



BUSINESS CONDITIONS

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FEDERAL RESERVE BANK OF ST. LOUIS



COURTESY ILLINOIS DEVELOPMENT COUNCIL

Illinois Apple Orchards

GENERAL SUMMARY

IN COMMON with the rest of the country, production of war goods in the Eighth District during July and the first part of August was the dominant factor in manufacturing. Production is getting under way at certain new war plants and is being increased at others already in operation. Construction work on additional war facilities is proceeding rapidly.

Spending for war purposes in the United States during July totaled \$4.6 billion as compared with \$4.1 billion in June. On the basis of most recent reports the August total will reach \$5 billion. Production of durable goods, a high proportion of which are designed for direct war uses, as measured by the durable goods index of industrial production prepared by the Board of Governors of the Federal Reserve System, rose 8 points in July to a new high. Output of non-durables remained virtually unchanged. Total industrial production, as measured by the unadjusted index, also reached a new high, advancing 4 points in the month. The index now stands at 181, 55 per cent above the level of May, 1940. The index of munitions production published by the War Production Board, and embracing production of planes, ships, tanks, guns, ammunition and equipment, in July was three and one half times as large as in November, 1941. In June output of munitions was just three times as great as before Pearl Harbor.

Indicative of high levels of manufacturing activity in the Eighth District during July and early August, steel ingot production was maintained at virtual capacity up to mid-August when necessary repairs to furnaces caused a temporary curtailment of operations. Output of shoes in July was 9 per cent greater than that of June. Consumption of electricity by industrial users in July exceeded that of June by 4 per cent and was 32 per cent above volume consumed a year ago. Output of lumber at mills in the district continued at extremely high levels.

Primary distribution in the district was in heavy volume during July but was down somewhat from June levels. Carloadings of all railroads operating in the district during the 4-week period ending July 25 were below those of the previous 4-week period by 4 per cent and those of the comparable period last year by 1 per cent. Loads interchanged for 25 connecting lines at St. Louis in July were 1 per cent below those of June but 31 per cent above those of July, 1941. Preliminary indications are that August interchanges will exceed those of July. Cumulative interchanges for the first 7 months of 1942 were 33 per cent greater than those of the corresponding period in 1941. Inasmuch as more efficient use is being made of railroad cars and hauls are longer, the simple carloading figures tend to underemphasize the gains in rail transport, and actually, distribution of goods in the district by rail is much heavier as compared with a year ago. Tonnage moved by the Federal Barge Lines between St. Louis and New Orleans on the Mississippi River during July was 8 per cent greater than that moved during June but 10 per cent below that of July, 1941.

Production of bituminous coal in Eighth District states in July was 4 per cent greater than in June and 14 per cent more than in July, 1941. For the first seven months of this year coal production in the district was 28 per cent above that of the comparable period last year. At Illinois mines July output was down 7 per cent from June and only 5 per cent above that of July, 1941, although number of mines operated and number of employees working in July, 1942, exceeded both those of the previous month and the same month of last year.

Construction contract awards in the Eighth District in July were 5 per cent below June and 9 per cent below a year ago. Building permits granted in the principal cities of the district declined 65 per cent in dollar volume from June to July and were 82 per cent below a year ago.

DETAILED SURVEY OF DISTRICT

MANUFACTURING

Iron and Steel—Production of steel ingots and castings in this area continued at virtual capacity during July and the first part of August, but at mid-August necessary furnace repairs caused the rate of ingot operations to fall to 85.3 per cent of capacity from the rather steadily maintained rate of 95.5 per cent of a month ago. Last year at this time the rate was 98 per cent. Steel ingot production, according to the American Iron & Steel Institute, in the United

States in July broke all records for that month, totaling 7,148,824 tons. Production in June was 7,022,155 tons and in July, 1941, was 6,812,224 tons.

Scrap supply continues to be adequate to maintain the high rate of operations in this district with mill and foundry inventories holding at about two weeks supply. It is anticipated that no curtailment in operations will result because of scrap shortage, at least until late this fall. Supply of pig-iron and of hot metal in the St. Louis district is in sufficient

volume at present, and a second blast furnace will be in operation shortly. It is expected that as new ingot facilities come into operation about the first of the year, the per cent of pig-iron and hot metal used in furnace charges will be increased proportionate to the scrap used.

Demand for plates, sheets, strip and other steel products shows no sign of lessening in this area. Only the highest priority ratings are assured of delivery at any time in the immediate future and most of these products are going directly to the Army, Navy and Maritime Commission.

Shoes—Preliminary reports indicate that shoe production in the Eighth District in July was 9 per cent above June output but 3 per cent below production in July, 1941. The rise was somewhat less than usual for the month. Production in June totaled 6,778,000 pairs with Eighth District output increasing in that month more than did production for the entire country. The same trend is probable for July. The unadjusted index of shoe production in the district for June was 128.6 per cent of the 1924-26 average.

Whiskey—Of the 60 distilleries in Kentucky 48 were in operation on July 31, down one from June 30, but 23 more than were in production on July 31, 1941. Most distilleries are operating at capacity, although major items now being produced are alcohol and high wines instead of whiskey. Most recent trade reports indicate that conversion of distilleries will be complete by November 1. A number of rectifying columns are being installed in many smaller distilleries so as to enable the direct production of 190 proof alcohol.

The demand for bulk whiskey continues strong at firm prices, due in great measure to efforts on the part of distributors to build up inventories for advertised brands. Trade sources believe that present warehouse inventories are sufficient for at least 5 years' consumption. Stocks of whiskey in Kentucky warehouses at the end of June totaled 233,579,000 tax gallons. United States stocks totaled 519,197,000 gallons.

RETAIL AND WHOLESALE TRADE

Department store trade in the Eighth District as measured by dollar volume of sales of reporting stores in the principal cities in July was 12 per cent below June but 3 per cent above July, 1941. Since department store prices have been stabilized at about 16 per cent above the level of the corresponding period of last year, the physical volume of department store trade is appreciably below that of last year. For the first 7 months of 1942 dollar sales

were 13 per cent above the corresponding period in 1941, although unit volume was about equal in the two periods. Preliminary figures on furniture store sales in the district indicate a decline of 8 per cent from June and of 16 per cent from July, 1941.

Cash sales represent a considerably larger portion of total department store sales this year than has been the case in previous years. In July, 1941, cash sales accounted for 43 per cent of total department store sales while in July, 1942, they accounted for 56 per cent of the total. Both open book credit and instalment credit sales have been declining in relative importance to total sales with the percentage decline in instalment sales much more pronounced than the percentage decline in open book sales. This is due in large part to declining stocks of, and freeze orders on goods normally purchased on instalment terms.

Collection ratios for Eighth District stores have advanced this year as compared with previous years. This trend has been accentuated in the past three months due to further restrictions in instalment credit terms and to the recent tightening of charge account credit terms. Payments on charge accounts now must be made by the tenth of the second month following the month of purchase or the account will be frozen and no more credit will be extended on listed articles until the account is paid up or converted to an instalment account. The ratio of collections during July to instalment receivables outstanding on July 1 was 24 per cent as compared with 18 per cent last year. Collections on open book accounts in July accounted for 63 per cent of outstandings as compared with 49 per cent in July, 1941.

Wholesale trade in the district in July rose 9 per cent from June and was 17 per cent above the level of last year. Much of the increase from a year ago is attributable to higher prices. Dollar volume of wholesaler's stocks in July was 4 per cent greater than in June and 14 per cent greater than in July, 1941. Unit volume of stocks was probably not much greater than last year's level.

AGRICULTURE

General Conditions—According to the U. S. Department of Agriculture report of August 1, indicated production of 7 major Eighth District crops for 1942 will be 4 per cent less than production in 1941, but 2 per cent more than average production during the ten-year period 1931-40. The decline as compared with last year is due to a 50 per cent decrease in wheat production in the district and to a slight decrease in corn production.

Weather conditions throughout the Eighth District during July and the first part of August were spotted. Rainfall was light in the more southern sections of the district during the last part of July but precipitation after August 1 helped conditions in many areas.

Cash farm income in the United States in June totaled \$1,059 million as compared with \$993 million in May and \$773 million in June, 1941. The increase from May to June was about normal. For the first half of 1942 cash farm income totaled \$5,773 million as opposed to \$4,012 million for the comparable period in 1941. Income from crops was up 36 per cent and from livestock up 48 per cent. Recent estimates indicate that 1942 cash income may exceed \$14 billion. Cash farm income in Eighth District states during June was \$203 million as compared with \$205 million in May and \$143 million in June, 1941. Income for the first half of 1942 totaled \$1,181 million as compared with \$791 million for the first half of 1941.

The index of farm prices in the United States on July 15 stood at 154 per cent of the 1909-14 average, equivalent to 101 per cent of parity. A 2 per cent advance in the general index took place between June 15 and July 15 and on the latter date farm prices were 23 per cent higher than a year earlier. Farm prices on July 15 in most Eighth District states registered small declines as compared with June 15 due primarily to drops in prices of grains and fruits and vegetables, but were well above levels prevailing on July 15, 1941. Prices in the southern portions of the district as compared with a year earlier were appreciably higher than those for the rest of the district and for the country as a whole.

Agricultural employment as estimated by the U. S. Department of Agriculture on August 1 totaled 11,249,000 as compared with 12,009,000 on July 1 and 11,138,000 on August 1 1941. The farm labor situation in this district remains somewhat confused with certain sections reporting real or anticipated shortages and others with a seeming sufficiency of farm workers. More family workers seem to be employed on farms than has been the case in recent years.

Cotton—The Eighth District cotton crop according to the August 1 estimate of the U. S. Department of Agriculture, will total 3,614,000 bales which is 3 per cent more than 1941 production and 11 per cent more than the ten-year (1931-40) average production. Cotton production for the country as a whole for 1942 is estimated at almost 22 per cent greater than in 1941. Production of longer staple cotton is expected to be considerably heavier this

year than last. Approximately 85 per cent of the U. S. production of this type of cotton is being grown in Eighth District states. Weather conditions in the cotton-raising sections of the district during July and early August were generally favorable for the development of the crop. Weevil infestation, while general throughout the area, seems to be relatively light except in the southwestern section of the district.

Spot cotton market activity during late July and early August was very light with sales appreciably below the volume of the corresponding period last year. Inquiries from mills were not in great volume and there are some indications, according to trade sources, of a slackening from the high level of domestic mill activity. Spot cotton price of 15/16 middling grade on the Memphis market between July 16 and August 15 ranged between 18.35c per pound and 19.65c per pound, closing on the latter date at 18.60c per pound.

Grains—According to the August 1 estimate of the U. S. Department of Agriculture, 1942 corn production in the Eighth District will total 336,793,000 bushels or 3 per cent less than the 1941 harvest of 348,402,000 bushels. Production of oats in the district for 1942 will be 79,391,000 bushels or 12 per cent greater than 1941 production of 71,149,000 bushels. Tame hay output for 1942 is estimated at 8,650,000 tons or 5 per cent more than the 1941 yield of 8,232,000 tons. Both corn and hay estimates were revised upward in the past month but the estimate for oat production is appreciably lower than that of July 1.

Although total wheat production for the country in 1942 will probably be the second highest on record, an abnormally small winter wheat crop for the Eighth District was forecast on August 1 by the U. S. Department of Agriculture. Indicated 1942 production is 25,396,000 bushels, 50 per cent below last year's harvest and 55 per cent below the ten-year (1931-40) average production. Wheat prospects in this district declined 15 per cent between July 1 and August 1. All portions of the Eighth District show decreases in wheat production from a year ago but the most pronounced declines are in Illinois and Missouri.

Livestock—Receipts of livestock at the National Stockyards in July were 9 per cent below those of June, but 3 per cent above those of July, 1941. Receipts of hogs were sharply reduced in the month while receipts of sheep and lambs were appreciably higher than in June. Shipments of cattle, hogs and sheep in July were all higher than in June.

The number of cattle on feed for market in corn-

belt states on August 1, was 19 per cent less than on August 1, 1941, but was little changed from the total of August 1, 1940, and was greater than number on feed in any other year since 1933. Missouri, with only 10 per cent less cattle on feed than at the same time last year, registered the smallest decrease of all corn-belt states.

Tobacco—In the burley tobacco region plentiful rainfall and hot weather were conducive to rapid growth and development of the crop. There have been scattered reports of field fire due to excessive moisture but it is believed that relatively little damage has resulted from that cause as yet. However, if excessive moisture continues, crop prospects may decline. In upland regions of the burley area more rainfall is needed. Plans to cut the early planting of burley tobacco in the first part of August were retarded by rainfall which might possibly start a second growth. The late portion of the crop is reported later than usual and promises to yield tobacco of good quality although the total yield is indicated as smaller than last year. There are indications that the pronounced labor shortage in the burley district may make it difficult to harvest the crop as rapidly as it matures.

Hot, dry weather in Green River and stemming district fields caused some damage during July but heavy rain in early August should benefit crops which are well cultivated and topped. In the dark-fired area topping of tobacco was practically complete by August 1 and additional moisture was needed to aid in developing the size of leaf. Rainfall in early August followed by extremely hot days resulted in some top leaf blistering.

EMPLOYMENT

Total civil non-agricultural employment in the United States in June was 41,415,000, up 0.4 per cent in the month and 4.9 per cent above the total for June, 1941. In Eighth District states non-agricultural employment for June was virtually unchanged from the May level but was 6 per cent above that of June, 1941. Most Eighth District states registered very small increases as compared with a month ago. The major factor in the gain in employment as compared with May was the increase in manufacturing employment.

A survey of the labor market made by the Bureau of Employment Security in May, 1942, indicates that there were no serious labor shortages in important labor markets in the Eighth District. There are, however, anticipated shortages in St. Louis, Evansville, Pine Bluff and Texarkana although the supply in these centers as of May was adequate. More recent fragmentary reports tend to indicate that labor

shortages in manufacturing areas of the district are still in the future although as new plants are completed and production for war expands and as men are called for armed service, the problem of maintaining an adequate labor supply here is likely to be increasingly difficult.

COST OF LIVING AND PRICES

The cost of living in large cities in the United States, according to the U. S. Department of Labor, continued to advance from June 15 to July 15 despite the fact that ceilings were imposed upon a number of services entering into the cost of living budget on July 1. The increase in the month was 0.4 per cent, and since the outbreak of war in 1939 has been 16.2 per cent. In St. Louis, the only Eighth District city covered by the monthly index, cost of living declined 0.3 per cent in the month and was 15.7 per cent above the level of September, 1939.

The advance in cost of living in the country in the past month was due almost entirely to rises in the cost of uncontrolled food items. Prices of controlled foods rose only 0.3 per cent in the month while uncontrolled items rose 2.5 per cent. Food costs in major cities in the United States on July 14 were 1.1 per cent above a month earlier and 16.8 per cent above the comparable date last year. Of Eighth District cities covered by the index Little Rock and Memphis registered the greatest advance in the month, 1.1 per cent, while food prices in Louisville declined 0.6 per cent. Measured against a year ago, food costs in Little Rock showed the largest increase in the district.

Price control appears to be working well so far. Prior to May 11 and 18 when general wholesale and retail price ceilings were put into effect, price control was selective. A recent Office of Price Administration study indicated a high degree of correlation between the percentage of items controlled within a certain classification and the amount of price rise since August, 1939, as measured by the Bureau of Labor Statistics index of wholesale prices. Thus, metal and metal products with more than 90 per cent control at mid-April, 1942, rose only 11 per cent from August, 1939, to April, 1942, while farm product prices with only 3 per cent under control rose 71 per cent in the same period. Prices of manufactured items and semi-manufactured items with 52 and 94 per cent, respectively, under control in April, 1942, had registered a 25 per cent gain in price since the outbreak of war, while raw material prices, only 40 per cent controlled, had risen more than 50 per cent in the same length of time. Since April 18 wholesale price increases have been very small in

all classes. The all-commodity index on August 15 was only 0.6 per cent higher, farm products only 0.8 per cent higher, but foods were up 1.9 per cent. Raw material prices gained about twice as much as did prices of manufactured items, and semi-manufactured items declined by 0.1 per cent.

Since the institution of general retail price ceilings the cost of living has shown only a very small increase. Generally speaking, there are no marked shortages of goods going into the cost of living budget other than durable consumer goods and there have been no buying waves comparable to those of last summer and early this year which would create added pressure on established price ceilings.

BANKING AND FINANCE

Loan volume throughout the Eighth District continued to decline from mid-July to mid-August. Major factors contributing to the decline are the difficulty of increasing inventories due to shortages resulting from the curtailment of consumer goods manufacture, the decline in volume of consumer instalment loan paper, and higher individual and business incomes which are being used for loan liquidation. This latter factor is particularly strong in rural sections where farmers have not only curtailed their borrowing from banks but are liquidating their loans much more quickly than in past years. Total loans at reporting member banks in this district dropped \$9 million, or 2 per cent, between July 15 and August 12, and on the latter date were 6 per cent below a year earlier. Real estate loans was the only classification that was higher than on the comparable date in 1941. Consumer instalment loans at banks in the district declined 8 per cent during July.

Total investments at reporting member banks on August 12 were \$21 million or 3 per cent greater than a month earlier and \$225 million or 51 per cent above the level of a year ago. The major increase in the past month has been due to increased holdings of Treasury bills. As compared with a year ago the rise in holdings of Treasury bills, bonds and certificates of indebtedness has been most marked.

On August 18 the Board of Governors of the Federal Reserve System, acting under recent amendments to the Federal Reserve Act, reduced reserve requirements on demand deposits of central reserve city member banks from 26 to 24 per cent. The reduction became effective August 20 and created about \$400 million additional in excess reserves in the central reserve cities of New York and Chicago.

Since the last issue of this review the State Bank & Trust Company, Quincy, Ill., and the State Bank of Hardinsburg, Hardinsburg, Ind., have become members of the Federal Reserve System.

CASH FARM INCOME

(In thousands of dollars)	June		Cumulative for 6 months		
	1942	1941	1942	1941	1940
Arkansas	\$ 9,993	\$ 8,414	\$ 83,997	\$ 49,594	\$ 31,232
Illinois	73,146	51,492	417,455	281,495	255,691
Indiana	41,081	25,457	227,836	147,244	125,237
Kentucky	15,381	11,507	103,802	74,440	68,137
Mississippi	9,090	7,704	55,658	39,757	30,429
Missouri	40,646	27,304	205,000	136,992	109,890
Tennessee	13,908	11,309	87,307	61,453	48,957
Totals	203,245	143,187	1,181,055	790,975	669,573

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	July, 1942	June, 1942	July, 1941	July, 1942	June, 1942	July, 1941
Cattle and Calves.....	117,581	123,403	114,019	52,210	51,680	41,859
Hogs	201,706	271,147	204,338	60,436	53,592	72,404
Horses and Mules.....	1,334	1,706	149	1,293	1,478	74
Sheep	129,399	97,872	119,538	51,440	30,629	37,812
Totals	450,020	494,128	438,044	165,379	137,379	152,149

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Aug. 15, '42	Aug. 8, '42	July 18, '42	Aug. 16, '41	Aug. 15, '42 comp. with July 18, '42	Aug. 16, '41
All Commodities.....	98.9	98.6	98.3	89.6	+ 0.6%	+10.4%
Farm Products.....	106.0	105.4	104.9	86.4	+ 1.0	+22.7
Foods	100.5	99.7	98.3	86.7	+ 2.2	+15.9
Other	95.8	95.7	95.9	90.7	- 0.1	+ 5.6

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	July 15, 1942	June 15, 1942	Sept. 15, 1939	July 15, '42 comp. with June 15, '42	Sept. 15, '39
United States.....	116.9	116.4	100.6	+ 0.4%	+16.2%
St. Louis.....	116.2	116.6	100.4	- 0.3	+15.7

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	July 14, 1942	June 16, 1942	July 15, 1941	July 14, '42 comp. with June 16, '42	July 15, '41
U. S. (51 cities) ...	124.6	123.2	106.7	+ 1.1%	+16.8%
St. Louis.....	126.0	125.9	108.5	+ 0.1	+16.1
Little Rock.....	124.7	123.3	104.9	+ 1.1	+18.9
Louisville.....	122.4	123.2	107.9	- 0.6	+13.4
Memphis.....	125.5	124.1	105.7	+ 1.1	+18.7

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	May, 1942	April, 1942	May, 1941	May, '42 comp. with April, '42	May, '41
Evansville.....	78.1	81.7	97.2	- 4.4%	-19.7%
Louisville.....	100.9	102.6	115.1	- 1.7	-12.3
Memphis.....	120.2	115.5	114.2	+ 4.1	+ 5.3
St. Louis.....	118.0	117.0	112.1	+ 0.9	+ 5.3

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1942	Cost 1941	Number 1942	Cost 1941	Number 1942	Cost 1941	Number 1942	Cost 1941
Evansville.....	2	35	\$ 4	\$ 353	83	143	\$ 57	\$ 64
Little Rock.....	22	71	21	233	71	118	19	59
Louisville.....	22	238	188	480	53	72	18	39
Memphis.....	88	604	171	2,249	81	412	121	138
St. Louis.....	122	312	133	576	162	159	74	290
July Totals....	256	1,260	517	3,891	450	904	289	590
June ".....	395	1,032	1,803	2,378	618	858	527	1,112

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	July, '42	June, '42	July, '41	July, '42 comp. with June, '42	July, '41
Total 8th Dist..	\$ 96,754	\$101,615	\$106,509	- 5%	- 9%

Source: F. W. Dodge Corporation.

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	July, 1942	June, 1942	July, 1941	July, 1942 compared with June, 1942	July, 1941
		K.W.H.	K.W.H.	K.W.H.		
Evansville.....	40	4,741	3,807	5,483	+25%	-14%
Little Rock.....	35	2,991	2,944	2,884	+ 2	+ 4
Louisville.....	82	15,969	16,037	14,344	- 0	+ 11
Memphis.....	31	5,165	5,052	4,153	+ 2	+ 24
Pine Bluff.....	19	946	811	949	+17	- 0
St. Louis.....	132	84,762	81,472	63,696	+ 4	+ 33
Totals.....	339	114,574	110,123	91,509	+ 4	+ 25

*Selected industrial customers.

PRODUCTION OF BITUMINOUS COAL

(In thousands of tons)	July, '42	June, '42	July, '41	July, '42 comp. with June, '42	July, '41
United States.....	47,700	48,412	44,080	- 1%	+ 8%
Illinois	4,335	4,656	4,118	- 7	+ 5

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

July, '42	June, '42	July, '41	Aug., '42	Aug., '41	7 mos. '42	7 mos. '41
145,930	147,736	111,641	42,570	31,219	943,295	711,085

Source: Terminal Railroad Association of St. Louis.

WHOLESALE

Lines of Commodities	Net Sales	Stocks
	July, 1942 compared with June, '42	July 31, 1942 comp. with July 31, 1941
Automotive Supplies.....	+ 1%	+ 60%
Drugs and Chemicals.....	+ 8	+ 18
Dry Goods.....	+ 16	+ 18
Electrical Supplies.....	+ 27	+ 32
Furniture.....	+ 32	+ 3
Groceries.....	+ 17	+ 24
Hardware.....	+ 9	+ 10
Machinery, Equipment and Supplies.....	+ 1	+ 3
Plumbing Supplies.....	+ 16	+ 12
Tobacco and its Products.....	+ 6	+ 32
Miscellaneous.....	+ 33	+ 24
Total all lines*.....	+ 9	+ 17

*Includes certain lines not listed above.

DEPARTMENT STORES

	Net Sales	Stocks on Hand	Stock Turnover
	July, 1942 compared with June, '42	July 31, '42 comp. with July 31, '41	Jan. 1, to July 31, 1942
Ft. Smith, Ark.	+11%	+34%	+40%
Little Rock, Ark.	+ 5	+25	+21
E. St. Louis, Ill.	+21	+15	+ 5
Quincy, Ill.	+21	+ 4	+ 6
Evansville, Ind.	+14	+16	+10
Louisville, Ky.	+15	+11	+ 2
St. Louis, Mo.	+14	+ 1	+15
Springfield, Mo.	+ 6	+18	+ 9
Jackson, Tenn.	+ 4	+16	+ 4
Memphis, Tenn.	+ 6	+13	+17
*All other cities.....	+13	+ 3	+ 4
8th F. R. District ..	+12	+ 3	+13

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

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

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

Accounts	Instalment Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith... ..	57%	Quincy.....	21%
Little Rock... 18	53	St. Louis....	26
Louisville... 23	63	Other cities..	5
Memphis.... 31	51	8th F. R. Dist.	24

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

	July, 1942	June, 1942	May, 1942	July, 1941
Sales (daily average), Unadjusted.....	87	99	108	82
Sales (daily average), Seasonally adjusted.....	126	108	108	119
Stocks, Unadjusted.....	121	126	131	77
Stocks, Seasonally adjusted.....	128	132	130	81

Trading days: July, 1942—26; June, 1942—26; July, 1941—26.

SPECIALTY STORES

	Net Sales	Stocks on Hand	Stock Turnover
	July, 1942 compared with June, '42	July 31, '42 comp. with July 31, '41	Jan. 1, to July 31, 1942
Men's Furnishings.....	+36%	+24%	+32%
Boots and Shoes.....	+26	+42	+29
			+ 53%
			+ 58

Percentage of accounts and notes receivable outstanding July 1, 1942, collected during July:
Men's Furnishings.....59% Boots and Shoes.....47%

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

	Aug. 12, 1942	July 15, 1942	Aug. 13, 1941
(In thousands of dollars)			
Industrial advances under Sec. 13b.....	\$ 14	+ 6	+ 14
Other advances and rediscounts.....	290	+ 100	+ 243
U. S. securities.....	168,700	+12,179	+ 63,183
Total earning assets.....	169,004	+12,085	+ 63,440
Total reserves.....	656,966	+ 847	+ 95,230
Total deposits.....	433,894	+2,681	+ 28,978
F. R. Notes in circulation.....	389,730	+15,443	+132,627
Industrial commitments under Sec. 13b..	1,047	+ 1,150	+ 341

FEDERAL RESERVE OPERATIONS DURING JULY, 1942

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,648,038	\$2,015,693,340
Collections (non-cash items) handled.....	89,982	33,764,459
Transfers of funds.....	4,871	507,171,453
Currency received and counted.....	11,739,811	46,851,841
Coin received and counted.....	13,923,017	1,209,208
Rediscounts, advances and commitments.....	8	1,295,500
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	262,894	190,388,175
Bills and securities in custody—coupons clipped	7,781	.....

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)..... 1 1/4 % 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: { 1 % to (a) On portion for which such institution is obligated { 1 1/2 % 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..... 2 1/2 % 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 1/2 % 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 1/4 % 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

	August 12, 1942	July 15, 1942	August 13, 1941
(In thousands of dollars)			
Total loans and investments.....	\$1,053,528	+12,677	+201,369
Commercial, industrial, agricultural loans	224,739	+ 5,933	+ 10,100
Open market paper.....	15,634	+2,569	+ 5,236
Loans to brokers and dealers in securities	3,272	+ 426	+ 606
Other loans to purchase and carry securities	9,752	+ 29	+ 2,411
Real estate loans.....	61,429	+ 699	+ 1,456
Loans to banks.....	722	+ 635	+ 234
Other loans.....	68,975	+1,145	+ 6,183
Total loans.....	384,523	+ 8,768	+ 23,314
Treasury bills.....	83,650	+18,071	+ 82,475
Certificates of indebtedness.....	71,959	+2,403	+ 71,959
Treasury notes.....	61,339	+3,014	+ 26,666
U. S. bonds.....	297,232	+1,612	+ 77,515
Obligations guaranteed by U. S. Govt.	35,460	+1,636	+ 42,973
Other securities.....	119,365	+ 737	+ 9,041
Total investments.....	669,005	+21,445	+224,683
Balances with domestic banks.....	151,394	+1,776	+ 53,407
Demand deposits—adjusted*.....	728,772	+32,945	+131,873
Time deposits.....	184,450	+ 199	+ 6,434
U. S. Government deposits.....	37,103	+11,150	+ 15,493
Interbank deposits.....	455,959	+13,502	+ 34,512

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

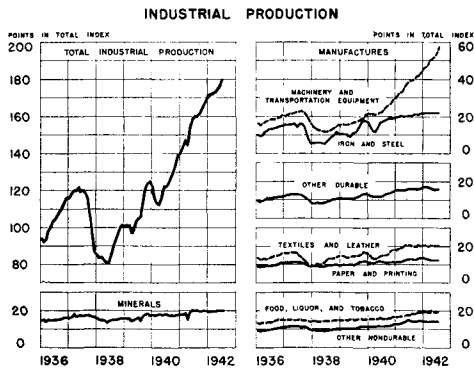
Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 75% of the resources of all member banks in this district.

DEBITS TO INDIVIDUAL ACCOUNTS

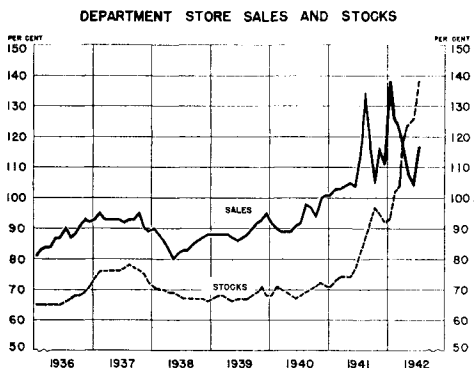
(In thousands of dollars)	July, 1942	June, 1942	July, 1941	July, '42, comp. with June, '42	July, '41
El Dorado, Ark.	\$ 9,079	\$ 8,062	\$ 6,304	+ 13%	+ 44%
Fort Smith, " ..	17,369	17,527	14,931	+ 1	+ 16
Helena, " ..	1,742	1,741	1,498	- 0	+ 16
Little Rock, " ..	62,026	61,211	53,986	+ 1	+ 15
Pine Bluff, " ..	21,491	20,679	8,168	+ 4	+ 163
Texarkana, Ark.-Tex.	17,150	22,189	9,372	+ 23	+ 83
E. St. L.-Nat. S. Y., Ill.	71,783	76,234	56,281	+ 6	+ 28
Quincy, " ..	12,450	13,904	10,803	+ 10	+ 15
Evansville, Ind.	62,005	54,754	46,788	+ 13	+ 33
Louisville, Ky.	274,791	275,181	255,609	- 0	+ 8
Owensboro, " ..	8,545	8,014	6,747	+ 7	+ 27
Greenville, Miss.	5,858	5,610	5,371	+ 4	+ 9
St. Louis, Mo.	815,764	876,519	759,300	+ 7	+ 7
Sedalia, " ..	2,783	3,213	2,574	+ 13	+ 8
Springfield, " ..	24,038	23,832	21,382	+ 1	+ 12
Memphis, Tenn.	184,824	189,951	176,293	+ 3	+ 5
Totals.....	1,591,696	1,658,621	1,426,035	+ 4	+ 12
Alton, Ill.	12,472	13,411	.....	+ 7	.....
Paducah, Ky.	8,174	9,158	.....	+ 11	.....
Cape Girardeau, Mo.	4,055	4,251	.....	+ 5	.....
Hannibal, " ..	3,773	3,870	.....	+ 3	.....
Jefferson City, " ..	16,223	16,135	+ 1
Jackson, Tenn.	6,585	7,137	+ 8

(Completed August 25, 1942)

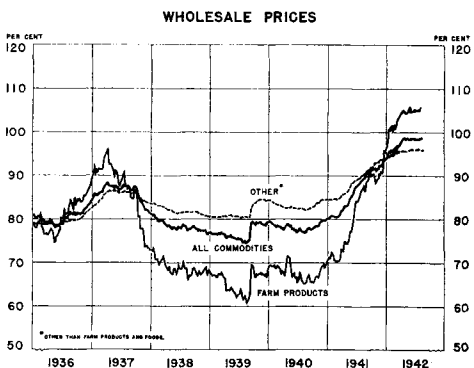
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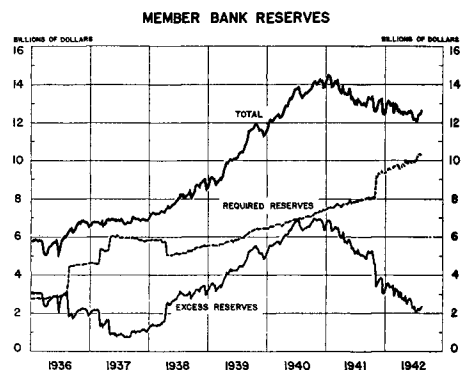
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for July, 1942.



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



Bureau of Labor Statistics' weekly indexes, 1926 average=100. Latest figures shown are for week ending August 15, 1942.



Wednesday figures. Required and excess reserves, but not the total, are partly estimated. Latest figures shown are for August 12, 1942.

NATIONAL SUMMARY OF CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Production—Industrial output rose further in July and the Board's seasonally adjusted index advanced from 176 to 180 per cent of the 1935-39 average.

Activity continued to increase in the machinery and transportation equipment industries and in other lines producing war products. Shipbuilding expanded further and 71 merchant vessels were delivered in July. These had an aggregate deadweight tonnage of 790,300 tons—an all-time record for a single month's deliveries. In the automobile industry armament production increased in July to an annual rate of about \$5 billion as compared with a peak year's civilian output of \$4 billion. Iron ore shipments down the Great Lakes reached a new record of 13.4 million gross tons in July and plans were announced for improving rail and harbor facilities so that shipments next season could exceed considerably prospective shipments of 90 million tons or more this year. Last season 80 million tons were shipped.

In most other lines of manufacturing and mining, activity in July was maintained at about the levels prevailing in June. There were reports that some plants were forced to curtail operations owing to lack of certain materials, and further investigations were undertaken to determine present and prospective availability of material supplies.

Value of construction contracts awarded in July showed a reduction of about 20 per cent from the record level reached in June, according to figures of the F. W. Dodge Corporation. Declines were reported for most types of construction; awards for manufacturing buildings, however, increased further and constituted about one-third of total contracts let. As in June, publicly-financed work amounted to over 90 per cent of the total. In the first seven months of this year, awards were about 50 per cent larger than in the corresponding period last year.

Distribution—Distribution of commodities to consumers declined less than seasonally in July. The Board's adjusted index of department store sales, which had dropped from a peak of 138 per cent of the 1923-25 average in January to 104 in June, rose to 117 and sales by variety stores and mail-order houses also advanced, after allowance for usual seasonal changes. In the first half of August department store sales increased by more than the usual seasonal amount.

Railroad freight-car loadings increased more than seasonally in July and rose somewhat further in the first half of August. Shipments of miscellaneous merchandise, which include most manufactured products, and of forest products continued to rise. Grain shipments also increased but the rise was less than is usual at this time of year. Loadings of coal declined somewhat from the high level of other recent months.

Commodity Prices—Wholesale and retail food prices advanced further in July and the early part of August, while prices of petroleum products on the East Coast were reduced, and those for most other consumer goods continued to show little change. In raw material markets price declines occurred for cotton, inedible fats and oils, and some scrap items, particularly non-ferrous metals and paper. Demand for materials used more exclusively for war products continued strong and prices of these materials were sustained at ceiling levels.

Federal subsidies were arranged for additional commodities and Government war risk rates on shipments of imported commodities were reduced. These actions were taken to bring about price reductions, as in the case of petroleum products on the East Coast, and to prevent further price increases, particularly for imported commodities. About 30 new maximum price schedules were announced, chiefly for miscellaneous civilian products, and in some instances these schedules permitted substantial increases over ceilings set by the General Maximum Price Regulation.

Bank Credit—Excess reserves of member banks declined by about 200 million dollars in the four weeks ended August 19. An increase of about 400 million dollars of currency in circulation during this period was paralleled by a corresponding amount of Reserve Bank purchases of Government securities. There was an increase of 300 million dollars in required reserves resulting from a growth in deposits at member banks. Excess reserves in New York and Chicago reached the lowest levels since the third quarter of 1937. Effective August 20 reserve requirements on demand deposits at central reserve city banks were reduced from 26 per cent to 24 per cent by action of the Board of Governors of the Federal Reserve System. This had the effect of converting over 400 million dollars from required to excess reserves.

Member banks in leading cities continued to increase their holdings of United States Government securities, particularly in the week ended August 19, in which delivery of the new 11½ months' 7½ per cent certificates of indebtedness was made. Loans, which had declined during the second quarter of the year, have recently shown little change.

Adjusted demand deposits continued to increase at reporting banks, although purchases of Government securities, particularly the 2½ per cent Treasury bonds of 1962-67, by investors other than banks temporarily reduced demand deposits of individuals and added to United States Government deposits.