



BUSINESS CONDITIONS

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FEDERAL RESERVE BANK OF ST. LOUIS



Eighth District Burley Tobacco Field

CAUFIELD & SHOOK PHOTO

GENERAL SUMMARY

THE evolving national program of gearing the economy to the demands of total war continues to set the pattern of industrial activity in the Eighth Federal Reserve District. Production of goods directly or indirectly devoted to war purposes continues to expand with principal concentration in the durable goods industries and especially in metal working lines. New war factories show increased output as construction of additional units is completed while the process of conversion of former peace-time industries is being accelerated. Until recently there has been a relative lag in arms production as a result of the time required for building and equipping new plants and converting old ones, but from now on expansion of war production should be rapid. More and more, war production must encroach upon civilian output as further expansion presses against the limits of the supplies of materials and labor. While employment is rising in war industry the drain of man-power into the armed services and the absorption of the unemployed means that further gains must come largely from employment of persons not previously in the labor force.

In retail trade a reversal of recent trends was registered in September and early October as sales of most retailers showed gains as compared with a year ago. The rise from August in most lines, however, was somewhat less than normal. Since consumer incomes are at the highest level in history, the relative lag in sales is indicative of unprecedented consumer savings.

Government expenditures for war purposes increased further in September and totaled \$5.4 billion for the month as compared with \$5.1 billion in August. Based on latest available figures war expenditures may total approximately \$5.9 billion in October. Revised budget estimates released in mid-October forecast a rapid acceleration in war expenses to a total of \$78 billion for the fiscal year ending next June.

The heavy stream of war spending was reflected in a rise of 4 points in the unadjusted index of industrial production prepared by the Board of Gover-

nors of the Federal Reserve System. The September level of 191 was a new peak. Since November, 1941, total industrial production has risen 14 per cent. Production of durable goods rose 5 points in September and was 27 per cent above the November, 1941 level, while output of non-durables rose 4 points in the month but was only 3 per cent greater than just before our entry into the war.

Production of steel and lumber in Eighth District mills was maintained at the near-capacity levels of recent months. Output of shoes was 8 per cent lower in September than in August and 16 per cent below that of September, 1941. Coal production at Eighth District mines was 8 per cent above August output and was 17 per cent greater than in the corresponding month last year. For the first nine months of the year, output of coal was 24 per cent greater than that of the comparable period in 1941. Consumption of industrial electricity in September was fractionally lower than in August but was 37 per cent above that of September, 1941. On a daily rate basis September, 1942 consumption exceeded that of August by 3 per cent.

Volume of primary distribution of merchandise in September was about the same as in August. During the four-week period ending September 26 freight carloadings of railroads operating in the Eighth District were 2 per cent above the preceding four-week period and were 3 per cent more than in the corresponding period last year. Load interchanges at St. Louis in September were 1 per cent below August but 37 per cent above September, 1941. For the first nine months of the year total load interchanges were 34 per cent greater than in the corresponding period last year. Preliminary figures for October indicate that the volume for the month will greatly exceed that of October, 1941. Federal Barge Line tonnage on the Mississippi River between St. Louis and New Orleans in September declined 20 per cent from that of August and was 6 per cent less than September, 1941. Movement of freight by inland waterways, however, may rise contra-seasonally in coming months as pressure increases on available rail facilities.

DETAILED SURVEY OF DISTRICT

MANUFACTURING

Iron and Steel—Production of steel ingots and castings in the Eighth District in September continued at high levels with the rate of ingot production reaching 97 per cent of capacity at mid-October. According to the American Iron and Steel Institute,

steel ingot tonnage in the U. S. during September, a 30-day work month, was 7,067,084 tons as compared with 7,233,451 tons in August and 6,811,754 tons in September, 1941. Output in the third quarter of 1942 was 4 per cent above that of the comparable period last year.

Despite the near-capacity production, steel mills were unable to keep pace with demand in September and as the backlog of orders continues to grow, delivery periods are becoming more extended. Steel plate distribution under the allocation program is progressing fairly satisfactorily. Demand for bar and sheet steel has continued to increase. Small lot customers experience difficulty as warehouse stocks are running low. The scrap situation at mills and foundries in this area in September and early October showed little change from a month earlier and inventories remained short. However, scrap is appearing in large quantities in response to the nationwide drive and the winter outlook for stock piles is somewhat improved. Some lag is developing in moving scrap to the processors due to limitations of collection and transportation facilities and yard preparation of scrap has been slowed somewhat by a shortage of experienced labor. The demand for pig iron appears to have leveled off at the current high rate of consumption and requests for tonnage in November about equalled scheduled October deliveries.

Shoes—Production of shoes in the Eighth District during September continued to decline largely reflecting shortages of certain types of leather. Preliminary reports indicate output of 8 per cent below August and 16 per cent below September of last year. The percentage decrease for the district was somewhat larger than for the entire country. August production in the district totaled 6,881,700 pairs, a decrease of 6 per cent from July output and was 11 per cent below a year ago. Total United States production was 7 per cent less in August than in July and 15 per cent under August of last year. The seasonally adjusted index of shoe production in the district was 125.6 per cent of the 1924-26 average for August, declining 23.4 points in the month.

Whiskey—The number of Kentucky distilleries producing whiskey increased during September. On September 30, 56 were in operation, five more than were in operation on August 31 and twenty-two more than a year ago. Manufacture of whiskey stopped October 7 and all facilities are now being converted to the production of industrial alcohol for war purposes. Additional rectifying columns are being delivered to some Kentucky distilleries thereby increasing capacity for the production of 190 proof alcohol. Tax payments on warehouse withdrawals are running very large, reflecting both anticipated tax rate increases and preparation for the holiday season. Demand for bulk whiskey, particularly from distributors of nationally advertised brands, continues strong, at rising prices.

RETAIL AND WHOLESALE TRADE

Dollar volume of department store sales during September in the Eighth District was 12 per cent higher than in August, registering less than normal seasonal improvement, and was 3 per cent above September, 1941. Total sales for the year through September 30 were 10 per cent above the corresponding period in 1941. With department store prices approximately 8 per cent above a year ago the physical volume of trade is smaller this September than last. Preliminary reports of sales during the first half of October show considerable percentage gains over the same period last year due in great part to the fact that the anticipatory buying wave of last year had virtually worked itself out by October 1.

Retail furniture sales in Eighth District stores registered marked improvement in September as preliminary figures for the month indicate dollar sales volume to be 14 per cent above August and but 2 per cent below September, 1941. Sales of other retail stores reporting to the Census from certain Eighth District states likewise recorded gains for September as compared with August and with September, 1941.

Dollar volume of wholesale trade in the district was 2 per cent above August but 3 per cent below September, 1941. Stocks of wholesalers and jobbers declined 4 per cent in the month and were 8 per cent below the level of a year ago.

AGRICULTURE

General Conditions—Crop prospects in the Eighth District improved in September as weather conditions during most of the month were generally favorable to crop development. Unusually heavy frost near the end of the month damaged late maturing crops to some extent but as major crop development was somewhat earlier this year, it is expected that the loss will not be great.

Early October weather has been ideal for harvesting throughout most of the district. The production of seven major crops is estimated to be 4 per cent greater than in 1941 and 10 per cent above the 10-year (1931-1940) average with principal improvement noted in the prospects for cotton, corn, and tobacco. Estimated production of these seven major crops likewise improved for the entire country and is now expected to be 14 per cent above the 1941 output.

The index of farm prices in the United States was unchanged in the month ending September 15 at 163 per cent of the 1909-14 average with the parity ratio standing at 107. Prices of farm products in most Eighth District states showed slight increases

for the month ending September 15.

Agricultural employment throughout the country was estimated by the U. S. Department of Agriculture to be 11,921,000 on October 1 as compared with 11,390,000 on September 1 and 11,988,000 on October 1, 1941. The farm labor situation in the Eighth District is uneven with labor shortages in evidence in certain war areas.

Cotton—The Eighth District cotton crop improved further in September and on October 1 was estimated at 4,115,000 bales, 17 per cent greater than the 1941 output and 27 per cent above the 10-year (1931-40) average. While harvesting had been delayed in some areas due to excessive late summer rains, picking and ginning became general throughout the district in September. Although some localities report an inadequate supply of pickers, in most areas harvesting was proceeding at a normal pace. The fine weather has permitted slower picking without damage to quality, thus relieving the labor deficiencies which exist in certain areas.

Mill activity in September and early October continued at the high levels of recent months. Mill inquiries for longer staples of the better grades common to the Eighth District increased considerably in September and early October and buying became active with a large volume of orders reported booked for delivery beyond the end of the year.

The price of middling 15/16 cotton on the Memphis spot market remained fairly steady, ranging from 18.60c to 19.00c between September 16 and October 15 and closing at 19.00c on the latter date compared with 16.30c on the corresponding date last year. Sales on the Memphis market rose from 82,400 bales in the week ending September 19 to 260,500 bales in the week ending October 10 and totaled 766,300 bales for the four-week period.

Fruits and Vegetables—Weather conditions in the first three weeks of September were favorable to development and maturing of fruit and vegetable crops in this district. The white potato crop, according to the October 1 estimate of the Department of Agriculture, was expected to be 12 per cent above 1941 and 13 per cent higher than the 10-year (1931-40) average. The output of tomatoes for processing in Eighth District states was estimated at 779,700 tons on October 1, an increase of 8 per cent over 1941 production. The estimate of sweet potato production at 16,600,000 bushels is 3 per cent above the 1941 crop. On September 15 indicated production of sweet corn in Eighth District states was 16 per cent above that of 1941 and 79 per cent above the 10-year average.

The outlook for the fruit crop in Eighth District

states in September showed little change from the previous month. The October 1 estimate of commercial apple production at 6,499,000 bushels was somewhat above the September 1 estimate, while the indicated production of peaches at 5,509,000 bushels, pears at 2,470,000 bushels, and grapes at 27,050 tons, were all slightly below the previous month's estimates for these crops.

Grains—According to the October 1 estimate of the Department of Agriculture production of corn in the Eighth District was indicated to be 388,926,000 bushels, an increase of 12 per cent over the 1941 crop and 27 per cent above the 10-year (1931-40) average. Production of oats in the district was estimated at 80,321,000 bushels, an increase of 13 per cent above 1941 output and 74 per cent greater than the 10-year average. With the wheat harvest virtually completed, production of 25,396,000 bushels is unchanged from the August 1 estimate and is 50 per cent below 1941 production and 55 per cent under the 10-year average. Output of tame hay at 9,091,000 tons will be 10 per cent greater than in 1941 and 53 per cent above 10-year average production.

Livestock and Livestock Products—Total receipts of livestock at National Stock Yards in September were 5 per cent greater than in August and 23 per cent above September, 1941. For the first nine months of the year receipts were 8 per cent more than in the corresponding period of 1941. Both cattle and hogs were in appreciably greater numbers than in August, but sheep receipts were somewhat below the previous month. Compared with a year ago, cattle receipts were one-third greater and sheep receipts, 50 per cent more. Inspected slaughter in the St. Louis district was one-third greater in September than a year ago. During the month prices of livestock moved somewhat higher. Average hog prices between September 16 and October 15 at St. Louis ranged from a low of \$13.77 per cwt. on the former date to a high of \$15.50 per cwt. and closed at \$14.70 per cwt. on the latter date.

While the prospective supply of feed stuffs for the 1942-43 season is extremely large it is estimated that the increased number of livestock on feed will produce the largest disappearance of feed on record. As of September 30 feed grain prices had advanced about 16 per cent in a year and approximately 75 per cent since the beginning of the war. However, increases in livestock prices during the past year have been sufficient to offset higher feeding costs and feed ratios continue favorable. Reports from several areas in the district indicated unusually heavy preparation of livestock for fall marketing.

Rice—Killing frost in late September damaged the Arkansas rice crop to some extent and on October 1 production was indicated by the Department of Agriculture to be 14,204,000 bushels. This output, however, would be 25 per cent above the 1941 harvest and 70 per cent above the 10-year average. Favorable harvesting weather in early October accelerated the movement of rough rice to mills and warehouses. As a result of the advancing harvest and shortage of storage space, growers are offering rough rice more freely and prices are tending downward. Arkansas Early Prolific was selling in a range from \$4.70 to \$4.90 a barrel in mid-October.

Tobacco—The tobacco crop outlook improved somewhat in September and on October 1 production in the Eighth District was estimated by the Department of Agriculture to be 1 per cent greater than in 1941 but 8 per cent under the 10-year (1931-40) average. Most tobacco had been harvested by the end of September and damage from heavy frost near the end of the month was not great. The 1942 Kentucky burley crop was estimated on October 1 to be 13 per cent above total marketings last year. Since stocks of the 1941 crop are nearly exhausted, it is expected that the carry-over of burley will be the smallest in a number of years. In late September the price ceiling on burley was revised upward to permit prices to rise at the same rate as for flue cured tobacco in order not to limit top prices to those paid at last winter's auctions. As a result of this action this season's prices on the markets which open in December could average as high as \$35.00 or \$36.00 a hundred compared with last year's average of \$29.30.

Most of the dark-fired tobacco was cut and housed by October 1 and the average quality of the crop appears slightly below normal with the quality of early harvestings indicated to be better than that of the late portion of the crop. Some buying activity is reported in old crops of this type of tobacco. Harvesting in the Green River and stemming district was completed by October 1. Although excessive humidity during the early curing stages caused some damage it appears that leaves will be larger than last year and that body will run from medium to heavy. Indicated yield as of October 1 is about the same as last year.

COST OF LIVING AND PRICES

Living costs in large cities of the United States rose 0.3 per cent between August 15 and September 15, and on the latter date were 17.1 per cent over the level obtaining in September, 1939, according to the Department of Labor. The cost of living in St. Louis declined 0.6 per cent in the past month, but

was 16.1 per cent above the level at the outbreak of war. The drop in St. Louis from August 15 was due primarily to a decline of 1.8 per cent in food costs as seasonal fruit and vegetable prices registered some decreases. As compared with June, 1942, living costs in the country as a whole are up 1.2 per cent in September. In St. Louis the cost of living index for September stood at the June level while in Memphis living costs rose 1.6 per cent in the three-month period.

For 51 cities in the United States, food costs rose 0.4 per cent between August 18 and September 15, and were 4.1 per cent above the level of May when cost of living items were not controlled. Controlled foods rose 0.5 per cent in the month as compared with a rise of 0.3 per cent for uncontrolled food items. The rise in controlled foods reflected primarily increases in meat prices which however, are normally much larger at this time of year, and gains in canned food prices where ceilings were adjusted under recent OPA rulings. As measured against the mid-May level, controlled foods have shown very little over-all gain while uncontrolled foods have risen more than 10 per cent.

Acting under the recent executive order, creating an economic stabilization board to develop national policy to control civilian purchasing power, prices, rents, wages, salaries, profits, rationing and other related matters, OPA on October 3 placed temporary ceilings over most uncontrolled items at the highest levels obtaining from September 28 to October 2. By this action about 90 per cent of food items are now under direct control as compared with about 60 per cent hitherto controlled. Some farm price ceilings are under consideration since the executive order directed that prices of agricultural commodities or products manufactured from them are to be stabilized at September 15 levels. Wage rates are also stabilized at September 15 levels except insofar as increases to correct maladjustments or to aid in the effective prosecution of the war are necessary.

EMPLOYMENT

Employment in civil non-agricultural lines in the United States reached a new peak of 37,789,000 in August, an increase of 1.4 per cent over July and was 6.5 per cent above August, 1941. Manufacturing employment in August was 2.3 per cent greater than in July and 12.3 per cent above August, 1941, accounting for about three-fourths of the total increase in the past year. Employment in durable goods manufactures rose 2.6 per cent and in non-durables 1.6 per cent in the month. Gains were also recorded in such lines as construction, government service, transportation, and utility employment.

Losses occurred in wholesale and retail trade employment for the fifth consecutive month and were also reported for mining, financing, and service groups.

Civil non-agricultural employment in Eighth District states reached a total of 6,290,000 in August, rising 1.7 per cent above July and 4.8 per cent above August, 1941. Manufacturing employment in those states at 2,454,000 in August was 3.1 per cent greater than in July and exceeded the August, 1941 figures by 7.6 per cent. Increases in total employment were reported for all Eighth District states except Tennessee where total employment was down slightly, although manufacturing employment registered an increase. The gain in manufacturing employment in the Eighth District represented 69 per cent of the total increase from July to August of this year and 60 per cent of the total gain since August, 1941.

BANKING AND FINANCE

Demand for bank credit in the Eighth District improved in September and early October reflecting an increase in loans for industrial and agricultural purposes in certain localities. The increase varied considerably with geographical area and was most heavily concentrated in the major cities. Total loan volume of reporting member banks in the district increased 8 per cent in the four-week period ending October 21, but was 11 per cent below the level of a year ago. Commercial, agricultural, and industrial loans were 14 per cent higher in the month but remained 11 per cent below the volume of the corresponding period in 1941. Consumer instalment loans outstanding on September 30 were down 8 per cent and volume of loans made during the month was 7 per cent below August.

Reports from bankers throughout the district indicate there is little demand for commercial credit which fact reflects higher collection ratios and declining retail and wholesale inventories. In some localities there is a moderate demand for loans by contractors and processors holding war contracts. The larger bank loans of this type are usually being made with War Department guarantees. Loans for seeding purposes and crop loans are reported in some farming areas.

Investments of reporting member banks rose 8 per cent in the four-week period from September 23 to October 21 and were 76 per cent above the corresponding period last year. Virtually all of the increase was in holdings of Government securities. Holding of Treasury notes increased 96 per cent and of bonds 8 per cent in the month, reflecting subscriptions to the Treasury's major financing issues for September and October.

CASH FARM INCOME

(In thousands of dollars)	August		Cumulative for 8 months		
	1942	1941	1942	1941	1940
Arkansas	\$ 9,252	\$ 6,968	\$104,375	\$ 64,385	\$ 42,639
Illinois	77,148	67,167	572,285	412,782	348,595
Indiana	48,187	39,538	318,102	221,488	179,498
Kentucky	17,528	13,041	139,789	102,185	89,461
Mississippi	11,417	7,736	73,491	52,579	38,949
Missouri	45,421	37,618	297,166	209,602	163,067
Tennessee	13,222	11,090	115,734	83,631	64,219
Totals	222,175	183,158	1,621,392	1,146,652	926,428

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Sept., 1942	Aug., 1942	Sept., 1941	Sept., 1942	Aug., 1942	Sept., 1941
Cattle and Calves.....	189,494	169,940	144,457	95,204	84,961	52,690
Hogs	213,200	195,258	198,688	38,741	53,960	43,302
Horses and Mules.....	2,260	2,033	1,519	2,251	1,982	1,161
Sheep	112,647	126,340	74,564	32,849	46,589	20,830
Totals	517,601	493,571	419,228	169,045	187,492	117,983

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Oct. 17, '42	Oct. 10, '42	Sept. 19, '42	Oct. 18, '41	Oct. 17, '42 comp. with Sept. 19, '42	Oct. 18, '41
All Commodities ..	99.6	99.8	99.3	91.7	+ 0.3%	+ 8.6%
Farm Products	107.9	108.9	107.1	89.8	+ 0.7	+20.2
Foods	103.1	103.3	102.0	88.4	+ 1.1	+16.6
Other	95.6	95.7	95.7	93.1	— 0.1	+ 2.7

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1942	Aug. 15, 1942	Sept. 15, 1939	Sept. 15, '42 comp. with Aug. 15, '42	Sept. 15, '39
United States	117.8	117.5	100.6	+ 0.3%	+17.1%
St. Louis	116.6	117.3	100.4	— 0.6	+16.1
Memphis	119.3	*	100.4	...	+18.8

*Not Available.

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1942	Aug. 18, 1942	Sept. 16, 1941	Sept. 15, '42 comp. with Aug. 18, '42	Sept. 16, '41
U. S. (51 cities) ..	126.6	126.1	110.7	* %	+14.4%
St. Louis	126.7	129.0	114.5	— 1.8	+10.7
Little Rock	129.2	127.6	109.9	+ 1.3	+17.6
Louisville	124.2	124.3	110.9	*	+12.0
Memphis	129.7	132.1	110.6	— 1.8	+17.3

*Change of less than ½%.

POSTAL RECEIPTS

Quarter ending:	Sept. 30, 1942	June 30, 1942	Sept. 30, 1941	Comp. 3rd Qtrs. 1942 and 1941
Evansville	\$191,278	\$ 206,973	\$ 195,654	— 2%
Little Rock	274,742	260,180	252,924	+ 9
Louisville	793,685	790,940	772,398	+ 3
Memphis	720,838	711,713	745,576	— 3
St. Louis	2,750,396	2,825,049	2,775,132	— 1
Totals	4,730,939	4,794,855	4,741,684	*

*Change of less than ¼%.

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number	Cost	Number	Cost	Number	Cost	Number	Cost
	1942	1941	1942	1941	1942	1941	1942	1941
Evansville	52	34	\$ 171	\$ 158	62	107	\$ 21	\$ 80
Little Rock	12	54	3	145	93	97	24	58
Louisville	141	167	1,223	267	39	53	32	60
Memphis	60	339	62	1,062	271	367	88	178
St. Louis	127	262	171	1,005	158	147	56	259
Sept. Totals ..	392	856	1,630	2,637	623	771	221	635
Aug. "	334	788	1,062	2,605	593	931	319	921

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Sept., '42	Aug., '42	Sept., '41	Sept., '42 comp. with Aug., '42	Sept., '41
Total 8th Dist. ..	\$ 49,551	\$ 63,940*	\$ 99,462	— 23%	+ 50%

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

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	Sept., 1942	Aug., 1942	Sept., 1941	September, 1942 compared with Aug., 1942	Sept., 1941
Evansville	40	5,554	5,136	4,858	+ 8%	+ 14%
Little Rock	35	3,212	2,971	3,019	+ 8	+ 6
Louisville	84	16,112	16,404	14,976	+ 2	+ 8
Memphis	31	5,452	5,516	4,624	— 1	+ 18
Pine Bluff	20	1,785	1,298	1,116	+38	+ 60
St. Louis	132	87,309	88,175	58,531	— 1	+ 49
Totals	342	119,424	119,500	87,124	0	+ 37

*Selected industrial customers.

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	Sept., '42	Aug., '42	Sept., '41	Sept., '42 comp. with Aug., '42	Sept., '41
Number	15	28	27	—44%	—46%
Liabilities	\$153,000	\$219,000	\$284,000	—46	—30

Source: Dun and Bradstreet.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Sept., '42	Aug., '42	Sept., '41	Oct., '42	Oct., '41	9 mos. '42	9 mos. '41
149,585	150,409	108,960	44,930	34,279	1,243,289	929,393

Source: Terminal Railroad Association of St. Louis.

WHOLESALE

Lines of Commodities	Net Sales	Stocks
	September, 1942 compared with Aug., '42	Sept. 30, 1942 comp. with Sept. 30, 1941
Automotive Supplies.....	+ 5%	+ 48%
Boots and Shoes.....	+ 1	+ 17
Drugs and Chemicals.....	+ 13	+ 5
Dry Goods.....	+ 4	+ 12
Electrical Supplies.....	+ 19	+ 25
Furniture.....	+ 23	+ 42
Groceries.....	+ 1	+ 6
Hardware.....	+ 1	+ 11
Machinery, Equipment and Supplies.....	+ 11	+ 23
Plumbing Supplies.....	+ 10	+ 14
Tobacco and its Products.....	+ 1	+ 25
Miscellaneous.....	+ 5	+ 30
Total all lines.....	+ 2	+ 3

*Includes certain lines not listed above.

DEPARTMENT STORES

	Net Sales	Stocks on Hand	Stock Turnover
	September, 1942 compared with Aug., '42	9 mos. '42 to same period '41	Sept. 30, '42 comp. with Sept. 30, '41
Ft. Smith, Ark.....	+14%	+22%	+13%
Little Rock, Ark.....	+19	+30	+4
E. St. Louis, Ill.....	+2	+14
Quincy, Ill.....	+18	+8	+18
Evansville, Ind.....	+25	+40	+14
Louisville, Ky.....	+25	+4	+42
St. Louis, Mo.....	+7	+6	+22
Springfield, Mo.....	+9	+4	+9
Jackson, Tenn.....	+18	+5	+5
Memphis, Tenn.....	+16	+21	+17
*All other cities.....	+12	+6	+3
8th F. R. District.....	+12	+3	+19

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

Trading days: Sept., 1942—25; Aug., 1942—26; Sept., 1941—25.

Outstanding orders of reporting stores at the end of September, 1942, were 10 per cent smaller than on the corresponding date a year ago.

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

	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....	60%	60%	Quincy.....	21%
Little Rock.....	53	53	St. Louis.....	27
Louisville.....	25	64	Other cities.....	10
Memphis.....	26	59	8th F. R. Dist.....	24

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

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

	Sept., 1942	Aug., 1942	July, 1942	Sept., 1941
Sales (daily average), Unadjusted.....	131	114	87	128
Sales (daily average), Seasonally adjusted.....	122	152	126	120
Stocks, Unadjusted.....	119	121	121	97
Stocks, Seasonally adjusted.....	112	122	128	92

Trading days: Sept., 1942—25; Aug., 1942—26; Sept., 1941—25.

SPECIALTY STORES

	Net Sales	Stocks on Hand	Stock Turnover
	September, 1942 compared with Aug., '42	9 mos. '42 to same period '41	Sept. 30, '42 comp. with Sept. 30, '41
Men's Furnishings.....	+18%	+23%	+22%
Boots and Shoes.....	+28	+29	+36

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

Men's Furnishings.....	51%	Boots and Shoes.....	44%
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CHANGES IN PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS

(In thousands of dollars)	Oct. 21, 1942	Sept. 23, 1942	Oct. 22, 1941
Industrial advances under Sec. 13b.....	\$ 62	+ 48	— 338
Other advances and rediscounts.....	195	+ 105	+ 181
U. S. securities.....	202,277	+32,933	+ 91,163
Total earning assets.....	202,534	+33,086	+ 91,006
Total reserves.....	712,887	+35,197	+120,969
Total deposits.....	454,460	+26,214	+ 45,075
F. R. Notes in circulation.....	460,957	+42,637	+171,300
Industrial commitments under Sec. 13b..	1,179	+ 16	+ 620

FEDERAL RESERVE OPERATIONS DURING SEPTEMBER, 1942

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,592,909	\$2,169,103,375
Collections (non-cash items) handled.....	137,894	50,038,753
Transfers of funds.....	4,981	538,415,913
Currency received and counted.....	10,543,539	43,576,000
Coin received and counted.....	9,731,874	776,837
Rediscounts, advances and commitments.....	2	403,432
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	346,487	264,707,457
Bills and securities in custody—coupons clipped	20,172

RATES OF THIS BANK FOR ACCOMMODATIONS UNDER THE FEDERAL RESERVE ACT

Advances to member banks, secured by direct obligations of the United States or by such Government guaranteed obligations as are eligible for collateral, which have one year or less to run to call date or to maturity if no call date, under paragraphs 8 and 13 of section 13..... 1/2 % 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, which have more than one year to run to call date or to maturity if no call date, under paragraphs 8 and 13 of section 13..... 1 % per annum

Advances to non-member banks, secured by direct obligations of the United States, under paragraph 13 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 1/2 % per annum

Advances to individuals, partnerships, and corporations other than banks, secured by direct obligations of the United States, under paragraph 13 of section 13..... 2 % 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 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 1/4 % 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

(In thousands of dollars)	Oct. 21, 1942	Sept. 23, 1942	Oct. 22, 1941
Total loans and investments.....	\$1,207,813	+86,260	+290,519
Commercial, industrial, agricultural loans	250,875	+30,280	— 32,473
Open market paper.....	12,572	— 1,104	— 8,650
Loans to brokers and dealers in securities	3,035	— 730	— 1,944
Other loans to purchase and carry securities	9,651	— 122	— 2,140
Real Estate loans.....	63,740	+ 1,435	+ 3,314
Loans to banks.....	1,118	+ 710	— 153
Other loans.....	69,424	— 68	— 10,678
Total loans.....	410,415	+30,401	— 52,724
Treasury bills.....	73,588	—13,651	+ 69,364
Certificates of indebtedness.....	133,047	— 6,606	+133,047
Treasury notes.....	108,823	+53,416	+ 73,128
U. S. bonds.....	325,537	+23,278	+104,635
Obligations guaranteed by U. S. Govt.....	33,588	— 2,032	— 46,690
Other securities.....	122,815	+ 1,454	+ 9,759
Total investments.....	797,398	+55,859	+343,243
Balances with domestic banks.....	137,929	— 5,408	— 69,508
Demand deposits—adjusted*.....	790,378	+13,813	+170,152
Time deposits.....	189,863	+ 2,247	— 2,051
U. S. Government deposits.....	73,894	—93,692	+ 54,480
Interbank deposits.....	497,339	+45,516	+ 32,278

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

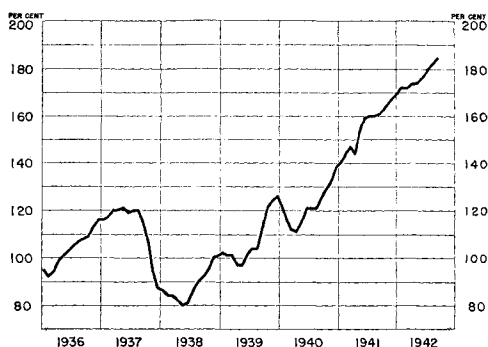
Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 75% of the resources of all member banks in this district.

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)	Sept., 1942	Aug., 1942	Sept., 1941	Sept., '42, comp. with Aug., '42	Sept., '41
El Dorado, Ark.....	\$ 10,361	\$ 9,592	\$ 7,372	+ 8%	+ 41%
Fort Smith.....	18,722	16,321	17,813	+ 15	+ 5
Helena,	2,517	1,480	3,075	+ 70	— 18
Little Rock,	79,670	63,409	56,587	+ 26	+ 41
Pine Bluff,	23,995	24,696	14,639	— 3	+ 64
Texarkana, Ark. Tex.	14,249	15,556	13,260	— 8	+ 7
E. St. L.-Nat. S. Y., Ill.	79,124	74,076	58,478	+ 7	+ 35
Quincy,	12,735	11,479	10,436	+ 11	+ 22
Evansville,	65,451	58,957	40,485	+ 11	+ 62
Louisville,	265,586	264,451	237,574	*	+ 12
Owensboro,	9,788	8,984	7,655	+ 9	+ 28
Greenville,	8,270	5,608	9,327	+ 47	— 11
St. Louis,	868,625	803,780	732,116	+ 8	+ 19
Sedalia,	3,013	2,851	2,624	+ 6	+ 15
Springfield,	25,540	23,314	21,601	+ 10	+ 18
Memphis,	231,662	167,093	257,258	+ 39	— 10
Totals.....	1,719,308	1,551,647	1,490,300	+ 11	+ 15

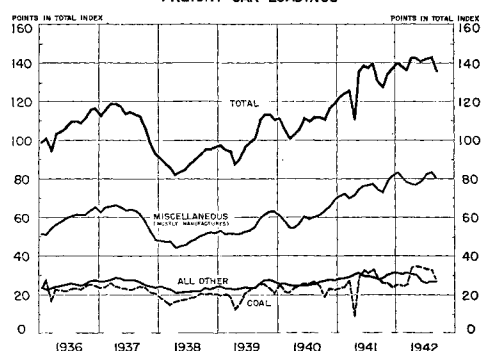
(Completed October 27, 1942)

INDUSTRIAL PRODUCTION



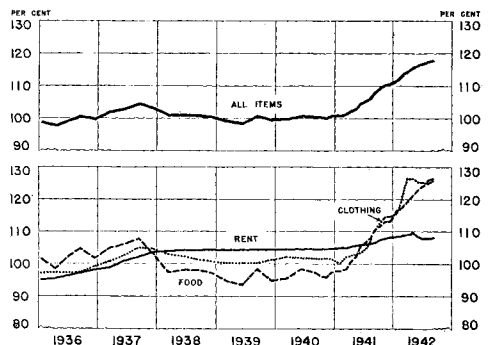
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for September, 1942.

FREIGHT-CAR LOADINGS



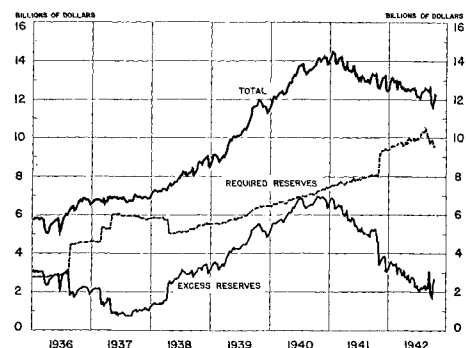
Federal Reserve monthly index of total loadings of revenue freight, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for September, 1942.

COST OF LIVING



Bureau of Labor Statistics' indexes, 1935-39 average = 100. Fifteenth of month figures. Last month in each calendar quarter through September, 1940, monthly thereafter. Latest figures shown are for September, 1942.

MEMBER BANK RESERVES



Wednesday figures. Required and excess reserves, but not the total, are partly estimated. Latest figures shown are for October 14, 1942.

NATIONAL SUMMARY OF CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Industrial activity expanded further in September and the first half of October. Prices of uncontrolled commodities continued to advance in September. Early in October an Office of Economic Stabilization was established with a view to more effective control of prices and wages affecting the cost of living.

Production—Industrial production increased more than seasonally in September and the Board's adjusted index rose 2 points to 185 per cent of the 1935-1939 average. Armament production continued to advance. Steel production was maintained at a high level during September and then increased during October, reaching 101 per cent of rated capacity in the third week of the month. Cotton consumption continued at a high rate and output of manufactured food products rose more than seasonally owing chiefly to increased activity in the meatpacking and canning industries. Coal production, which had been maintained in large volume during the summer months, did not show the usual sharp seasonal rise in September and the first half of October. Output of crude petroleum showed little change following a considerable increase in August.

Value of construction contracts awarded in September was about the same as in August, according to reports of the F. W. Dodge Corporation. As in other recent months, awards were mainly for publicly-financed work which, in September, amounted to over 90 per cent of the total.

Contracts for manufacturing buildings reached the highest total yet reported, and increased awards for defense housing raised the total for residential building by about one-fourth despite a decline in privately-financed work. Awards for public works and utilities and for commercial buildings dropped substantially.

Distribution—Department store sales, which had been unusually large in August, showed somewhat less than the usual sharp seasonal rise during September. In the first half of October sales were sustained near the high level prevailing at the beginning of the month. Variety store sales increased seasonally from August to September, while sales in small towns and rural areas rose by more than the usual seasonal amount.

Railroad freight-car loadings increased further in September and the first half of October. The rise was small for this time of year, however, owing mainly to the fact that shipments of many commodities, particularly coal, had been maintained at unusually high levels during the summer months.

Commodity Prices—Prices of uncontrolled commodities advanced further in September. During the first half of October, after passage of an amendment to the Price Control Act of 1942, more widespread controls were announced. Maximum prices at the highest levels reached around the end of September were established for butter, cheese, eggs, and various other foods. These items constitute nearly one-third of the food budget and now the proportion of the total under control is about 90 per cent. Another action directed residential rents throughout the country to be limited to the levels of March 1, 1942, wherever rent control procedures were not already in effect.

Agriculture—The October 1 official crop report confirmed earlier prospects that unusually heavy crop yields were in sight. The Department of Agriculture pointed out, however, that, as the harvest progresses under difficulties, particularly as to labor supply, farmers are showing less assurance that it can be completed in season. Record crops of grain, hay, oilseeds, sugar, vegetables, and probably fruits are still likely.

Bank Credit—Following a temporary peak of 3 billion dollars in mid-September, excess reserves of member banks declined to 1.7 billion dollars in the latter half of September but increased considerably in the first three weeks of October. This increase resulted in part from the action of the Board of Governors of the Federal Reserve System in reducing reserve requirements on demand deposits at central reserve city banks from 22 to 20 per cent, which added about 400 million dollars to excess reserves. In addition member bank reserves were increased through purchases of Government securities by the Federal Reserve Banks. As a result of these developments excess reserves of all member banks on October 21 amounted to 2.4 billion dollars, of which about 500 million dollars were in New York City.

At reporting banks in leading cities heavy purchases of new Treasury certificates of indebtedness and Treasury notes were reflected in an increase of 1.6 billion dollars in Government security holdings during the four weeks ending October 14. Further large increases occurred in the following week as banks received their allotments of the new 1½ per cent notes and 2 per cent bonds. Commercial loans, after declining in August and September, increased in the first two weeks of October, mainly in New York City, while other loans declined further.

United States Government Security Prices—Prices of United States Government securities continued steady last month. Long-term taxable bonds are yielding 2.33 per cent on the average and long-term partially tax-exempt bonds are yielding 2.05 per cent.