



BUSINESS CONDITIONS

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FEDERAL RESERVE BANK OF ST. LOUIS



Missouri Farm Lands

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GENERAL SUMMARY

WAR production continues to dominate the course of industrial activity in the Eighth District. Every month new manufacturing facilities for war goods come into production. Due to certain critical material shortages and to the fact that output of some products is substantially ahead of schedule, it is reported that there may be some temporary curtailment of production at certain war plants in the area in the near future. Gains in armament production are also being offset in some measure in the total by further contraction in purely civilian lines.

Government spending for war continues to grow in volume. During August total Government expenditures for war purposes amounted to \$5.1 billion as compared with \$4.6 billion in July. On the basis of most recent statements, expenditures in September will approximate \$5.2 billion. For the country as a whole, industrial output as measured by the unadjusted index prepared by the Board of Governors of the Federal Reserve System, rose 5 points in August to another new high. Output of durable goods advanced 5 points in the month and was 23 per cent above the level of November, 1941. Output of non-durables also rose 5 points in August and reached the level obtaining last November.

In this area steel production was held at close to capacity during August and early September. Output of shoes in August declined 5 per cent from July production. Lumber production at Eighth District mills continued at virtual capacity levels. Consumption of industrial electricity in August was 4 per cent greater than in July and 38 per cent above that of August, 1941. Output of coal at Eighth District

mines during August was 2 per cent above that of July and 6 per cent above that of August, 1941. Coal production during the first eight months of 1942 at these mines exceeded that of the comparable period in 1941 by 24 per cent.

Primary distribution of merchandise was in much greater volume in August than in July. Freight car-loadings of all railroads operating in the Eighth District during the four-week period ending August 29 rose 11 per cent from the previous four-week period and were 4 per cent above the level of the corresponding period in 1941. Load interchanges for 25 connecting lines at St. Louis in August were 3 per cent above July and 31 per cent above August, 1941. Cumulative total of interchanges in 1942 was 33 per cent greater than that of 1941. Load interchanges at Louisville in August were 3 per cent greater than in the same month a year earlier. Preliminary figures for September in St. Louis indicate that volume in this month will be much heavier than in September, 1941. Tonnage moved by the Federal Barge Lines on the Mississippi River between St. Louis and New Orleans during August was 1 per cent greater than in July but 7 per cent less than in August, 1941.

Dollar volume of building permits granted in the principal cities of the district in August was 71 per cent above July but 61 per cent below a year ago. Dollar volume of construction contract awards in the district in August declined 34 per cent from July volume but was 2 per cent above last August. Non-residential construction accounted for more than four-fifths of the value of contracts let in August.

DETAILED SURVEY OF DISTRICT

MANUFACTURING

Iron and Steel—Operations in the iron and steel industry in this area continued at high levels during the last half of August and the first part of September. After a sharp curtailment of steel ingot production at mid-August, open-hearths down for repairs came back into production and the rate of operations since then has been held close to capacity. Production of steel ingots and castings for the entire month of September should exceed that of the comparable month last year, since steel mills were in full operation over Labor Day. For the United States production of steel ingots during August, according to the American Iron and Steel Institute, totaled 7,233,451 tons as compared with 7,148,824 tons in July and 6,997,496 tons in August, 1941.

The flow of scrap to mills and foundries in this area is in about the same volume as a month ago and inventories on the average are still only some two weeks' supply. It is anticipated that the Government scrap collection drive now under way will lengthen these inventories to some extent and most mills anticipate no curtailment in operations due to scrap shortage, at least before the first of the year. Pig-iron supply continues to be adequate as the allocation program for iron remains satisfactory.

For the first time since October, 1941, deliveries of steel plates in the United States during August showed a slight decline from the preceding month. However, with more and more plates being turned out by strip mills, plate supply is considerably better than it was a year ago. Orders for sheet and

strip are relatively light at the present time but delivery periods for these products remain long. Most steel products are virtually unobtainable except under the very highest priority rating.

Shoes—Preliminary reports of shoe production in the Eighth District during August indicate that output was about 5 per cent less than during July. The percentage drop in this area was somewhat less than the nation-wide decrease. Output in July totaled 7,355,000 pairs in the Eighth District and the production gain for the month was more than for the country as a whole. The seasonally adjusted index of shoe production in this district during July was 149 per cent of the 1924-26 average.

Whiskey—Of the 60 distilleries in Kentucky, 51 were in operation on August 31, three more than were in operation a month earlier and twenty more than were in operation a year ago. Most of distillery production is in high wines and industrial alcohol for Government use. The conversion of all distilleries to production of these items is expected by November 1.

Demand for bulk whiskey continues very strong at high prices. Bottling of whiskey by distilleries is increasing as indicated by Kentucky plants withdrawing 4 million gallons from warehouses during August. These heavy withdrawals were attributed to anticipated increased demand during the winter months, fear of possible restrictions on transportation and the prospect of higher taxes on whiskey.

RETAIL AND WHOLESALE TRADE

The dollar volume of department store sales in the Eighth District during August was 26 per cent above July but only 1 per cent above August, 1941. Department store sales in August, 1941, were unseasonably high due to a country-wide wave of anticipatory buying. Department store prices, however, in August of this year were approximately 10 per cent higher than a year ago. About half of the gain of 39 per cent from August, 1940, to August, 1942, can be attributed to price increases. During the first two weeks of September department store trade showed little change from the comparable 1941 period.

Sales of retail furniture stores in the district have been showing a sharp decline as compared with corresponding periods a year earlier. Preliminary figures for August indicate that dollar volume of sales of reporting furniture stores in this district was 16 per cent above July but 28 per cent below August, 1941. Sales of retail stores reporting to the Department of Commerce from certain Eighth District states, in general, show this same declining trend in comparison with a year ago.

Stocks at retail stores appear to have passed their peak. Department store stocks in this district in August were virtually unchanged from July levels although they were 32 per cent above the volume of August, 1941. As compared with the May peak stocks in August were down 7 per cent having fallen steadily from May through July. With the exception of the December-January seasonal decline stocks rose every month from June, 1941 to May, 1942. The recent decreases are attributable to difficulties in obtaining goods as well as to anticipated inventory control.

Dollar volume of sales of all wholesalers and jobbers reporting to this bank in August was 6 per cent above July but 1 per cent below August, 1941. Wholesalers' stocks in August were 4 per cent below the levels of both a month and a year ago.

AGRICULTURE

General Conditions—Aided by timely rainfall, crop prospects in the Eighth District improved considerably in August and early September. According to the Department of Agriculture estimate of September 1, crop prospects improved 9 per cent during August. Production of seven major crops for 1942 in the district is indicated to be 5 per cent greater than in 1941 and 11 per cent above the 10-year (1931-40) period. Principal increases are expected in the production of cotton, meat animals, poultry and dairy products, and oil bearing crops. Vegetable production will register a smaller gain while fruit output will be appreciably reduced from last year. Nation-wide agricultural production in 1942 is estimated 10 per cent greater than in 1941 and 25 per cent above the 1935-39 average, a new all-time peak.

Cash income in the United States from farm marketings in July totaled \$1,219 million compared with \$1,070 million in June, 1942, and \$889 million in July, 1941. For the first seven months of 1942, cash farm income totaled \$7 billion compared with \$4.9 billion in the corresponding period of 1941, an increase of nearly 40 per cent. In Eighth District states cash farm income in July was \$218 million compared with \$203 million in June and \$173 million in July, 1941. During the first seven months of 1942 income totaled \$1,399 million as compared with \$963 million for the corresponding period in 1941.

The index of farm prices in the United States on August 15 stood at 163 per cent of the 1909-14 average, an increase of 9 points in the month and 32 points since August 15, 1941. The parity ratio was 107 on August 15, compared with 101 on July 15, and approximately 100 from September, 1941, to June, 1942. Farm prices in the Eighth District showed some gain in the past month but the gain

was somewhat below the national increase of 6 per cent in the month and 24 per cent in the year.

The Department of Agriculture on September 1 estimated agricultural employment throughout the country to be 11,390,000 as compared with 11,249,000 on August 1 and 11,421,000 on September 1, 1941. Reports on the farm labor supply in this district are conflicting, with some areas reporting a relative sufficiency of harvest labor while other sections, particularly in war plant localities, are experiencing labor shortages.

Cotton—The September 1 estimate of the Department of Agriculture indicated a cotton crop of 3,974,000 bales for the Eighth District, 13 per cent more than in 1941. Generally, weather was favorable for crop development in August and prospects improved over August 1 by 10 per cent and were 22 per cent above the 10-year (1931-40) average. The crop this year is somewhat earlier than last although weather conditions now appear favorable for a relatively long picking season. The labor situation is spotted in the district with some sections reporting an adequate harvest force while others contemplate definite shortages. A longer picking season will tend to make the existing labor supply more adequate than would a very short season such as 1941. Harvesting and ginning of the new crop became more general during early September.

Mill activity continued at high levels throughout August and early September. Mill inquiries for new crop deliveries have been more numerous recently with interest centering chiefly in the higher white grades and longer staples. The price of middling 15/16 cotton on the Memphis market ranged from 18.40c to 19.00c per pound between August 17 and September 15, closing on the latter date at 18.90c per pound. On September 15 of last year the price was 17.50c per pound. Sales on the Memphis market increased from 8,800 bales in the week ending August 22 to 30,600 bales in the week ending September 12, and total sales of 63,500 bales were recorded for the four-week period ending on the latter date. While merchants' and shippers' demand for spot cotton improved, business was restricted due to a scarcity of higher white grades as producers continued to hold a substantial part of the early ginned cotton either for higher prices or loan.

Livestock and Livestock Products—Total receipts of livestock at National Stock Yards in August were 10 per cent above July and 17 per cent more than in August, 1941. Receipts of cattle and calves were 45 per cent greater in August than in July and 33 per cent above August, 1941.

The Department of Agriculture on September 1

estimated that the number of milk cows on farms throughout the United States in June was 3.5 per cent greater than in June, 1941. Increases in Eighth District states, ranging from 3 per cent in Illinois to 7 per cent in Kentucky and Tennessee, averaged higher than the national increase. Milk productivity per cow increased somewhat in the eastern part of the district. Pastures throughout this area are reported to be in excellent condition and in some regions are the best since 1924.

The increase in egg production in Eighth District states averaged somewhat higher than for the country as a whole on September 1 showing a rise of 16 per cent in August over July as compared with a 13 per cent increase for the entire country. In the first eight months of 1942 egg production in Eighth District states was 18 per cent above the corresponding period in 1941 as compared with a 16 per cent increase for the country. The egg-feed price ratio remains slightly less favorable than a year ago.

Fruits and Vegetables—Weather conditions throughout the district in August were generally favorable for vegetable crops. The indicated quality is good and the expected yield in most cases is greater than last year. The Department of Agriculture report of September 1 on vegetables for processing in Eighth District states indicated an 82 per cent increase over 1941 in snap bean production, a 12 per cent increase in sweet corn, a 10 per cent increase in tomatoes and a 41 per cent increase in green peas. The white potato crop in the District proper was estimated on September 1 at 13,134,000 bushels, an 11 per cent increase over the 1941 crop.

The fruit crop of states in the Eighth District is expected to be considerably smaller than the bumper crop of last year. Commercial apple production is estimated at 6,325,000 bushels, compared with 9,503,000 bushels in 1941, peaches at 5,699,000 bushels against 12,082,000 bushels last year, pears 2,476,000 bushels against 3,293,000 bushels in 1941 and grapes at 27,060 tons against 43,350 tons in 1941. The diminished production coupled with the 10 to 15 per cent increase in the pack of canned fruit and 20 to 25 per cent increase in the pack of dried fruit will sharply curtail the quantity of fresh fruit available for the consumer.

Grains—The 1942 production of corn was estimated on September 1 by the Department of Agriculture to be 378,785,000 bushels in the Eighth District, an increase of 9 per cent over the 1941 harvest. August rains were particularly beneficial to late corn and yields are high with Kentucky and Tennessee showing prospective yields of more than 5 bushels per acre above average. Production of

oats in the district is estimated at 79,391,000 bushels, an increase of 12 per cent above 1941. Yields are above average but there has been some discoloration caused by continued rains. The estimate of wheat produced at 25,396,000 bushels continues unchanged since the August 1 estimate and remains 50 per cent below last year's production. Tame hay production of 9,013,000 tons is 9 per cent greater than last year.

Rice—The harvesting of rice in Arkansas was delayed somewhat by August rains but is now progressing satisfactorily with threshing beginning about mid-September. The farm price of rice for the entire belt at mid-August was \$5.86 per barrel. The Commodity Credit Corporation loan and purchase program for 1942 rice at 85 per cent of parity as of August 1 has been announced. Loan rates will average \$1.05 per bushel comparable to \$3.78 a barrel or \$2.33 per cwt. The Arkansas rice crop was estimated by the U. S. Department of Agriculture on September 1 to be 14,472,000 bushels, 27 per cent larger than the 1941 harvest and 73 per cent above the 10-year (1930-39) average.

Tobacco—Heavy rains in late August following an excessively dry spell damaged the burley crop to some extent. Tobacco production in the Eighth District was estimated on September 1 by the Department of Agriculture to be 2 per cent below the 1941 crop and 10 per cent under the 10-year (1931-40) average. Kentucky burley housed thus far appears to be of light body and somewhat house-burnt, which has evidently contributed to an unusual demand for the old crop tobacco. Harvesting of the new crop has been delayed by the continued labor shortage. Final condition of the burley crop both as to yield and quality will depend greatly on weather during the curing season.

Favorable weather conditions in late August and early September have aided ripening in the dark-fired area, and it is estimated that more than 50 per cent of the crop will be housed by mid-September. Prospective damage from field-fire has been reduced considerably under improved weather conditions. However, indicated production has decreased as a result of lower prospects for the one-sucker crop in Kentucky and Tennessee. Harvesting in the Green River and stemming district is well under way and while there is some evidence of damage from field-fire, the condition is not general and a crop of fair quality now seems assured.

COST OF LIVING AND PRICES

Cost of living in large cities in the United States continued to advance from July 15 to August 15 according to the Department of Labor. On August

15 the all-items index for the United States stood at 117.4, up 0.4 per cent in the month and was 16.7 per cent above the level of September, 1939. The cost of living in St. Louis in the past month rose more percentage-wise than did that for the country as a whole. On August 15 the St. Louis index registered 117.3, rising 0.9 per cent in the month and was 16.8 per cent above the index at the outbreak of war.

The major factor in the rising cost of living during the past month has been the increase in uncontrolled food prices. Cost of food in 51 cities in the United States rose on the average 1.2 per cent between July 14 and August 18. Uncontrolled food items advanced 2.2 per cent while controlled food items rose only 0.5 per cent. Since May uncontrolled food costs have risen almost 10 per cent while controlled foods are slightly lower than they were on that date.

Farm prices on August 15 were at 107 per cent of parity as compared with 101 per cent on July 15. Price control legislation is now pending before Congress to stabilize agricultural prices at approximately their present levels. The Office of Price Administration is now attempting to devise formulas to fix ceilings on live cattle and hogs. Both are well above parity, cattle standing at 137 per cent of parity on August 15 and hogs at 128.

EMPLOYMENT

Civil non-agricultural employment in the United States at mid-July totaled 37,100,000. Employment rose 0.1 per cent between mid-June and mid-July and was 0.8 per cent above the level of a year earlier. Civil non-agricultural employment in Eighth District states in July totaled 6,096,000 and was 0.6 per cent above the level of a month earlier and 3.6 per cent above a year ago. Every Eighth District state except Arkansas registered a gain between mid-June and mid-July. Contra-seasonal increase in factory employment and gains in all other major groups except trade raised the July level of employment to a new peak.

Inasmuch as employment had reached impressive totals by the fall of 1941, comparisons of employment levels in coming months this year with corresponding months in 1941 will not produce such marked rises as in the past even though actual number employed may continue to rise.

Most new Eighth District war plants are now in production and those plants that were to convert in some measure have now largely done so. Due to material shortages and to the fact that production is ahead of schedule at certain Eighth District war plants employment in such plants may be curtailed

temporarily, thus offsetting in part gains in other war plants where production is currently expanding. According to the survey of the Bureau of Employment Security in July there were no widespread labor shortages in the Eighth District although certain sections anticipate shortages by 1943.

BANKING AND FINANCE

Credit demand in the Eighth District during August and early September continued the downward trend evident in recent months. Indicative of the declining volume of bank loans, commercial, agricultural and industrial loans in reporting member banks in this district dropped 1 per cent in the four-week period from August 19 to September 16 and on the latter date were 15 per cent below the level of the corresponding date last year. Total loan volume declined 1 per cent in the month and was down 14 per cent from a year ago. Consumer instalment loans in Eighth District banks dropped almost 9 per cent during the month of August.

Urban banks report loan liquidations due to running off of inventories which in turn is attributed to difficulties encountered in obtaining many lines of goods, and to the much higher collection ratios of retailers and wholesalers which enables them to do without the volume of bank credit that was needed earlier. There are, of course, still some lines in which there is an active demand for bank loans. Various banks report negotiations are in progress for loans made under Regulation V while in other cases loans are being made to war industries without guarantee.

In farm communities reports from bankers indicate that higher farm income is contributing to the liquidation of agricultural loans, both production and real estate, and that the stronger cash position of farmers is appreciably lessening the volume of new loans.

In contrast to the decline in loans, investments are increasing as the war financing program brings an increasingly heavy volume of Government securities on the market. In the past month investments of reporting member banks increased 2 per cent and were 59 per cent above a year ago. The gain in the past month was due primarily to increased holdings of the new issues of Treasury bills. Treasury bill offerings have recently been increased to \$400 million per week.

Since the last issue of this review the Exchange Bank & Trust Company, El Dorado, Ark., the Arkansas Trust Co., Hot Springs, Ark., and the Mexico Savings Bank, Mexico, Mo., have become members of the Federal Reserve System.

CASH FARM INCOME

(In thousands of dollars)	July		Cumulative for 7 months		
	1942	1941	1942	1941	1940
Arkansas	\$11,126	\$ 7,823	\$ 95,123	\$ 57,417	\$ 37,417
Illinois	77,682	64,120	495,137	345,615	300,253
Indiana	42,079	34,706	269,915	181,950	152,205
Kentucky	18,459	14,704	122,261	89,144	79,006
Mississippi	6,866	5,086	62,524	44,843	33,793
Missouri	46,745	34,992	251,745	171,984	138,321
Tennessee	15,205	11,088	102,512	72,541	57,372
Totals	218,162	172,519	1,399,217	963,494	798,367

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Aug., 1942	July, 1942	Aug., 1941	Aug., 1942	July, 1942	Aug., 1941
Cattle and Calves.....	169,940	117,581	127,453	84,961	52,210	52,180
Hogs	195,258	201,706	194,751	53,960	60,436	61,951
Horses and Mules.....	2,033	1,334	1,414	1,982	1,293	1,366
Sheep	126,340	129,399	98,648	46,589	51,440	29,499
Totals	493,571	450,020	422,266	187,492	165,379	144,996

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Sept. 12,'42	Sept. 5,'42	Aug. 15,'42	Sept. 13,'41	Sept. 12,'42 comp. with Aug. 15,'42	Sept. 13,'41
All Commodities ..	99.2	99.1	98.9	91.6	+ 0.3%	+ 8.3%
Farm Products ..	107.2	106.7	106.0	91.6	+ 1.1	+17.0
Foods	101.6	101.4	100.5	89.1	+ 1.1	+14.0
Other	95.7	95.7	95.8	91.6	- 0.1	+ 4.5

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Aug. 15, 1942	July 15, 1942	Sept. 15, 1939	Aug. 15,'42 comp. with July 15,'42	Sept. 15,'39
United States.....	117.4	116.9	100.6	+ 0.4%	+16.7%
St. Louis.....	117.3	116.2	100.4	+ 0.9	+16.8

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Aug. 18, 1942	July 14, 1942	Aug. 12, 1941	Aug. 18,'42 comp. with July 14,'42	Aug. 12,'41
U. S. (51 cities) ..	126.1	124.6	108.0	+ 1.2%	+16.8%
St. Louis.....	129.0	126.0	109.4	+ 2.4	+17.9
Little Rock.....	127.6	124.7	108.2	+ 2.3	+17.9
Louisville	124.3	122.4	107.8	+ 1.6	+15.3
Memphis	132.1	125.5	106.4	+ 5.3	+24.2

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	June, 1942	May, 1942	June, 1941	June,'42 comp. with May,'42	June,'41
Evansville.....	78.8	78.1	98.7	+ 0.9%	-20.2%
Louisville.....	102.3	100.9	113.9	+ 1.4	-10.2
Memphis.....	123.5	120.2	111.8	+ 2.7	+10.5
St. Louis.....	118.2	117.9	116.2	+ 0.3	+ 1.7

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1942	1941	1942	1941	1942	1941	1942	1941
Evansville....	48	28	\$ 161	\$ 106	98	134	\$ 38	\$ 72
Little Rock...	16	57	10	801	83	108	20	111
Louisville.....	60	178	102	363	46	38	26	55
Memphis.....	48	230	24	685	175	498	72	285
St. Louis.....	162	295	765	650	191	153	163	398
Aug. Totals ..	334	788	1,062	2,605	593	931	319	921
July " ..	256	1,260	517	3,891	450	904	289	590

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Aug., '42	July, '42	Aug., '41	Aug., '42 comp. with July, '42	Aug., '41
Total 8th Dist. .	\$ 63,735	\$ 96,754	\$ 62,782	- 34%	+ 2%
Source: F. W. Dodge Corporation.					

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	Aug., 1942	July, 1942	Aug., 1941	August, 1942 compared with	
		K.W.H.	K.W.H.	K.W.H.	July, 1942	Aug., 1941
Evansville....	40	5,136	4,741	5,137	+ 8%	0 - %
Little Rock...	35	2,971	2,991	2,949	- 1	+ 1
Louisville.....	84	16,404	15,969	14,738	+ 3	+ 11
Memphis.....	31	5,516	5,165	4,390	+ 8	+ 26
Pine Bluff.....	20	1,298	946	1,100	+37	+ 18
St. Louis.....	132	88,175	84,762	58,084	+ 4	+ 52
Totals.....	342	119,500	114,574	86,398	+ 4	+ 38

*Selected industrial customers.

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	Aug., '42	July, '42	Aug., '41	Aug., '42 comp. with July, '42	Aug., '41
Number	28	19	23	+47%	+22%
Liabilities.....	\$219,000	\$176,000	\$183,000	+24	+20
Source: Dun and Bradstreet.					

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

First nine days							
Aug., '42	July, '42	Aug., '41	Sept., '42	Sept., '41	8 mos., '42	8 mos., '41	
150,409	145,930	109,348	42,315	31,219	1,093,704	820,433	

Source: Terminal Railroad Association of St. Louis.

WHOLESALE

Lines of Commodities	Net Sales		Stocks	
	August, 1942		Aug. 31, 1942	
	compared with		comp. with	
	July, '42	Aug., '41	Aug. 31, 1941	
Data furnished by Bureau of Census.				
U. S. Dept. of Commerce.				
Automotive Supplies.....	+ 13%	+ 67%%	
Drugs and Chemicals.....	- 0	+ 15	....
Dry Goods.....	+ 8	- 4	- 1	
Electrical Supplies.....	+ 10	- 12	- 9	
Furniture.....	+ 7	- 34	- 3	
Groceries.....	+ 12	+ 14	- 6	
Hardware.....	+ 5	- 4	- 10	
Plumbing Supplies.....	+ 2	+ 4	....
Tobacco and its Products.....	- 5	+ 22	....
Miscellaneous.....	+ 5	+ 1	- 4	
Total all lines*.....	+ 6	- 1	- 4	

*Includes certain lines not listed above.

DEPARTMENT STORES

	Net Sales		Stocks on Hand		Stock Turnover	
	August, 1942		Aug. 31, '42		Jan. 1, to	
	compared with		comp. with		Aug. 31,	1941
	July, '42	Aug., '41	period '41	Aug. 31, '41	1942	1941
Ft. Smith, Ark....	+24%	+21%	+37%	+ 47%	1.99	2.13
Little Rock, Ark....	+29	+22	+22	+ 29	2.28	2.58
E. St. Louis, Ill....	-20	-35	-11	....	....	....
Quincy, Ill....	+42	- 9	+ 4	+ 23	2.19	2.68
Evansville, Ind....	+16	+13	+11	....	....	....
Louisville, Ky....	+16	-15	- 1	+ 71	2.21	3.33
St. Louis, Mo....	+30	+ 2	+13	+ 31	2.07	2.75
Springfield, Mo....	+17	-20	-11	+ 26	1.63	2.15
Jackson, Tenn....	+11	-13	- 5	....	....	....
Memphis, Tenn....	+24	+12	+16	+ 17	1.99	2.26
*All other cities....	+18	- 4	+ 2	+ 16	2.19	2.07
8th F. R. District	+26	+ 1	+11	+ 32	2.10	2.69

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

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

Outstanding orders of reporting stores at the end of August, 1942, were 28 per cent less than on the corresponding date a year ago.

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

	Instalment Accounts		Excl. Instal. Accounts			Instalment Accounts		Excl. Instal. Accounts	
Fort Smith...%	58%		Quincy.....	19%	65%				
Little Rock... 19	54		St. Louis....	27	71				
Louisville... 25	65		Other cities..	12	60				
Memphis.... 27	50		8th F. R. Dist.	25	63				

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

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

	Aug., 1942	July, 1942	June, 1942	Aug., 1941
Sales (daily average), Unadjusted.....	114	87	99	106
Sales (daily average), Seasonally adjusted...	152	126	108	141
Stocks, Unadjusted.....	121	121	126	89
Stocks, Seasonally adjusted.....	122	128	132	90

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

SPECIALTY STORES

	Net Sales		Stocks on Hand		Stock Turnover	
	August, 1942		Aug. 31, '42		Jan. 1, to	
	compared with		comp. with		Aug. 31,	1941
	July, '42	Aug., '41	period '41	Aug. 31, '41	1942	1941
Men's Furnishings...+ 2%	+ 9%	+29%	+ 29%	1.77	1.93	
Boots and Shoes...+12	+28	+29	+ 65	4.77	5.69	

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

Men's Furnishings.....	53%	Boots and Shoes.....	46%
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CHANGES IN PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS

(In thousands of dollars)	Sept. 16, 1942		Aug. 19, 1942		Sept. 17, 1941	
	1942		1942		1941	
	Change from		Change from		Change from	
Industrial advances under Sec. 13b.....	\$ 14		- 0 -		+ 14	
Other advances and rediscounts.....	120		70		72	
U. S. securities.....	177,918		+ 6,387		+ 72,401	
Total earning assets.....	178,052		+ 6,317		+ 72,343	
Total reserves.....	657,595		+15,420		+ 95,235	
Total deposits.....	421,503		+ 5,090		+ 22,184	
F. R. Notes in circulation.....	412,633		+19,642		+142,513	
Industrial commitments under Sec. 13b..	1,163		+ 116		+ 458	

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

	Pieces	Amounts
Checks (cash items) handled.....	5,413,728	\$1,951,847,986
Collections (non-cash items) handled.....	52,584	40,073,579
Transfers of funds.....	4,565	447,345,685
Currency received and counted.....	11,270,755	41,186,731
Coin received and counted.....	12,256,082	1,101,638
Rediscounts, advances and commitments.....	2	400,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	270,200	137,841,795
Bills and securities in custody—coupons clipped	8,409	.....

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 ½ % 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 ¾ % 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)	Sept. 16, 1942	Aug. 19, 1942	Sept. 17, 1941
Total loans and investments.....	\$1,090,504	+14,825	+205,707
Commercial, industrial, agricultural loans	217,865	- 2,698	- 38,348
Open market paper.....	14,016	- 1,245	- 7,924
Loans to brokers and dealers in securities	3,194	- 109	- 1,012
Other loans to purchase and carry securities	9,856	+ 131	- 2,082
Real estate loans.....	62,248	+ 469	+ 2,207
Loans to banks.....	348	- 399	- 750
Other loans.....	69,228	+ 1,375	- 11,456
Total loans.....	376,755	- 2,476	- 59,365
Treasury bills.....	92,324	+22,671	+ 89,150
Certificates of indebtedness.....	108,530	+ 1,088	+108,530
Treasury notes.....	55,064	+ 6,916	+ 20,750
U. S. bonds.....	300,717	+ 2,699	+ 80,331
Obligations guaranteed by U. S. Gov't.	35,105	- 345	- 44,566
Other securities.....	121,509	+ 280	+ 10,877
Total investments.....	713,749	+17,301	+265,072
Balances with domestic banks.....	142,335	- 8,853	- 59,638
Demand deposits—adjusted*.....	769,599	+25,470	+176,376
Time deposits.....	187,441	+ 2,583	- 3,387
U. S. Government deposits.....	13,028	-37,687	- 11,889
Interbank deposits.....	459,204	+23,459	+ 15,440

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

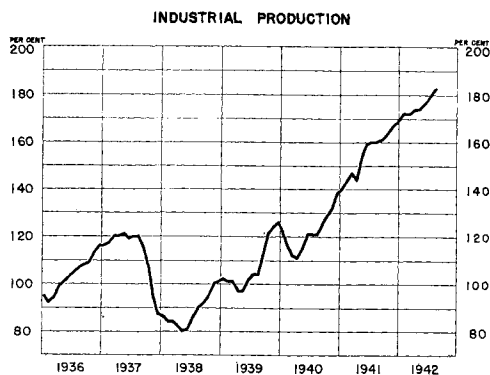
Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 75% of the resources of all member banks in this district.

DEBITS TO INDIVIDUAL ACCOUNTS

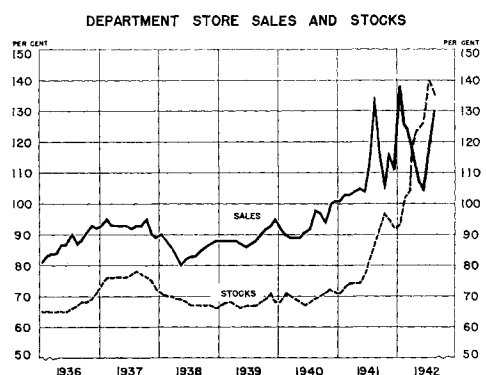
(In thousands of dollars)	Aug., 1942	July, 1942	Aug., 1941	Aug., '42, comp. with July, '42	Aug., '41
El Dorado, Ark. \$	9,592	\$ 9,079	\$ 5,923	+ 7%	+ 62%
Fort Smith, " "	16,321	17,369	14,810	- 6	+ 10
Helena, " "	1,480	1,742	1,407	- 15	+ 5
Little Rock, " "	63,409	62,026	49,645	+ 2	+ 28
Pine Bluff, " "	24,696	21,491	7,890	+ 15	+213
Texarkana, Ark.-Tex.	15,556	17,150	8,942	- 9	+ 74
E. St. L.-Nat. S. Y., Ill.	74,076	71,783	57,686	+ 3	+ 28
Quincy, " "	11,479	12,450	10,774	- 8	+ 7
Evansville, Ind.	58,957	62,005	42,206	- 5	+ 40
Louisville, Ky.	264,451	274,791	232,727	- 4	+ 14
Owensboro, " "	8,984	8,545	6,678	+ 5	+ 35
Greenville, Miss.	5,608	5,858	5,652	- 4	- 1
St. Louis, Mo.	803,780	815,764	683,420	- 1	+ 18
Sedalia, " "	2,851	2,783	2,591	+ 2	+ 10
Springfield, " "	23,314	24,038	20,362	- 3	+ 14
Memphis, Tenn.	167,093	184,824	158,009	- 10	+ 6
Totals.....	1,551,647	1,591,696	1,308,722	- 3	+ 19
Alton, Ill.	11,917	12,472	.....	- 4	.....
Paducah, Ky.	8,243	8,174	.....	+ 1	.....
Cape Girardeau, Mo.	4,052	4,055	.....	- 0 -	.....
Hannibal, " "	3,761	3,773	.....	- 0 -	.....
Jefferson City, " "	16,546	16,223	+ 2
Jackson, Tenn.	6,282	6,585	- 5

(Completed September 25, 1942)

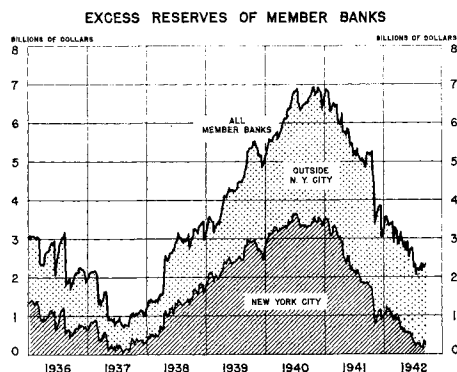
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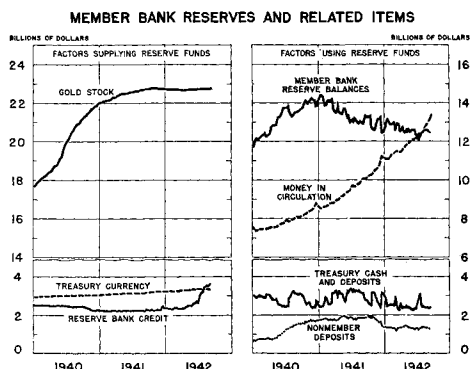
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for August, 1942.



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



Wednesday figures, partly estimated. Latest figures shown are for September 9, 1942.



Wednesday figures. Latest figures shown are for September 9, 1942.

NATIONAL SUMMARY OF CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Industrial output continued to rise in August and the first half of September and retail distribution of commodities also increased. Prices of farm products and foods advanced further.

Production—Industrial output increased in August and the Board's seasonally adjusted index rose 3 points to 183 per cent of the 1935-1939 average. There were further marked increases in activity in the machinery, transportation equipment, and other armament industries. Crude petroleum production increased considerably from the reduced level of recent months and output of manufactured food products rose more than is usual at this time of year. Production of materials, such as steel, nonferrous metals, coal, and lumber, continued in large volume.

Value of construction contracts awarded in August declined from the record high levels of June and July, according to figures of the F. W. Dodge Corporation. The extent to which the continuing large volume of construction reflects the war program is indicated by the fact that in the first eight months of this year 84 per cent of total awards have been for publicly financed projects and in recent months the percentage has been higher.

Distribution—Distribution of commodities to consumers increased considerably in August, reflecting particularly marked increases in department store sales and in sales of general merchandise in small towns and rural areas. Dollar value of sales to consumers in August was somewhat lower than the unusually large sales a year ago, when there was a considerable amount of anticipatory buying, while average prices were about 12 per cent higher. On the basis of physical volume, therefore, sales were smaller than a year ago.

Railroad freight-car loadings were sustained at a high level during August and the first half of September, reflecting continued large shipments of most classes of freight.

Commodity Prices—During August and the first half of September the general wholesale price index advanced about half a point to 99.2 per cent of the 1926 average, reflecting chiefly increases in prices of livestock products. Prices of wheat, flour, and some other uncontrolled commodities also advanced. New crop tobacco prices showed sharp increases over last year and a temporary ceiling at current levels was established for flue-cured types.

Retail food prices continued to rise from the middle of July to the middle of August and further increases are indicated in September. Prices of uncontrolled foods in August were 10 per cent higher than in May.

Agriculture—Crop prospects improved considerably during August and aggregate production this year is expected to be about 15 per cent greater than in 1941, which was close to a record year for crops. Unusually high yields per acre are indicated for most major crops and for some others, like oilseed crops, substantially increased acreages are expected to be harvested. Feed grain supplies are expected to be of record proportions, but owing to the growing number of livestock on farms the supply per animal will probably be about the same as last season.

Bank Credit—Excess reserves of member banks, which have generally fluctuated between 2.0 and 2.5 billion dollars in recent months, rose temporarily to over 3 billion on September 16. This increase was due partly to a further reduction in reserve requirements on demand deposits at central reserve city banks from 24 to 22 per cent and partly to Treasury disbursements out of its balances with the Reserve Banks in connection with September 15 tax collections and fiscal operations. Funds for these disbursements arose in part from the issuance of special one-day certificates to the Reserve Banks.

Excess reserves of New York City banks have been declining for a number of months owing principally to the excess of funds raised in that city by the Treasury over amounts expended there. The effect of this drain has been offset in part by purchases of Government securities by the Federal Reserve System and by the two successive reductions in reserve requirements.

At banks outside New York City excess reserves have shown little change in recent months. These banks have lost reserves through currency drain and their required reserves have increased owing to growth of their deposits; both these factors, however, have been largely offset by transfers of funds from New York.

Holdings of Government securities at New York City banks, which increased substantially in July and August, declined somewhat in the first half of September. At banks outside New York City holdings have continued to increase.

United States Government Security Prices—The recent 3 billion dollar Treasury cash financing operation had little effect on the Government securities market, and prices continued steady.