



BUSINESS CONDITIONS

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FEDERAL RESERVE BANK OF ST. LOUIS



View of Arkansas River

ARK. STATE PUBLICITY PHOTO

DECEMBER TREASURY FINANCING AND THE VICTORY FUND COMMITTEE

THE December Treasury financing marks the beginning of a new phase in the war financing program. Up to date the Treasury has supplemented the amounts raised by war savings bonds, tax notes, and Treasury bills by successive public offerings of various types of issues as need for additional funds has risen. The December program which may become the model for future financing operations involves an intensive sales campaign with a view to reaching all available investment funds.

This sale drive will be conducted in each Federal Reserve district by the Victory Fund Committees whose organizations are composed of volunteer workers drawn largely from the banking, securities, insurance and allied financial fields. The President of the Federal Reserve Bank is the Chairman of the Victory Fund Committee.

In the Eighth Federal Reserve District the Victory Fund organization consists of a district committee composed of sixteen members representing the various sections of the district. Regional committees have been appointed and the organization has been further broken down into local, county and city committees. At the present time the volunteer workers serving with the Victory Fund organizations in this district number over 1,800 and the local committees are in process of expanding their personnel as rapidly as possible in order to meet the added responsibilities placed on them by the new type of financing program.

The December campaign will involve raising the unprecedented sum of approximately \$9 billion from all sources and will be the only major Treasury financing until February. For its new money needs in January the Treasury will rely upon further sales of tax savings notes, war savings bonds, and Treasury bills.

Three new Treasury issues designed for every class and type of investor will be sold in December under the direction of the Victory Fund Committees:

(1) A 2½ per cent bond due in twenty-six years and callable in twenty-one years. These bonds will not be limited in amount and will be issued in coupon or registered form. Commercial banks accepting demand deposits will not be permitted to hold these bonds until ten years after issuance.

(2) A 1¾ per cent bond due in five and one-half years.

(3) A ¾ per cent certificate of indebtedness due in one year.

The primary objective of the Victory Fund campaign will be to raise as much as possible from non-bank investors. The workers will solicit subscriptions from individuals, corporations, insurance companies, institutions, trusts and estates. The campaign for sale of the three issues to all subscribers other than commercial banks was opened November 30 and will continue for several weeks. Including war savings bonds and tax notes, it is expected that sales to non-bank investors may total approximately \$4.5 billion.

Commercial banks will be permitted to subscribe to the 1¾ per cent bonds and the ¾ per cent certificates but sales to them will be limited to \$2 billion on each issue. For commercial banks the subscription books were opened November 30 to the 1¾ per cent bonds, to remain open three days, while the books will be opened December 16 on the ¾ per cent certificates and will also remain open three days. Subscriptions by commercial banks up to \$100,000 will be allotted in full on each issue and larger subscriptions on an equal percentage basis.

These huge Treasury financing operations are necessitated by the rapidly mounting tide of Government war expenditures. Latest budget estimates indicate that the expenditure by the Government and its agencies for war purposes will amount to \$78 billion in the current fiscal year ending June 30, 1943. After taking account of taxes and borrowings from Government trust and investment accounts, about \$60 billion will have to be raised through borrowings from the public. Through November 30 the Treasury has raised approximately \$22 billion of this total. The following table is presented to give an over-all picture of the Treasury's financing requirements during this fiscal year:

Estimate of Treasury Fiscal Operations Fiscal Year 1943

(Including Government corporations, trust accounts, etc.)

(In billions of dollars)

EXPENDITURES:	
War activities	\$78.0
Other	6.0
Total	84.0
Net receipts	20.9
Gross deficit.....	63.1
Borrowing from trust accounts.....	2.8
Borrowing from public (net).....	60.3
Direct and guaranteed public debt at end of fiscal year.....	140.1

Since the last issue of this review the French Lick State Bank, French Lick, Ind., the Citizens State Bank of Petersburg, Petersburg, Ind., and the Citizens Loan and Trust Co., Washington, Ind., have become members of the Federal Reserve System.

GENERAL SUMMARY

INDUSTRIAL activity in the Eighth District, reflecting increases in war production, continued its upward trend during October and early November. All indications point to a further expansion through the winter months as the volume of new orders is well maintained, although at a level slightly below the June peak. Reductions in some industrial lines due to the scarcity of raw materials have been more than offset by gains in other lines. Output of durable goods has increased substantially while production of non-durables, though slightly higher than last year, has shown relatively small gains in recent months.

Budget expenditures for war activity increased slightly in October, reaching a total of \$5.5 billion as compared with \$5.4 billion for September. War expenditures in the first four months of the current fiscal year totaled approximately \$20 billion, compared with \$5 billion in the corresponding period last year. Latest available figures on Treasury operations indicate that November war expenditures will climb to a new monthly peak of more than \$6 billion.

The unadjusted index of industrial activity prepared by the Board of Governors of the Federal Reserve System rose 1 point in October to a new high of 192, representing an increase of 15 per cent since November, 1941, the month preceding our entry into the war. The durable goods index was up 7 points in October and was 29 per cent above the pre-war level. Production of non-durables dropped 2 points in the month and was only 3 per cent above November, 1941.

Steel making in the Eighth District in October and early November continued at near-capacity

levels with necessary repairs to furnaces being the limiting factor. Lumber production was maintained at the high rate of recent months. War necessities have eliminated the seasonal decline formerly in evidence at this time of year and no abatement in lumber demand is expected for the next several months. Southern pine production in recent months has been somewhat below the levels of a year ago but new orders continue to exceed output. Production of coal at Eighth District mines during October was 5 per cent greater than in September and 14 per cent above that of last October. Coal output in the first ten months of the year exceeded that of the corresponding period in 1941 by 22 per cent. Shoe manufacture in October increased 6 per cent over September but was 13 per cent below October, 1941 production.

Primary distribution of goods in this district in October was in considerably larger volume than in September. Freight carloadings of railroads operating in the Eighth District in the 4-week period ending October 24 were 8 per cent above the previous 4-week period and 7 per cent greater than in October, 1941. Load interchanges for 25 railroads at St. Louis in October were 9 per cent above September and 39 per cent higher than last October. Total interchanges in the first ten months of the year were 34 per cent higher than in the corresponding period last year. Preliminary figures for November indicate a much greater volume for the month than in November, 1941. Tonnage handled by the Federal Barge Lines on the Mississippi River between St. Louis and New Orleans in October was 7 per cent above that of September and was 17 per cent less than October, 1941.

DETAILED SURVEY OF DISTRICT

MANUFACTURING

Iron and Steel—Production activity in the iron and steel industry in the Eighth District during October and early November continued at the high levels of recent months and at mid-November the rate of operations in the district was at 94.3 per cent of capacity. Steel ingot production in the United States broke all records during October, totaling 7,584,864 tons as compared with 7,067,084 tons in September and 7,236,068 tons in October, 1941, according to the American Iron and Steel Institute.

Steel plate output was held somewhat below capacity in the past month in order to improve the supply of bar and sheet steel. The demand for bars

has become so great that deliveries are delayed from eight to ten weeks on highest priority ratings. More sheet tonnage is being furnished to warehouses which are now receiving numerous inquiries from small-lot consumers.

The nation-wide drive has improved the stockpiles of iron and steel scrap considerably in the past few weeks and the supply is believed to be sufficient to assure as near to capacity production as furnace operation will permit during the next few months. The labor supply for handling scrap continues to be inadequate as dealers indicate that scrap could be moved at least 25 per cent faster if more workers were available. While the scrap situation has been improved considerably by the sal-

vage campaign much of the scrap from this source is not recurrent and it appears that between 70 per cent to 80 per cent of the steel industry's future scrap supply must come from industrial sources.

Shoes—Preliminary reports indicate that shoe production in the Eighth District during October was 6 per cent greater than in September but was 13 per cent below that of October, 1941. September output of shoes totaled 6,288,476 pairs for this district, a decline of 9 per cent in the month and of 7 per cent compared with September, 1941. Total U. S. production in September was 5 per cent below that of August and 15 per cent less than last September. The seasonally adjusted index for the district declined 17 points in September, standing at 108.5 per cent of the 1924-26 average.

Whiskey—A total of 59 of the 60 Kentucky distilleries were producing industrial alcohol for war purposes on October 31, compared with 56 distilleries in operation a month earlier and 42 operating on October 31, 1941. No whiskey has been manufactured since October 7 and all distilleries were converted to alcohol production at capacity levels after that date. It is estimated that approximately one-half of the 240 million gallons of industrial alcohol scheduled for production in the year beginning October 8, will be manufactured in Kentucky.

Demand for bulk whiskey remains strong at high prices. Large-lot sales to big distributors have resulted in substantial liquidation of bank loans extended to producers for the purpose of carrying whiskey stocks.

RETAIL AND WHOLESALE TRADE

Reversing the downward trend of recent months, department store trade during October in the Eighth District registered a marked gain in physical volume as compared with a year ago. More than seasonal improvement was indicated as dollar volume of sales in October was 19 per cent above the previous month and 19 per cent higher than in October, 1941. Since department store prices are approximately 6 per cent above the level of a year ago a substantial gain in unit volume was recorded for the month. Cumulative sales for the first ten months of the year were 11 per cent above the same period in 1941. Continuation of the improvement in department store trade was indicated by preliminary reports for the first half of November.

Further improvement was noted in retail furniture trade as preliminary reports from stores in the Eighth District indicate October sales to be 17 per cent above September and unchanged from October, 1941. Other retail stores in certain Eighth District

states similarly reported sales gains for October to the Census Bureau.

The recent gains in retail trade chiefly reflect an earlier Christmas shopping season due to the October 31 deadline on shipments to soldiers abroad. Also, the increase over October, 1941, is explained in part by the fact that in October, 1941 sales had declined following unusually large sales in September. At present stocks in many lines, particularly durables, are not in great volume and hence purchases are being confined for the most part to the soft lines. However, it seems evident that despite greatly increased savings and rather stringent credit regulation, the high rate of consumer income is creating a strong demand for goods.

During October department store stocks in this district, while 14 per cent above the volume of October, 1941, showed little change from September and were 7 per cent below last May. Recent sales gains are leading to liquidation of irreplaceable inventories.

Wholesale trade measured in dollar volume was 1 per cent higher in October than in the previous month but was 1 per cent below October, 1941. Stocks of wholesalers and jobbers were down 15 per cent in the month and down 16 per cent compared with October, 1941.

AGRICULTURE

General Conditions—Crop prospects in the Eighth District showed virtually no change in October as the harvesting of late maturing crops advanced. Weather conditions throughout most of the district were generally favorable for harvesting during early October but heavy rains near the end of the month produced considerable delay in certain areas. Harvesting of some crops was further retarded by an insufficient labor supply.

According to the U. S. Department of Agriculture estimated production of seven major crops on November 1 in the Eighth District was unchanged from the previous month but was 4 per cent greater than 1941 output and 10 per cent above the 10-year (1931-40) average. Prospects for the corn and white potato crop showed some improvement in the month while cotton and tobacco declined slightly. Indicated production of the seven major crops for the United States on November 1 improved somewhat in the month and was 15 per cent above 1941.

The index of prices received by farmers in the United States at 169 on October 15 registered an increase of 3.7 per cent in the month and 21.6 per cent since October, 1941. Prices of farm products in most Eighth District states likewise increased

somewhat in the month ending October 15. Prices of dairy products advanced more than seasonally and eggs, meat animals, cotton, tobacco, and truck crops also recorded price increases for the month.

Cotton—According to the November 1 estimate of the Department of Agriculture the Eighth District cotton crop was indicated to be 4,041,000 bales, 15 per cent greater than 1941 production and 24 per cent above the 10-year (1931-40) average. Weather conditions were generally favorable for harvesting cotton throughout October but rains in the latter part of the month and in early November, coupled with labor shortages in certain areas, retarded picking and ginning to some extent. Ginning of the new crop as of November 1, in the Eighth District as a whole, were 7 per cent above the corresponding date last year. Mississippi ginnings accounted for the entire increase as all other Eighth District states registered decreases.

The price of middling 15/16 cotton on the Memphis spot market improved somewhat in the past month, ranging from a low of 18.95c per pound to a high of 19.45c per pound between October 16 and November 14 and closing at 19.35c on the latter date compared with 16.50c on the corresponding date last year. Sales on the Memphis market declined in the 4-week period ending November 7, totaling 700,300 bales as compared with 766,300 bales in the preceding 4-week period. Reports indicate that the strong cash position of the farmers is slowing the flow of cotton to both market and loan.

Livestock—Total receipts of livestock at National Stock Yards in October were 4 per cent greater than in September and 14 per cent above October, 1941. Receipts for the first ten months of the year were 8 per cent more than in the corresponding period in 1941. Cattle, hogs, and sheep were all received in greater quantities during October than in the previous month. Shipments of livestock were up 5 per cent in the month and were 25 per cent greater than in October, 1941. For the year-to-date total shipments were 10 per cent above the corresponding period last year. Inspected slaughter in the St. Louis area was 17 per cent greater than in October, 1941.

To facilitate orderly marketing of the record pig crop through December and January the Secretary of Agriculture on November 13 announced a hog marketing permit plan which provides market embargoes if necessary, and requires that permits be obtained for marketing of hogs wherever market gluts tend to develop. On November 2 ceiling prices were established for all common cuts and types of pork at the highest levels prevailing be-

tween March 3 and 7. Differential prices were established in three zones in order to prevent disturbance of normal distribution.

Rice—Harvesting of the record Arkansas rice crop was retarded by early November rains but it was expected that with more favorable weather the crop would be completely cut by mid-November. On November 1 production in this district was estimated by the Department of Agriculture to be 14,204,000 bushels, an increase of 25 per cent over 1941 production and 70 per cent above the 10-year average. All varieties were indicated to be of good quality and threshings of the new crop are moving to market in good volume.

Tobacco—The outlook for the Eighth District tobacco crop declined slightly in the past month. Production was estimated by the Department of Agriculture on November 1 at 237,107,000 pounds, 1.3 per cent below 1941 output and 10 per cent under the 10-year (1931-40) average. Heavier than average rainfall during the season contributed to a reduced weight per plant, thus lowering the output. Early November weather conditions were favorable for handling of burley in Kentucky and the major portion of the crop was reported to be well cured by the middle of the month. Growers made satisfactory progress in preparing the crop for market and it is expected that a large percentage of the crop will be ready for the opening auctions in December. Dealers' stocks of old crop burley have been virtually exhausted by the continued demand.

The Green River and stemming district crop is reported to be above average with leaf medium to long and of heavy body. At mid-November the crop was estimated to be slightly below 14 million pounds. Dry weather in October retarded handling of this type of tobacco but conditions improved considerably in early November. The dark-fired crop is expected to be somewhat smaller than last year. Although cool dry weather held back firing of the crop in late October, more favorable weather conditions in the first part of November enabled growers to make good progress. Production of this type was estimated at 60,555,000 pounds on November 1.

COST OF LIVING AND PRICES

According to the Department of Labor the cost of living in large cities of the United States rose 1.0 per cent between September 15 and October 15 and on the latter date was 18.3 per cent above the level obtaining in September, 1939. While showing no appreciable increase from the outbreak of the European war to March, 1941, living costs rose 13 per cent in the ensuing year, registering a percentage increase each month. In the six months since

March, 1942, the month selected as the standard in the price stabilization program, the cost of living has risen only 3 per cent. Clothing prices, which rose rapidly early in the year, have leveled off since March and the rise in prices of house furnishings has slowed down appreciably. Food prices, due in part to the fact price controls applied to only 60 per cent of all foods until recently, have continued to record increases in the past six months. The cost of living in St. Louis was up 1.1 per cent in the past month and was 17.4 per cent above the level of September, 1939. The rise in the past month was due to the continued advance in food costs, particularly in seasonal products such as fresh fruits, vegetables and eggs.

For 51 large cities in the United States the cost of all foods rose 2.4 per cent between September 15 and October 13 and was 6.6 per cent above the level of May 12, prior to which time prices of foods were not controlled. Most of the rise in the past month took place during the latter part of September and early October prior to the application of price controls to an additional 30 per cent of foods as of October 6. Foods controlled prior to September 15 increased 0.2 per cent in the 4-week period ending October 15 and were 0.4 per cent above May levels, while foods placed under control as of October 6 rose 5.6 per cent in the month and were 16.8 per cent above May levels. Uncontrolled foods showed increases of 9.5 per cent since September 15 and 16.7 per cent since May. On October 13 the food cost index for St. Louis stood at 130 per cent of the 1935-39 average, up 2.5 per cent in the month. Food costs in Louisville and Memphis rose 2.2 per cent and in Little Rock 1.3 per cent from mid-September to mid-October.

EMPLOYMENT

In Eighth District states civil non-agricultural employment totaled 6,318,000 in September, rising 48,000 in the month and 223,000 since September, 1941. Manufacturing employment in district states at 2,462,900 was 17,700 higher in September than in August and was 159,300 above the corresponding month last year, accounting for 38 per cent of the monthly gain and 71 per cent of the gain in the year. Total employment was down slightly in Tennessee but registered gains in all other states in this district.

The most recently available survey of male labor supply by the Bureau of Employment Security showed no acute labor shortages in any important Eighth District labor market. However, in St. Louis, Louisville, Evansville, and Pine Bluff labor deficiencies were anticipated by the spring of 1943.

CASH FARM INCOME					
(In thousands of dollars)	September		Cumulative for 9 months		
	1942	1941	1942	1941	1940
Arkansas	\$43,261	\$35,656	\$147,636	\$100,041	\$ 58,107
Illinois	68,764	61,388	641,049	474,170	390,504
Indiana	56,196	40,084	374,298	261,572	205,929
Kentucky	17,948	13,967	157,737	116,152	98,307
Mississippi	55,789	38,792	129,730	91,371	51,444
Missouri	56,293	44,943	353,459	254,545	188,969
Tennessee	25,804	18,118	141,538	101,749	72,736
Totals	324,055	252,948	1,945,447	1,399,600	1,065,996

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Oct., 1942	Sept., 1942	Oct., 1941	Oct., 1942	Sept., 1942	Oct., 1941
Cattle and Calves.....	204,907	189,494	154,277	113,850	95,204	67,311
Hogs	231,529	213,200	228,449	40,922	38,741	53,424
Horses and Mules.....	2,209	2,260	2,171	2,193	2,251	1,506
Sheep	99,995	112,647	87,634	20,243	32,849	19,158
Totals	538,640	517,601	472,531	177,208	169,045	141,399

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Nov. 14,'42	Nov. 7,'42	Oct. 17,'42	Nov. 15,'41	Nov. 14,'42 comp. with Oct. 17,'42	Nov. 15,'41
All Commodities.....	100.1	99.7	99.6	92.3	+ 0.5%	+ 8.5%
Farm Products	110.7	109.8	107.9	90.7	+ 2.6	+ 22.1
Foods	103.0	102.9	103.1	89.6	+ 0.1	+15.0
Other	96.1	95.7	95.6	93.6	+ 0.5	+ 2.7

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Oct. 15, 1942	Sept. 15, 1942	Sept. 15, 1939	Oct. 15,'42 comp. with Sept. 15,'42	Sept. 15,'39
United States.....	119.0	117.8	100.6	+ 1.0%	+18.3%
St. Louis.....	117.9	116.6	100.4	+ 1.1	+17.4

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Oct. 13, 1942	Sept. 15, 1942	Oct. 14, 1941	Oct. 13,'42 comp. with Sept. 15,'42	Oct. 14,'41
U. S. (51 cities)...	129.6	126.6	111.6	+ 2.4%	+16.1%
St. Louis	129.9	126.7	114.6	+ 2.5	+13.4
Little Rock	130.9	129.2	111.3	+ 1.3	+17.6
Louisville	126.9	124.2	111.6	+ 2.2	+13.7
Memphis	132.6	129.7	111.3	+ 2.2	+19.1

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	Aug., 1942	July, 1942	Aug., 1941	Aug., '42 comp. with July, '42	Aug., '41
Evansville.....	100.7	86.7	92.3	+16.1%	+ 9.1%
Louisville	104.6	102.5	109.9	+ 2.0	+ 4.8
Memphis	136.0	128.9	116.0	+ 5.5	+17.2
St. Louis.....	136.9	136.4	118.4	+ 0.4	+15.6

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1942	Number 1941	Cost 1942	Cost 1941	Number 1942	Number 1941	Cost 1942	Cost 1941
Evansville....	33	31	\$ 184	\$ 194	70	126	\$ 37	\$ 94
Little Rock...	19	99	4	321	92	113	42	56
Louisville....	140	256	207	590	36	198	27	54
Memphis.....	46	581	17	835	195	319	65	309
St. Louis.....	82	227	53	1,809	138	153	97	364
Oct. Totals....	320	1,194	465	3,749	531	909	268	877
Sept. ".....	392	856	1,631	2,637	623	771	221	635

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Oct., '42	Sept., '42	Oct., '41	Oct., '42 comp. with Sept., '42	Oct., '41
Total 8th Dist.	\$ 43,130	\$ 49,787*	\$ 24,640	— 13%	+ 71%
Source: F. W. Dodge Corporation. *Revised.					

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	Oct., 1942	Sept., 1942	Oct., 1941	October, 1942 compared with	
		K.W.H.	K.W.H.	K.W.H.	Sept., 1942	Oct., 1941
Evansville....	40	5,792	5,554	4,845	+ 4%	+ 20%
Little Rock...	35	3,188	3,212	2,898	1	10
Louisville....	84	16,196	16,112	15,177	+ 1	7
Memphis.....	31	5,764	5,452	4,792	+ 6	20
Pine Bluff....	20	1,919	1,785	1,477	+ 8	30
St. Louis.....	132	86,988	87,309	63,723r	(a)	+ 37
Totals.....	342	119,847	119,424	92,912	(a)	+ 29

*—Selected industrial customers. r—Revised. (a)—Less than 1/4%.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

First nine days					
Oct., '42	Sept., '42	Oct., '41	Nov., '42	Nov., '41	10 mos. '42 10 mos. '41
163,905	149,585	118,088	46,116	33,090	1,407,194 1,047,481
Source: Terminal Railroad Association of St. Louis.					

WHOLESALE			
Lines of Commodities		Net Sales	Stocks
Data furnished by Bureau of Census, U. S. Dept. of Commerce.		October, 1942 compared with Sept., '42 Oct., '41	Oct. 31, 1942 comp. with Oct. 31, 1941
Automotive Supplies.....	— 1%	— 4%%
Boots and Shoes.....	— 5	— 11
Drugs and Chemicals.....	+ 9	+ 15
Dry Goods.....	+ 8	+ 10	+13
Electrical Supplies.....	— 14	— 35	—63
Furniture.....	+ 15	+ 14
Groceries.....	+ 5	+ 23	—14
Hardware.....	+ 8	— 25	—37
Machinery, Equipment and Supplies.....	+ 33	— 6	— 3
Plumbing Supplies.....	+ 1	— 0
Tobacco and its Products.....	+ 8	+ 25
Miscellaneous.....	+ 14	— 16	— 9
Total all lines.....	+ 1	— 1	—16

*Includes certain lines not listed above.

DEPARTMENT STORES				
Net Sales			Stocks on Hand	Stock Turnover
October, 1942 compared with Sept., '42 Oct., '41	10 mos. '42 to same period '41	Oct. 31, '42 comp. with Oct. 31, '41	Jan. 1, to Oct. 31, 1942 1941	
Ft. Smith, Ark.	+47% +56%	+38%%	
Little Rock, Ark.	+ 8 +41	+25	+ 3	3.10 3.17
E. St. Louis, Ill.	+28 + 6	+ 9	
Quincy, Ill.	+21 +25	+ 7	+ 6	2.88 3.32
Evansville, Ind.	+20 +49	+19	
Louisville, Ky.	+15 +14	+ 2	+ 25	2.87 4.09
St. Louis, Mo.	+18 +12	+10	+ 18	2.68 3.47
Springfield, Mo.	+36 +18	— 7	+ 1	2.20 2.57
Jackson, Tenn.	+47 +12	— 6	
Memphis, Tenn.	+25 +28	+18	+ 3	2.67 2.83
*All other cities.	+27 +23	+ 5	— 3	2.92 2.58
8th F. R. District	+19 +19	+11	+ 14	2.74 3.37

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

Trading days: Oct., 1942—27; Sept., 1942—25; Oct., 1941—27.

Outstanding orders of reporting stores at the end of October, 1942, were 16 per cent higher than on the corresponding date a year ago.

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

Instalment Accounts		Excl. Instal. Accounts		Instalment Accounts		Excl. Instal. Accounts	
Fort Smith.	70%	70%	70%	Quincy.	27%	77%	77%
Little Rock.	24	60	60	St. Louis.	32	69	69
Louisville.	29	68	68	Other cities.	19	71	71
Memphis.	34	66	66	8th F. R. Dist.	30	68	68

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

	Oct., 1942	Sept., 1942	Aug., 1942	Oct., 1941
Sales (daily average), Unadjusted.....	145	131	114	119
Sales (daily average), Seasonally adjusted....	129	122	152	106
Stocks, Unadjusted.....	121	119	121	105
Stocks, Seasonally adjusted.....	108	112	122	94

SPECIALTY STORES

Net Sales		Stocks on Hand	Stock Turnover
October, 1942 compared with Sept., '42 Oct., '41	10 mos. '42 to same period '41	Oct. 31, '42 comp. with Oct. 31, '41	Jan. 1, to Oct. 31, 1942 1941
Men's Furnishings.	+57% + 8%	+21%	+ 9%
Boots and Shoes.	+ 7 +45	+30	+ 1

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

Men's Furnishings.....	64%	Boots and Shoes.....	51%
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CHANGES IN PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS

(In thousands of dollars)		Change from		
		Nov. 18, 1942	Oct. 21, 1942	Nov. 19, 1941
Industrial advances under Sec. 13b.....	\$ 61	—	1	— 439
Other advances and rediscounts.....	195	— 0	—	+ 161
U. S. securities.....	231,135	+28,858	+120,021	—
Total earning assets.....	231,391	+28,857	+119,743	—
Total reserves.....	715,647	+2,760	+ 84,427	—
Total deposits.....	470,242	+15,782	+ 28,685	—
F. R. Notes in circulation.....	481,612	+20,655	+184,533	—
Industrial commitments under Sec. 13b..	997	— 182	— 252	—

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

	Pieces	Amounts
Checks (cash items) handled.....	6,113,089	\$2,390,095,095
Collections (non-cash items) handled.....	120,422	47,836,798
Transfers of funds.....	5,652	642,579,858
Currency received and counted.....	14,369,608	52,052,031
Coin received and counted.....	9,214,482	857,015
Rediscounts, advances and commitments.....	7	15,840,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	499,684	242,691,623
Bills and securities in custody—coupons clipped	13,773	—

RATES OF THIS BANK FOR ACCOUNTS 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..... 1/4 % 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 1/4 % 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 1/4 % 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)	Nov. 18, 1942	Oct. 21, 1942	Nov. 19, 1941
Total loans and investments.....	\$1,227,013	+19,200	+305,488
Commercial, industrial, agricultural loans	249,632	— 1,243	— 37,477
Open market paper.....	10,101	+ 2,471	+12,094
Loans to brokers and dealers in securities	3,111	+ 76	+ 2,013
Other loans to purchase and carry securities	9,489	+ 162	+ 1,512
Real estate loans.....	64,477	+ 737	+ 4,216
Loans to banks.....	890	— 228	— 194
Other loans.....	68,912	— 512	— 10,787
Total loans.....	406,612	+ 3,803	+ 59,861
Treasury bills.....	101,692	+28,104	+ 94,167
Certificates of indebtedness.....	135,211	+ 2,164	+135,211
Treasury notes.....	104,151	+ 4,672	+ 61,268
U. S. bonds.....	323,585	— 1,952	+100,886
Obligations guaranteed by U. S. Govt.....	33,818	+ 230	— 36,223
Other securities.....	121,944	+ 871	+10,040
Total investments.....	820,401	+23,003	+365,349
Balances with domestic banks.....	150,388	+12,459	+ 48,276
Demand deposits—adjusted*.....	823,164	+32,786	+196,157
Time deposits.....	191,386	+ 1,523	— 824
U. S. Government deposits.....	38,129	—35,765	+ 17,577
Interbank deposits.....	539,484	+42,145	+ 67,250

*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)	Oct., 1942	Sept., 1942	Oct., 1941	Oct., '42, comp. with Sept., '42 Oct., '41
El Dorado, Ark.	\$ 11,231	\$ 10,361	\$ 8,435	+ 8% + 33%
Fort Smith, Ark.	25,306	18,722	20,266	+ 35 + 25
Helena, Ark.	4,922	2,517	4,940	+ 96 — 0
Little Rock, Ark.	89,992	79,670	66,839	+ 13 + 35
Pine Bluff, Ark.	29,255	23,995	18,149	+ 22 + 61
Texarkana, Ark.-Tex.	15,590	14,249	16,973	+ 9 — 8
E. St. L.-Nat. S. Y., Ill.	87,722	79,124	64,987	+ 11 + 35
Quincy, Ill.	14,775	12,735	11,408	+ 16 + 30
Evansville, Ind.	70,539	65,451	46,074	+ 8 + 53
Louisville, Ky.	293,693	265,586	260,113	+ 11 + 13
Owensboro, Ky.	10,786	9,788	8,026	+ 10 + 34
Greenville, Miss.	11,981	8,270	14,143	+ 45 — 15
St. Louis, Mo.	955,028	868,625	832,429	+ 10 + 15
Sedalia, Mo.	3,190	3,013	2,652	+ 6 + 20
Springfield, Mo.	26,996	25,540	21,909	+ 6 + 23
Memphis, Tenn.	379,452	231,662	355,807	+ 64 + 7
Totals.....	2,030,458	1,719,308	1,753,150	+ 18 + 16
Alton, Ill.	11,447	11,268	—	+ 2 —
Paducah, Ky.	9,329	8,702	—	+ 7 —
Cape Girardeau, Mo.	4,639	4,546	—	+ 2 —
Hannibal, Mo.	4,144	4,137	—	— 0 —
Jefferson City, Mo.	18,058	25,364	—	— 29 —
Jackson, Tenn.	14,177	8,180	—	+ 73 —

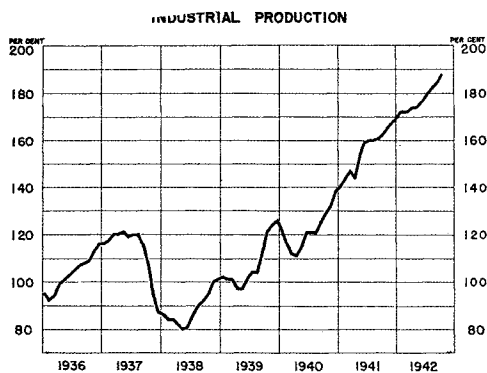
COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	Oct., '42	Sept., '42	Oct., '41	Oct., '42 comp. with Sept., '42 Oct., '41
Number.....	13	15	29	—13% —55%
Liabilities.....	\$ 86,000	\$153,000	\$252,000	—44 —66

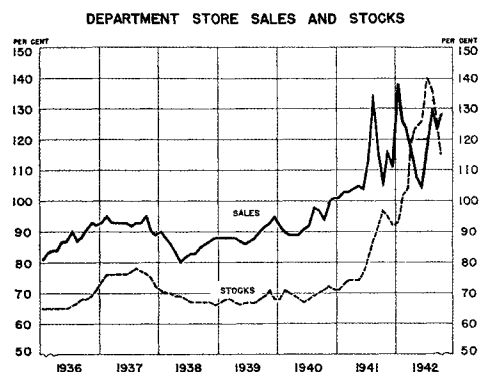
Source: Dun and Bradstreet.

(Completed November 25, 1942)

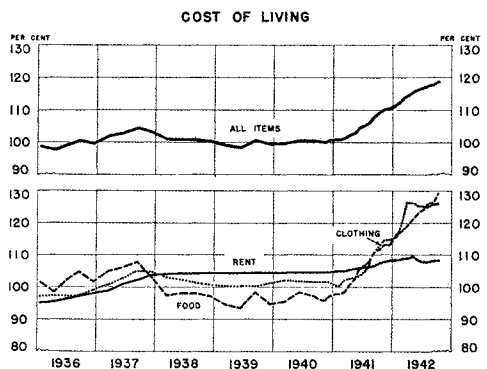
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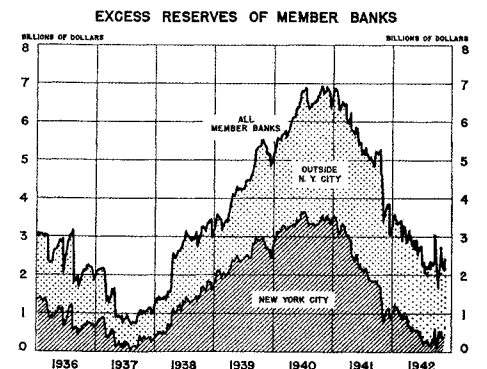
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Latest figures shown are for October, 1942.



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



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 October, 1942.



Wednesday figures, partly estimated. Latest figures shown are for November 11, 1942.

NATIONAL SUMMARY OF CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Industrial output expanded further in October and the first half of November. Retail food prices continued to advance while prices of other commodities generally showed little change. Distribution of commodities to consumers was maintained in large volume.

Production—Industrial production continued to advance in October and the Board's seasonally adjusted index rose 3 points to 188 per cent of the 1935-1939 average. Gains in armament production accounted for most of the increase, and it is estimated that currently well over 50 per cent of total industrial output is for war purposes. In lines producing durable manufactures, approximately 80 per cent of output now consists of products essential to the war effort.

Steel output reached a new high level in October as production expanded to 100 per cent of rated capacity. In the first half of November output declined slightly to around 99 per cent, reflecting some shutdowns for furnace repairs, according to trade reports. Activity in industries producing nondurable goods declined less than seasonally in October. Production of foods, especially canning, was unusually large for this time of year and output of textiles continued at a high level. Mineral production, which usually increases in October, declined slightly this year owing chiefly to a decrease in coal production which had been maintained in large volume throughout the summer.

Value of construction contracts awarded in October increased somewhat over that of September, according to reports of the F. W. Dodge Corporation. Publicly-financed projects continued to account for over 90 per cent of total awards.

The Department of Commerce estimates that, in the third quarter of 1942, expenditures for new construction amounted to 4.2 billion dollars, of which 3.5 billion came from public funds. For the first nine months of this year the corresponding figures were 10.2 and 7.7 billion dollars. Construction of military and naval facilities and of industrial buildings accounted for the bulk of the expenditures.

Distribution—Department store sales increased in October and the Board's seasonally adjusted index rose to 129 per cent of the 1923-1925 average as compared with 123 in September and 130 in August. In the first half of November sales increased further and were 17 per cent larger than in the corresponding period last year, reflecting in part price advances of about 10 per cent.

Railroad shipments of freight were maintained in large volume during October and declined seasonally in the first half of November.

Commodity Prices—Retail food prices continued to advance sharply from the middle of September to the middle of October and further increases are indicated in November. Prices of most other goods and services increased slightly in this period. In the early part of October maximum price controls were established for a number of additional foods. Maximum price levels for many other food products have been raised, however, and the Office of Price Administration reports on the basis of a recent survey that in numerous instances sellers are not complying fully with the regulations now in effect.

Bank Credit—Excess reserves of member banks were 2.5 billion dollars in the middle of November, a somewhat higher level than generally prevailed in the preceding four months. At New York City banks excess reserves amounted to about 500 million dollars.

Additions to member bank reserve balances during the four weeks ending November 18 were the net result of an increase of 500 million dollars in Reserve Bank holdings of Government obligations, which approximately covered the continued heavy currency drain, and a decrease of 200 million in Treasury balances at the Reserve Banks.

Holdings of Government securities by reporting banks in 101 cities increased by 1.9 billion dollars to 24 billion during the four weeks ending November 11. Almost half of the increase occurred at New York City banks. There were substantial increases in holdings of Treasury notes, bonds, and certificates, and a smaller increase in Treasury bills, while holdings of guaranteed obligations declined. These changes reflected new offerings and retirements by the Treasury during the period.

Commercial and industrial loans at reporting member banks in leading cities increased somewhat during the first two weeks of November. Brokers' loans in New York City increased around Government financing dates, but subsequently declined.

United States Government Security Prices—Prices of United States Government securities were steady in the four weeks ending November 18. Long-term taxable bonds yielded 2.32 per cent, and 3-month Treasury bills sold at a yield of 0.37 per cent.