more southern regions, the cotton crop made fairly good progress. In Arkansas, however, the prolonged rains and low temperature retarded the crop more than in other areas. Certain sections report that cotton has been planted and replanted as much as three times due

to high water and it is expected that abandonment in those areas will be much greater than usual. Planting in other areas is virtually complete. More sunshine is needed but the clear weather in early June reduced weed growth in fields and chopping is proceeding rapidly.

The volume of sales of cotton in recent weeks has been declining and is far below the levels obtaining for corresponding dates a year earlier. Cotton prices declined in early June and on June 15 were well below the level of a month earlier. The price of 15/16 middling cotton on the Memphis market ranged between 18.30c and 20.20c per pound between May 16 and June 15, closing on the latter date at 18.56c per pound. Domestic mill activity continues at record levels. For the year ending July 31, 1942, total cotton consumption for the United States may reach 11,250,000 bales.

Livestock—Receipts of livestock at the National Stock Yards in May, 1942, were 7 per cent greater than in April, but 1 per cent below those of May, 1941. The decline from a year ago was due entirely to sharply decreased receipts of sheep as cattle, hogs, horses and mules were in appreciably greater volume than a year ago. Despite the increased receipts in the past month, livestock prices were not greatly changed in the period. Average prices on hogs at the National Stock Yards between May 16 and June 15 ranged from \$13.86 to \$14.29 per cwt., closing on the latter date at \$14.15. For the comparable period last year the range was from \$8.96 to \$9.89.

Tobacco—Low temperatures in the burley belt during most of May retarded plant growth but during late May and early June warmer weather and plentiful rainfall were conducive to rapid development of plants and a plentiful supply to set allotted acreage is indicated. Transplanting of the crop was practically completed by June 15 where mechanical setters were used but in the hill country where hand transplanting is common, some of the crop still remains to be set out. The stand of burley is reported as excellent and unusually free from insects.

Transplanting of Green River and stemming district tobacco was virtually completed by June 10. The abundance of plants led to setting of practically full allotted acreage. Weather conditions in dark-fired tobacco districts were varied during the past month. In the western section dry weather delayed work and necessitated resetting on a very large scale but the crop was practically all in by June 10. Outlook in general is good but there have been some reports of insect damage. Setting of the one-sucker crop is completed with an unusually good stand. As

a whole, the crop is considered about ten days earlier than it was last year.

COST OF LIVING AND PRICES

As of May 15 the cost of living in the United States was 0.8 per cent higher than on April 15 and 12.7 per cent greater than on May 15, 1941. In St. Louis the percentage increases from a month and a year earlier were respectively 0.2 and 13.3. Inasmuch as the retail price ceilings under the General Maximum Price Regulation did not take effect until May 18, the index for May 15 does not reflect the price freeze order except to the extent that retailers may not have advanced prices to levels they might have reached had the regulation and its application not been anticipated. To ascertain the immediate effect of the regulation a special survey was made on June 2 which indicated that cost of living for the United States dropped 0.1 per cent from May 15 to June 2 while the St. Louis index remained unchanged. The stabilization of the index represented largely a balance between increases in prices of uncontrolled foods and decreases in prices of controlled items.

Excluded from the price regulation are certain important groups of farm products. These exceptions make up a large proportion of food products in terms of typical consumer outlay at retail and account for possibly more than one-third of the total food outlay. Inasmuch as food at the present time represents approximately one-quarter of typical family expenditures, the excluded items affect nearly 10 per cent of family living costs. It is possible that the cost of living may show some further rise as a result of price increases among the excluded commodities. However, it is probably true that rises in the cost of living index will be much smaller than have occurred from month to month in the past year.

EMPLOYMENT

Total civil non-agricultural employment in April in the United States was 40,773,000 as compared with 40,382,000 in March and 38,288,000 in April, 1941. In Eighth District states civil non-agricultural employment in April totaled 5,727,000 as compared with 5,668,000 and 5,292,000 a month and a year earlier, respectively. The percentage gain in the month for Eighth District states was slightly more than that for the country as a whole and compared with a year ago, employment in Eighth District states was appreciably higher percentage-wise than that of the United States. In the past month Kentucky, Missouri and Tennessee all registered gains of 2 per cent or more. Compared with a year ago, employment in Arkansas was up 25.5 per cent to lead all Eighth District states.

BANKING AND FINANCE

Demand for credit in the Eighth District during May and early June continued to decline. Reports from numerous banks located in the Eighth District indicate that the demand for credit is decreasing in virtually all sections of this area and further decreases in loans are anticipated by most bankers during coming months. The decline in inventory volume, the running off of consumer instalment loans, and the stronger cash position of farmers, are listed as the primary causes of loan decreases. Several sections report that due to curtailed operations of various manufacturing plants, borrowers who normally use relatively heavy lines of credit at this season are not borrowing at all.

The formation of a Victory Fund Committee for the Eighth Federal Reserve District to direct the combined efforts of the securities and banking industries in this district to reach investors whose requirements are not fully met through War Savings Bonds, was announced May 23 by Chester C. Davis, President of the Federal Reserve Bank of St. Louis and Chairman of the Committee. The following members have been appointed to serve on the Committee:

RUSSELL GARDNER, Partner, Reinholdt & Gardner, St. Louis
 ISAAC A. LONG, Vice-President, Mercantile-Commerce Bank & Trust Company, St. Louis
 CHARLES W. MOORE, Partner, Smith, Moore and Company, St. Louis
 WALTER W. SMITH, President, First National Bank, St. Louis
 SIDNEY MAESTRE, President, Mississippi Valley Trust Company, St. Louis
 TOM K. SMITH, President, Boatmen's National Bank, St. Louis
 HARRY B. WALLACE, Chairman of Board, Cupples Company, St. Louis
 WILLIAM C. D'ARCY, President, D'Arcy Advertising Company, St. Louis
 EDWARD H. HILLIARD, J. J. B. Hilliard and Son, Louisville
 M. AMES SAUNDERS, M. A. Saunders Company, Memphis
 JAMES H. PENICK, President, W. B. Worthen Company, Bankers, Little Rock
 F. R. McGEOR, JR., President, Bank of Greenwood, Greenwood, Miss.
 CHARLES B. ENLOW, President, National City Bank, Evansville, Ind.
 JOHN C. MARTIN, President, Salem National Bank, Salem, Ill.

The Committee will work chiefly with large investors and will not duplicate or compete with the local or state War Savings Staffs. Similar committees have been set up in the other Federal Reserve Districts.

Since the last issue of this Review, the Grant County Bank, Sheridan, Arkansas, has become a member of the Federal Reserve System.

CASH FARM INCOME

(In thousands of dollars)	April		Cumulative for 4 months		
	1942	1941	1942	1941	1940
Arkansas	\$15,637	\$ 7,526	\$ 54,304	\$ 29,745	\$ 20,871
Illinois	69,871	48,944	271,804	175,561	175,777
Indiana	40,893	26,650	145,664	94,738	82,274
Kentucky	11,509	7,575	75,024	53,822	52,326
Mississippi	8,083	4,208	37,678	22,735	21,064
Missouri	33,887	21,843	128,484	82,000	69,116
Tennessee	11,524	7,437	59,997	40,064	34,590
Totals	191,404	124,183	772,955	498,665	456,018

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	May, 1942	April, 1942	May, 1941	May, 1942	April, 1941	May, 1941
Cattle and Calves.....	105,069	97,695	102,793	44,930	31,272	40,513
Hogs	268,013	264,125	259,235	48,505	42,921	44,925
Horses and Mules.....	789	1,807	712	771	1,791	631
Sheep	55,629	38,600	73,055	21,607	2,453	24,161
Totals	429,500	402,227	435,795	115,813	78,437	110,230

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	June 13,'42	June 6,'42	May 16,'42	June 14,'41	June 13,'42 comp. with Apr. 15,'42	June 14,'41
All Commodities ..	98.4	98.7	98.5	86.7	- 0.1%	+13.5%
Farm Products.....	104.3	105.6	104.3	81.1	- 0 -	+28.6
Foods	99.5	99.7	98.2	82.6	+ 1.3	+20.5
Other	95.9	95.9	95.9	88.8	- 0 -	+ 8.0

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	May 15, 1942	Apr. 15, 1942	May 15, 1941	May 15,'42 comp. with Apr. 15,'42	May 15,'41
United States.....	116.0	115.1	102.9	+ 0.8%	+12.7%
St. Louis.....	115.7	115.5	102.1	+ 0.2	+13.3

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	May 12, 1942	April 14, 1942	May 13, 1941	May 12,'42 comp. with April 14,'42	May 13,'41
U. S. (51 cities)...	121.6	119.6	102.1	+ 1.7%	+19.1%
St. Louis.....	123.8	123.8	102.4	- 0	+20.9
Little Rock.....	123.2	123.1	100.1	+ 0.1	+23.1
Louisville.....	122.6	120.6	101.5	+ 1.7	+20.9
Memphis.....	123.5	120.8	99.8	+ 2.2	+23.7

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	Mar., 1942	Feb., 1942	Mar., 1941	Mar., '42 comp. with Feb., '42	Mar., '41
Evansville.....	82.0	80.5	93.0	+ 1.9%	-11.8%
Louisville.....	103.0	104.7	113.8	- 1.6	- 9.5
Memphis.....	110.2	104.4	111.1	+ 5.6	- 0.8
St. Louis.....	117.2	117.1	108.7	+ 0.1	+ 7.8

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1942	Cost 1941	Number 1942	Cost 1941	Number 1942	Cost 1942	Number 1941	Cost 1941
Evansville.....	34	22	\$ 91	\$ 74	120	120	\$159	\$ 95
Little Rock.....	31	67	34	296	142	97	22	99
Louisville.....	81	307	183	532	52	48	17	58
Memphis.....	110	654	33	1,063	228	287	103	131
St. Louis.....	157	352	609	963	221	187	83	236
May Totals....	413	1,402	950	2,928	763	739	384	619
April ".....	641	1,496	1,518	4,722	848	755	458	710

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	May,'42	Apr., '42	May,'41	May,'42 comp. with Apr., '42	May,'41
Total 8th Dist....	\$45,161	\$39,681*	\$38,137	+ 14%	+ 18%

Source: F. W. Dodge Corporation. *Revised.

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Custom-ers*	May, 1942	Apr., 1942	May, 1941	May, 1942 compared with Apr., 1942	May, 1941
Evansville.....	40	3,484	3,855	5,669	-10%	- 39%
Little Rock.....	35	2,523	2,424	2,537	+ 4	- 1
Louisville.....	82	15,642	14,671	13,478	+ 7	+ 16
Memphis.....	31	4,931	4,870	4,048	+ 1	+ 22
Pine Bluff.....	19	742	776	1,099	- 4	- 32
St. Louis.....	131	74,696	70,259	56,369	+ 6	+ 33
Totals.....	338	102,018	96,855	83,200	+ 5	+ 23

*Selected industrial customers.

PRODUCTION OF BITUMINOUS COAL

(In thousands of tons)	May,'42	Apr., '42	May,'41	May,'42 comp. with Apr., '42	May,'41
United States.....	48,250	49,000	42,892	- 2%	+ 12%
Illinois.....	4,530	4,476	3,603	+ 1	+ 26

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

First nine days						
May, '42	Apr., '42	May, '41	June, '42	June, '41	5 mos. '42	5 mos. '41
148,503	137,038	105,108	43,748	30,081	649,629	490,128

Source: Terminal Railroad Association of St. Louis.

WHOLESALE

Lines of Commodities	Net Sales		Stocks
	May, 1942 compared with Apr., '42	May, '41	
Data furnished by Bureau of Census, U. S. Dept. of Commerce.			May 31, 1942 comp. with May 31, 1941
Automotive Supplies.....	8%	+ 84%%
Drugs and Chemicals.....	10	- 0
Dry Goods.....	5	+ 37	+35
Electrical Supplies.....	25	- 22	-12
Furniture.....	15	+ 15	-23
Groceries.....	2	+ 30	+21
Hardware.....	20	- 4	- 5
Machinery, Equipment and Supplies.....	5	+ 1	+ 1
Plumbing Supplies.....	4	+ 9
Tobacco and its Products.....	4	+ 18	+ 3
Miscellaneous.....	12	+ 5	+41
Total all lines*.....	10	+ 16	+16

*Includes certain lines not listed above.

DEPARTMENT STORES

	Net Sales		Stocks on Hand	Stock Turnover
	May, 1942 compared with Apr., '42	5 mos., '42 to same period '41	May 31, '42 comp. with May 31, '41	Jan. 1, to May 31, 1942 1941
Ft. Smith, Ark....	+ 4%	+28%	+40%	1.38 1.37
Little Rock, Ark....	- 0	+10	+20	1.47 1.70
E. St. Louis, Ill....	- 8	-30	- 1
Quincy, Ill....	-11	-18	+ 9	1.48 1.72
Evansville, Ind....	- 0	- 9
Louisville, Ky....	-15	-18	+ 5	1.55 2.10
St. Louis, Mo....	-17	- 4	+18	1.42 1.83
Springfield, Mo....	- 9	-25	- 5	1.09 1.36
Jackson, Tenn....	- 6	-26	- 0
Memphis, Tenn....	+ 3	+ 1	+19	1.29 1.45
*All other cities....	- 6	-15	+ 5	1.35 1.34
8th F. R. District	-11	- 5	+15	1.42 1.77

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

Trading days: May, 1942—25; April, 1942—26; May, 1941—26.
Outstanding orders of reporting stores at the end of May, 1942, were 33 per cent greater than on the corresponding date a year ago.

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

	Instalment Accounts		Instalment Accounts	Excl. Instal. Accounts
	May, 1942 compared with Apr., '42	5 mos., '42 to same period '41		
Fort Smith....	—%	42%	Quincy.....	26% 48%
Little Rock... 15	43	St. Louis....	26	64
Louisville... 20	52	Other cities..	13	51
Memphis.... 27	47	8th F. R. Dist.	23	56

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

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

	May, 1942	April, 1942	March, 1942	May, 1941
Sales (daily average), Unadjusted.....	108	120	125	105
Sales (daily average), Seasonally adjusted....	108	120	130	105
Stocks, Unadjusted.....	131	125	115	79
Stocks, Seasonally adjusted.....	130	122	113	78

Trading days: May, 1942—25; April, 1942—26; May, 1941—26.

SPECIALTY STORES

	Net Sales		Stocks on Hand	Stock Turnover
	May, 1942 compared with Apr., '42	5 mos., '42 to same period '41	May 31, '42 comp. with May 31, '41	Jan. 1, to May 31, 1942 1941
Men's Furnishings...+ 1%	8%	+35%	+110%	1.32 1.36
Boots and Shoes...+ 8	+10	+25	+ 55	3.12 3.60

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

Men's Furnishings.....41% Boots and Shoes.....45%

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

(In thousands of dollars)	Change from	
	June 17, 1942	June 18, 1941
Industrial advances under Sec. 13b.....\$	8	+ 8
Other advances and rediscounts.....	395	+ 360
U. S. securities.....	120,525	+ 4,155
Total earning assets.....	120,928	+ 4,375
Total reserves.....	661,368	+ 5,173
Total deposits.....	419,525	+ 2,025
F. R. Notes in circulation.....	361,106	+11,312
Industrial commitments under Sec. 13b..	2,028	+ 1,665

FEDERAL RESERVE OPERATIONS DURING MAY, 1942

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,638,330	\$1,808,223,980
Collections (non-cash items) handled.....	104,098	42,760,841
Transfers of funds.....	5,062	557,187,014
Currency received and counted.....	10,734,964	40,781,728
Coin received and counted.....	12,422,408	1,044,448
Rediscounts, advances and commitments.....	23	2,686,500
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	242,468	113,387,076
Bills and securities in custody—coupons clipped	11,525

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)	June 17, 1942	May 20, 1942	June 18, 1941
Commercial, industrial, agricultural loans.....	\$236,162	—16,855	+ 8,847
Open market paper.....	19,210	—2,492	+ 504
Loans to brokers and dealers.....	3,712	+ 134	+ 1,317
Other loans to purchase and carry securities.....	9,944	—201	+ 3,021
Real estate loans.....	59,511	+ 226	—274
Loans to banks.....	121	— 87	+ 713
Other loans.....	71,888	—1,627	+ 2,936
U. S. Treasury Certificates of Indebtedness.....	29,116	+15,220	+ 29,116
Treasury bills.....	44,354	—23,928	+ 43,357
Treasury notes.....	60,464	+18,633	+ 25,419
U. S. bonds.....	276,385	— 55	+ 68,250
Obligations guaranteed by U. S. Government.....	32,508	—23,040	+ 36,746
Other securities.....	121,205	+ 5,361	+ 5,042
Balances with domestic banks.....	211,688	+24,370	+ 19,360
Demand deposits—adjusted*.....	669,521	+17,116	+114,071
Time deposits.....	184,137	+ 5,818	+ 7,406
U. S. Government deposits.....	12,417	—2,211	+ 7,202
Interbank deposits.....	508,935	+ 2,089	+ 84,640

*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.

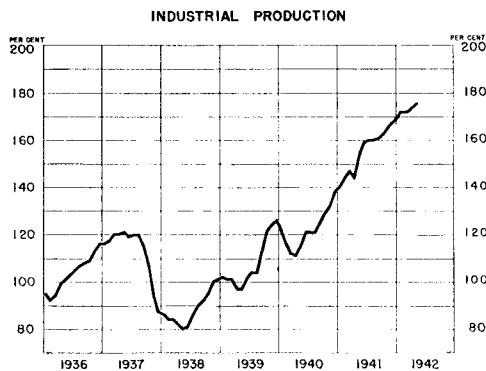
DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)	May, 1942	April, 1942	May, 1941	May, '42 comp. with Apr., '42	May, '41
El Dorado, Ark....\$	7,670	\$ 7,293	\$ 6,314	+ 5%	+ 21%
Fort Smith, "....	18,185	18,089	12,923	+ 1	+ 41
Helena, "....	1,851	1,877	1,627	+ 1	+ 14
Little Rock, "....	71,278	62,966	47,011	+ 13	+ 52
Pine Bluff, "....	21,454	17,076	7,858	+ 26	+173
Texarkana, Ark.-Tex.	23,476	26,921	8,922	—13	+163
E. St. L.-Nat. S. Y., Ill.	70,351	66,592	52,566	+ 6	+ 34
Quincy, "....	12,506	11,788	11,107	+ 6	+ 13
Evansville, Ind....	36,181	41,305	41,917	—12	—14
Louisville, Ky....	247,562	224,989	244,098	+ 10	+ 1
Owensboro, "....	7,589	7,433	6,465	+ 2	+ 17
Greenville, Miss....	5,555	5,977	5,743	— 7	— 3
St. Louis, Mo....	1,030,126	805,313	839,620	+ 28	+ 23
Sedalia, "....	3,069	3,078	2,568	— 0	+ 20
Springfield, "....	23,553	21,572	21,069	+ 9	+ 12
Memphis, Tenn....	191,086	201,777	184,567	+ 5	+ 4
Totals.....	1,771,492	1,524,046	1,494,375	+ 16	+ 19

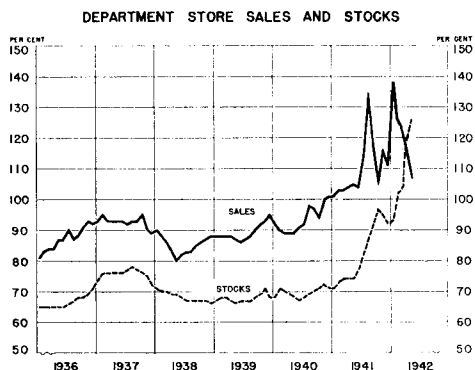
COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	May, '42	Apr., '42	May, '41	May, '42 comp. with Apr., '42	May, '41
Number.....	22	28	33	—21%	—33%
Liabilities.....	\$129,000	\$172,000	\$234,000	—25	—45

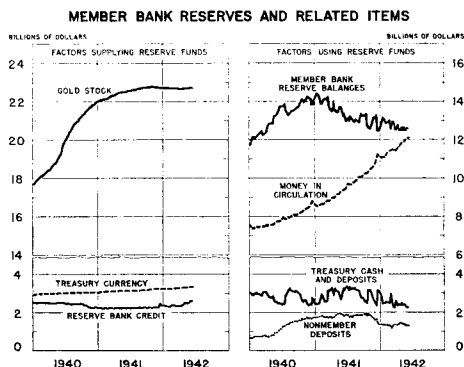
Source: Dun and Bradstreet.



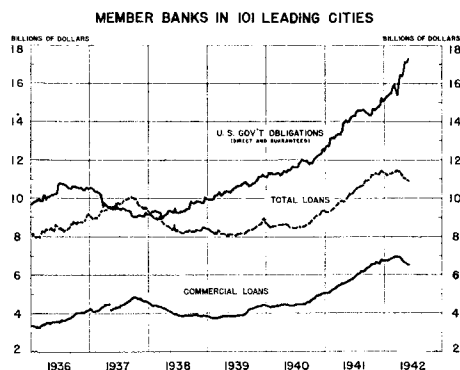
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for May, 1942. Latest figure 176.



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



Wednesday figures. Latest figures shown are for June 10, 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 June 10, 1942.

NATIONAL SUMMARY OF CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Industrial activity continued to advance in May and the first half of June. Commodity prices showed little change after the middle of May when the general maximum price regulation went into effect. Retail trade declined further in May but increased somewhat in the first half of June.

Production—Volume of industrial production increased in May and the Board's seasonally adjusted index advanced to 176 per cent of the 1935-39 average, as compared with 173 in April and 171 during the first quarter of this year. Output of manufactured products continued to increase, reflecting chiefly further growth in production of war materials, while mineral production showed a seasonal rise.

The largest increases in May, as in other recent months, were in the machinery and transportation equipment industries which are now making products chiefly for military purposes. The amount of copper smelted rose sharply and output of chemicals continued to advance. Activity in the automobile industry, which since January had been retarded during the conversion of plants for armament production, showed an increase in May.

Steel production was maintained at about 98 per cent of capacity in May and the first half of June. Lumber production increased seasonally and activity at furniture factories, which usually declines at this time of year, was sustained at a high rate. In industries manufacturing textiles and food products, output continued large in May. Gasoline production declined further, however, reflecting the effects of transportation difficulties. There was a further marked decrease in paperboard production which, according to trade reports, reflected a slackening in demand.

Coal production was sustained at a high rate in May and output of crude petroleum increased somewhat, following considerable declines in March and April. Copper production and iron ore shipments rose sharply to new record levels.

Value of construction contract awards increased sharply in May, following a decline in the previous month, and was close to the record high level reached last August, according to figures of the F. W. Dodge Corporation. Awards for publicly financed work increased in May and, as in other recent months, constituted around three quarters of the total. Awards for residential building continued to decline.

Distribution—Retail trade declined further in May. Department store sales were about 7 per cent smaller than in April and sales by mail-order houses showed a similar decrease. In the first half of June department store sales increased somewhat.

Carloadings of revenue freight increased in May by about the usual seasonal amount. There was a further substantial decline in the number of cars loaded with merchandise in less than carload lots, reflecting the effect of Federal orders raising the minimum weights for such loadings. Increases were reported in shipments of most other classes of freight, particularly coal, ore, and miscellaneous freight.

Commodity Prices—Prices of most commodities both at wholesale and retail showed little change after the general maximum price regulation went into effect around the middle of May. Declines occurred in prices of cotton and some other agricultural commodities, and prices of some industrial commodities were reduced to conform with the general order that prices should not exceed the highest levels reached in March. Action was taken to exempt most military products from the general regulation and to allow for special treatment of women's coats and dresses and a few other nonmilitary items.

Bank Credit—During May and the first half of June, the Federal Reserve Banks purchased about 200 million dollars of United States Government securities. Additions to member banks' reserves from this source, however, were offset by continued withdrawals of currency by the public. Excess reserves fluctuated around 2,700 million dollars during the six-week period.

Reporting member bank holdings of United States Government securities increased by nearly a billion dollars during the period. Two-thirds of the increase came in the week ending May 20 with delivery of new Treasury 2 per cent 1949-51 bonds, and the balance represented mainly increased bill holdings. Loans declined somewhat in the period. Adjusted demand deposits continued to increase, while United States Government deposits were reduced.

United States Government Security Prices—Prices of taxable United States Government bonds, which declined by about ½ point at the time of the early May financing, subsequently regained that loss and during the first half of June remained steady.