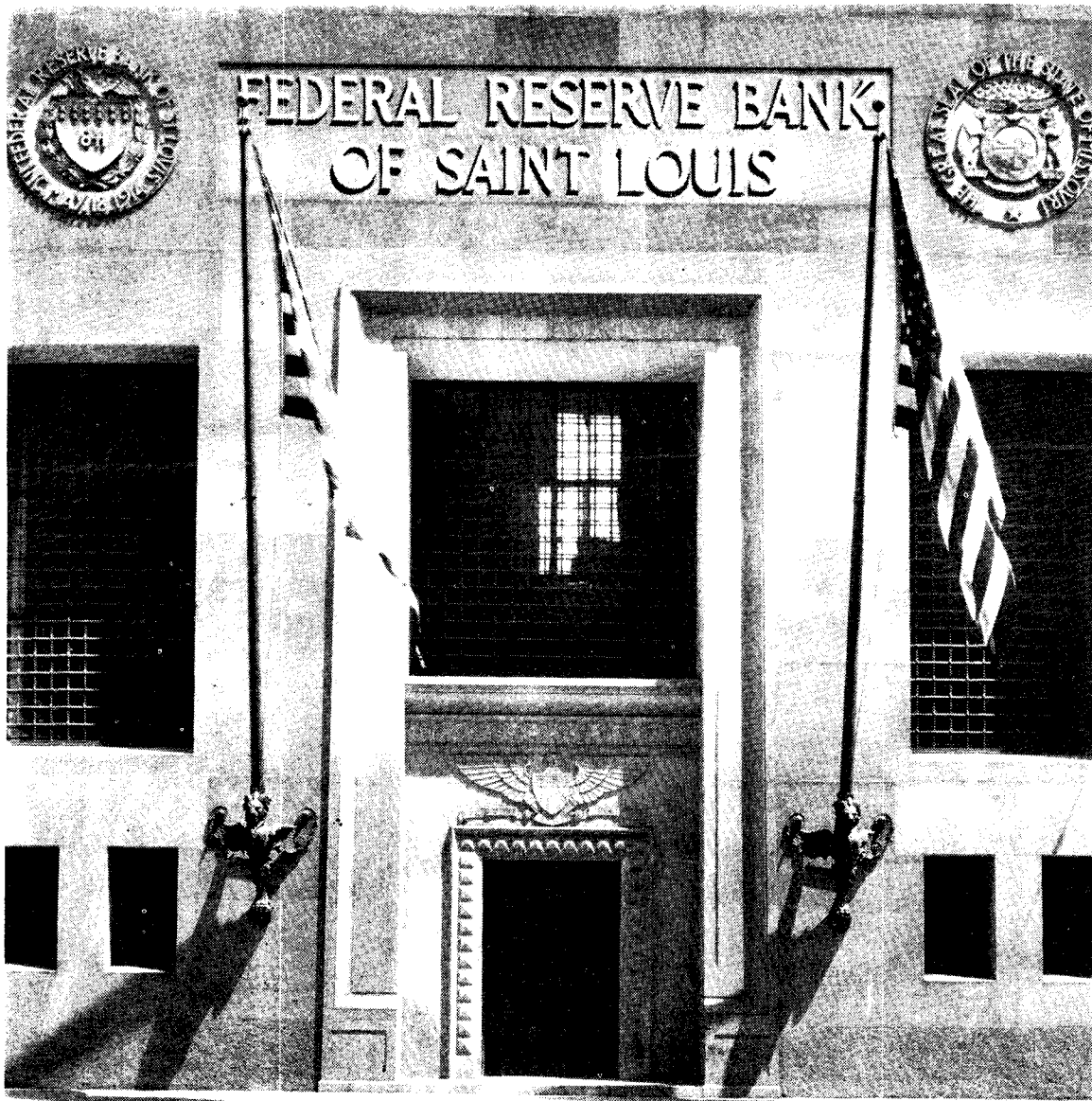




BUSINESS CONDITIONS

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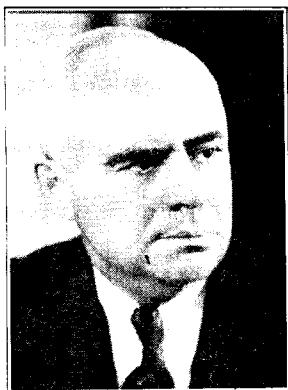
FEDERAL RESERVE BANK OF ST. LOUIS



BANKING IN 1943

By CHESTER C. DAVIS
President, Federal Reserve Bank of St. Louis

After more than twelve months of war the United States enters 1943 with grim determination that we shall now turn the tide of battle decisively in our favor. Already 1,000,000 of our finest men have taken their positions on many far-flung fronts of this global war. Our primary job at home in 1943 will be to keep flowing to these men, and those that follow them, the supplies of the best arms, equipment, and food that they will need to achieve final victory.



On the home production front during 1942 we marshalled our abundant resources and overtook the great head-start of the Axis nations. We begin 1943 with our war output exceeding that of our enemies and our goal must be to widen continually that margin in both quantity and quality.

On the home financial front we have raised an unprecedented amount of money to meet the huge costs of modern war. The banks of the country can be proud of the part they have played in this accomplishment. An even bigger job, however, lies before us and we must prepare to meet that challenge.

Up to date too large a part of the total war financing has been obtained through bank purchases of Government securities for their own account. This has meant that new bank deposits have been created and since the Government has spent the money these deposits are now held by the general public.

Renewed effort will be required if the Government's needs are to be met in larger measure by the investment of current and accumulated savings rather than further expansion of the supply of new money. This is particularly important now that goods and services available for civilians will be even more severely curtailed. Despite the direct price controls that have been instituted, the existence of a huge and expanding money supply presents a constant inflation threat. The banks of the country must stand in the forefront if we are to be successful in this fight to keep war financing on a sound basis.

In addition to their key role in Treasury financ-

ing in 1943 the banks will be called upon to shoulder other new responsibilities on the home front. Plans are being completed for the banks to keep the accounts of the rationing programs. Soon retailers, wholesalers, and manufacturers throughout the country will have accounts at their banks in which they will deposit and withdraw not dollars but pounds and gallons. It is a compliment to the efficiency of the banks that they are to be called upon to handle this difficult and technical job.

Banks can contribute further to the war program by financing producers of war goods either directly or with guarantees under Regulation V. They can also assist in relieving pressure against price ceilings by encouraging reduction in outstanding loans and by discouraging new loans for non-essential purposes.

Despite increased expenses and taxes and shrinking returns from loans, the banks of the country can look forward with confidence that their income will be sufficient to enable them to carry the increased responsibilities imposed upon them by war. After all efforts to raise as much of the cost of war as possible from taxation and from current and accumulated savings, the banks will be called upon to purchase large amounts of Government securities. The Treasury has adopted a policy of confining new issues available for bank purchase to a maximum maturity of about ten years and to a maximum rate of 2 per cent. For the banking system as a whole the increased volume of investments in Government securities will tend to offset this low yield and produce adequate revenues. The problem before the individual bank is to see that its available funds are promptly and continuously invested in Treasury securities appropriate to its particular circumstances.

While the banks are performing these numerous and important war functions, preparations must be made to meet post-war problems. The conversion of resources to peace-time production will involve tremendous readjustments. The accompanying shifts in deposits that will occur must be taken into account in banks' current investment policy. The prospect of lower capital ratios would seem to indicate conservative dividend policies if bank earnings rise in the war period. The banking system must remain in a strong position in order to participate fully in building a new and better world for the future.

GENERAL SUMMARY

RISING PRODUCTION of war goods in the nation and in the Eighth District continues to high-light the industrial picture. As the war plant building and conversion program approaches estimated goals and as more efficient methods of distribution of materials are developed, the economy becomes better geared to actual production of war goods. Shipments of structural steel in the United States have been dropping for the past three months evidencing the decline in construction, and by implication, a greater accent on production. In this district some major war facilities have been shut off before completion to let vital materials flow into armament output.

The percentage advance in industrial production in the United States during November was moderate. The adjusted index prepared by the Board of Governors of the Federal Reserve System, moved up 2 points for a rise of 1 per cent. Since November, 1941, just prior to Pearl Harbor, the index has advanced 14 per cent. Output of durables rose 1 per cent during November and was 32 per cent above November, 1941, while non-durable goods production showed very little change from both a month and a year ago.

Expenditures for war purposes rose sharply in November to a record high of \$6.3 billion. In our first year of war we have spent about \$47 billion on armaments alone. During the next year it is anticipated that our spending solely for armament production will total about \$78 billion. Latest Treasury reports indicate that war expenditures in December will be about the same as in November.

Eighth District industrial activity remained high during November. Production of steel was but slightly below average output of the past few months. Lumber production was in great volume as district mills were operating at near-capacity levels. Shoe production in November was 22 per

cent under the preceding month and cumulative output for the first eleven months of the year was about the same as in the corresponding period of 1941. Output of coal at Eighth District mines last month was 9 per cent below that of October but was 9 per cent greater than in November, 1941. Cumulative production of coal for the year was 21 per cent higher than a year ago. Consumption of industrial electricity in November was 1 per cent greater than in October and was 39 per cent above that of November, 1941.

Volume of primary distribution of merchandise in the district in November continued heavy although the shorter month caused small declines from October tonnages. For the four-week period ending November 28 freight carloadings of railroads operating in the Eighth District were fractionally above the preceding four-week period and 10 per cent below November, 1941. Loads interchanged at St. Louis during November were 6 per cent less than in October but 39 per cent above last November. Federal Barge Line tonnage on the Mississippi River between St. Louis and New Orleans in November was 31 per cent below that of October and 40 per cent under November, 1941.

Dollar volume of building permits issued in principal Eighth District cities in November declined 24 per cent in the month and was 23 per cent under the total of November, 1941. Dollar volume of construction contract awards during November was 37 per cent above that of October and 149 per cent more than last November. In continuation of the recent trend non-residential construction represented more than 77 per cent of the total value of contracts awarded in November. Latest reports indicate that the requirements of the war program have raised the volume of new construction in 1942 to an all-time high, exceeding that of 1941 by more than 30 per cent.

DETAILED SURVEY OF DISTRICT

MANUFACTURING

Iron and Steel—Steel production in the Eighth District continued at high levels during November and early December but fell to an estimated 88.3 per cent in the week of December 14 as some furnaces went down temporarily. November steel ingot production of 7,184,560 tons in the United States set a new record for a thirty-day month, according to the American Iron and Steel Institute. The November output was somewhat less than the all-time record production of 7,584,864 tons in October but

exceeded the 6,960,885 tons produced in November, 1941.

The steel supply situation has eased somewhat in the past month due to a leveling off of new orders and a better balancing of production schedules, although current war requirements continue to absorb virtually all of the output. Recent changes in the armament program have resulted in a reduced need for certain items and it is reported that the War Production Board in conjunction with the Army and Navy is considering the allocation of

more steel for civilian goods production in 1943.

The scrap situation now is generally better at most Eighth District mills than in the past several months. The supply is sufficient to maintain current operation but shortages could easily develop in the late winter months in the event collection of industrial and household scrap should lag.

Shoes—Shoe production in the Eighth District during November was 22 per cent below that of October and 13 per cent under that of November, 1941, according to preliminary reports. October production of 6,817,493 pairs in the district represented a gain of 8 per cent over September but was 18 per cent below October, 1941. Output during the first eleven months of the year was 2 per cent below that of the corresponding period in 1941. Total shoe production in the United States during October was 7 per cent above September output but 12 per cent less than last October. The seasonally adjusted index for the Eighth District in October was 108 per cent of the 1924-26 average, a fractional decline from last month.

Whiskey—Of the 60 distilleries in Kentucky, 58 were operating on November 30, compared with 59 on October 31 and 46 a year ago. All distilleries are now engaged in the production of industrial alcohol for war purposes. Demand for bulk whiskey continues strong despite increased excise taxes, resulting in a very firm market at high price levels. Some distillers are endeavoring to limit sales at this time to protect their diminishing stocks of bulk whiskey and for tax purposes. The sale to larger producers of some small distilling units together with their bulk whiskey stocks has been reported.

RETAIL TRADE

Dollar volume of department store sales in November declined 5 per cent from October but was 15 per cent above November, 1941. The November decrease was contra-seasonal and was due in large measure to the early Christmas shopping for the armed forces which took place in October. Although prices are higher, physical volume of sales is above the level of a year ago. Cumulative sales for the first eleven months of the year were 11 per cent above the corresponding period in 1941. Preliminary reports for the first part of December indicate department store trade to be well above the levels of the corresponding period last year. Retail furniture sales during November as indicated by preliminary reports from Eighth District stores were 9 per cent below October but 5 per cent above the volume of November, 1941.

During November stocks at retail stores continued the gradual decline which has been in evidence

since the May peaks as it becomes increasingly difficult to replenish depleted inventories. Department store stocks in the Eighth District during November were slightly below the volume of October and 12 per cent under the levels of last May, but were 8 per cent above November, 1941. Inventories of retail furniture stores were down 2 per cent in the month but were 10 per cent above the levels of last November.

Dollar volume of wholesale trade in the district for November was 15 per cent below October but 8 per cent greater than in November, 1941. Stocks of wholesalers and jobbers declined 7 per cent in the month and were 14 per cent below November, 1941.

AGRICULTURE

General Conditions—Agricultural production in the United States and in the Eighth District during 1942 is establishing a new record. Production of livestock in Eighth District states during 1942 is well ahead of any previous year. Production of seven major crops in the district, according to final estimates of the U. S. Department of Agriculture, is 2 per cent above 1941 output and 8 per cent greater than the ten-year (1931-40) average. Harvesting of the crops was virtually complete in all sections of the district by the end of November as, in general, weather conditions were favorable although in some areas excessive rains and unseasonably low temperatures occasioned some delay.

Cash farm income in Eighth District states registered a further increase in October, totaling \$455 million compared with \$324 million in September and \$340 million in October, 1941. In the first ten months of the year cash income from farm marketings totaled \$2,401 million compared with \$1,740 million in the corresponding period of 1941, an increase of 38 per cent. Farm income in the United States totaled \$1,962 million in October as compared with \$1,726 million in September and \$1,442 million in October, 1941. For the first ten months of 1942 cash income in the United States increased 38 per cent over the corresponding period in 1941, totaling \$12,103 million as compared with \$8,741 million last year. It is now estimated that cash income from farm products in the United States will total \$15 billion for 1942, one-third higher than 1941 income and nearly double the 1935-39 average. The increase for the year is due to an approximate 25 per cent rise in prices of farm products and a 12 per cent increase in sales over 1941. Government benefit payments, which are expected to be about the same as in 1941, will raise cash farm income to a record total of about \$15.6 billion this year. It is expected that record marketings of crops and livestock during

1943 at average prices higher than in 1942 will raise cash farm income to a new all-time high next year.

Cotton—The Eighth District cotton crop was estimated by the U. S. Department of Agriculture to be 3,947,000 bales on December 1, an increase of 12 per cent over 1941 production and 22 per cent above the ten-year (1931-40) average. Weather conditions in the latter part of November and early December were generally favorable for completing the harvest throughout the district. Reports indicate that the 1942 crop is of higher grade than that of 1941 and generally that staples are somewhat longer. Ginnings of the new crop in Eighth District states on December 1 totaled 4,190,548 bales, an increase of 11 per cent over the corresponding date in 1941.

In the month ending December 15 the price of middling 15/16 cotton on the Memphis spot market registered further improvement, ranging from a low of 18.80c per pound to a high of 19.60c per pound and closing at 19.55c as compared with 17.20c on the corresponding date last year. Trading in spot cotton in this district slackened considerably in the past month and sales on the Memphis market totaled 262,700 bales in the four-week period ending December 12 as compared with 584,900 bales in the preceding four-week period.

Livestock — Stocker and feeder cattle were shipped into Corn Belt States in record numbers during November at the highest level of prices obtaining in 22 years. Total movement of such cattle in the five-month period July through November was well above that of the same period in 1941 but somewhat below the levels of 1939 and 1940. The movement is somewhat later this year than usual due in part to uncertainties over prospective price controls, but as prices for fat cattle continued to advance demand from stock feeders developed in the past month. Large supplies of hay, roughage, and grain are available for feed purposes.

Total receipts of livestock at National Stock Yards during November were 8 per cent below the level of October but were 24 per cent above November, 1941. Cumulative receipts for the first eleven months of the year were 10 per cent greater than in the corresponding period last year. Hogs were received in much greater numbers during November than in the previous month, but a substantial decline was recorded in cattle and sheep. Inspected slaughter of all livestock in the St. Louis area for November was 6 per cent greater than in November, 1941.

On November 22 the Secretary of Agriculture announced a revision of the 1943 hog goal, calling

for a 15 per cent increase over this year's record crop and a 10 pound per hog average increase in marketing weights. A purchase program designed to maintain a price level of \$13.25 per cwt. average, Chicago basis, for good and choice grade hogs weighing 240 pounds to 270 pounds has been formulated, although it is believed that war-time demands will make purchases for price maintenance unnecessary. It is expected, however, that the price supporting program will aid the orderly marketing of hogs and tend to prevent congestion at certain points.

Tobacco—Prospects for the Eighth District tobacco crop declined somewhat further in November and on December 1 production was estimated by the U. S. Department of Agriculture at 232,328,000 pounds, 3 per cent less than 1941 and 12 per cent below the ten-year (1931-40) average.

While unusually cold weather in early December somewhat retarded the preparation of burley for market, about 75 per cent of the crop was stripped and ready for opening day sales. Auctions opened on December 7 at Lexington and on the following day at all other burley markets. Latest reports indicate that the 1942 crop is light-bodied and will weigh about one-third less than last year's crop. Gross sales of burley during the first week totaled 57,106,584 pounds at an average price of \$40.29 per cwt. as compared with 52,365,809 pounds sold in the first week of the 1941 season at an average price of \$28.18 per cwt.

Auction floors for Green River and stemming district tobacco opened December 1 at Owensboro. An average price of \$12.28 per cwt. was paid for 300,000 pounds of this type of tobacco sold on opening day compared with \$11.06 on the corresponding day last year. Prices have risen subsequently and for the season through December 11 an average of \$12.85 per cwt. was paid for the 3,792,523 pounds sold. Reports indicate, however, that because of the relatively smaller price rise a larger percentage of this type of tobacco is going to the Cooperative Association this year than in 1941.

Markets for one-sucker tobacco opened December 2 at Franklin, Ky., and on the following two days at other points in the district. Average prices were the highest for an opening week since 1936 but declined somewhat during the following week. The 4,419,287 pounds auctioned through December 14 sold at an average price of \$14.07 per cwt. compared with \$11.25 per cwt. last season. Reports indicate the new crop of this type of tobacco to be inferior to the 1941 crop.

The 1942 dark-fired crop is reported to be of larger

leaf and lighter body than last year. Reports indicate that while a portion of the crop had been prepared by December 1, unfavorable weather conditions have retarded handling of the greater part. Markets for this type of tobacco do not open until early January, but some buying of tobacco in barns has been reported.

COST OF LIVING AND PRICES

The cost of living in large cities of the United States increased 0.7 per cent between October 15 and November 15 and on the latter date was 19.1 per cent above the September, 1939, level, according to the Department of Labor. During the seven months since March, 1942, the base month for the price stabilization program, living costs have risen only 4.8 per cent, principally reflecting increases in food cost. In St. Louis, the cost of living rose 0.4 per cent in the month ending November 15 and was 17.9 per cent above September, 1939, likewise due to a further increase in food costs.

Food costs in 51 cities in the United States rose 1.2 per cent between October 13 and November 17 and were 7.8 per cent above May levels. The food cost index for St. Louis on November 17 was 131 per cent of the 1935-39 average, increasing 0.7 per cent in the month. Food costs rose 1.4 per cent in Memphis, but declined 0.3 per cent in Louisville and 0.2 per cent in Little Rock during the month ending November 17.

Despite price stabilization, the cost of living may be expected to continue to rise although the rise is likely to be small in the future. The pressure of increased costs has already forced a revision of certain ceilings and the Office of Price Administration authorized an increase in the price of 16 foods effective December 18 in order to relieve a squeeze on wholesalers and retailers resulting from earlier price increases granted to manufacturers. The new increase is limited to the exact amount of the rise in manufacturers' prices.

EMPLOYMENT

Civil non-agricultural employment in Eighth District states totaled 6,403,000 at mid-October, an increase of 37,000 in the month and 310,000 since October, 1941. Manufacturing employment in district states was 2,471,200 in October, 6,700 below September but 192,300 above the level of October, 1941. The seasonal decline in Indiana canning factories accounted for most of the reduction in manufacturing employment. Despite the small decrease for the month ending October 15, gains in manufacturing employment represent 62 per cent of the increase in total employment in Eighth District states during the past year.

CASH FARM INCOME

(In thousands of dollars)	October		Cumulative for 10 months		
	1942	1941	1942	1941	1940
Arkansas	\$58,511	\$66,106	\$206,147	\$166,147	\$ 99,662
Illinois	128,435	80,091	769,484	554,261	439,198
Indiana	66,583	37,927	440,881	299,499	231,755
Kentucky	18,183	11,926	175,920	128,078	107,748
Mississippi	74,518	58,038	204,248	149,409	81,911
Missouri	74,104	52,438	427,563	306,983	223,849
Tennessee	34,795	33,595	176,333	135,344	91,201
Totals	455,129	340,121	2,400,576	1,739,821	1,275,324

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Nov., 1942	Oct., 1942	Nov., 1941	Nov., 1942	Oct., 1942	Nov., 1941
Cattle and Calves.....	153,937	204,907	118,950	81,814	113,850	45,721
Hogs	273,301	231,529	224,570	54,859	40,922	42,146
Horses and Mules.....	3,220	2,209	2,292	3,120	2,193	2,252
Sheep	62,557	99,995	52,144	5,719	20,243	6,039
Totals	493,015	538,640	397,956	145,512	177,208	96,158

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Dec. 12,'42	Dec. 5,'42	Nov. 14,'42	Dec. 13,'41	Dec. 12,'42 comp. with Nov. 14,'42	Nov. 13,'41
	All Commodities.....	100.5	100.1	100.1	93.1	+ 0.4%	+ 7.9%
Farm Products.....	112.0	110.6	110.7	92.8	+ 1.2	+ 20.7
Foods.....	104.0	103.3	103.0	90.4	+ 1.0	+ 15.0
Other.....	96.2	96.1	96.1	93.8	+ 0.1	+ 2.6

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Nov. 15, 1942	Oct. 15, 1942	Sept. 15, 1939	Nov. 15,'42 comp. with Oct. 15,'42	Sept. 15,'39
	United States.....	119.8	119.0	100.6	+ 0.7%	+ 19.1%
St. Louis.....	118.4	117.9	100.4	+ 0.4	+ 17.9

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Nov. 17, 1942	Oct. 13, 1942	Nov. 18, 1941	Nov. 17,'42 comp. with Oct. 13,'42	Nov. 18,'41
	U. S. (51 cities)...	131.1	129.6	113.1	+ 1.2%	+ 15.9%
St. Louis.....	130.8	129.9	117.0	+ 0.7	+ 11.8
Little Rock.....	130.3	130.5r	114.4	- 0.2	+ 13.9
Louisville.....	126.5	126.9	114.1	- 0.3	+ 10.9
Memphis.....	134.4	132.6	112.3	+ 1.4	+ 19.7

r—Revised.

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	Sept., 1942	Aug., 1942	Sept., 1941	Sept., '42 comp. with Aug., '42	Sept., '41
	Evansville.....	113.7	102.4	92.0	+ 11.0%	+ 23.6%
Louisville.....	107.9	104.6	116.4	+ 3.2	- 7.3
Memphis.....	137.1	136.0	106.6	+ 0.8	+ 28.6
St. Louis.....	138.6	138.9	120.3	- 0.2	+ 15.2

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1942	1941	1942	1941	1942	1941	1942	1941
Evansville....	57	20	\$ 645	\$ 72	37	82	\$ 7	\$ 21
Little Rock...	6	59	1	145	43	129	11	35
Louisville....	12	130	79	254	26	25	9	7
Memphis.....	25	406	11	1,392	176	163	93	132
St. Louis.....	100	172	1,344	386	124	129	80	86
Nov. Totals...	200	787	2,080	2,249	406	528	200	281
Oct. ".....	320	1,194	465	3,749	531	909	268	877

BARGE LINE TONNAGE BETWEEN ST. LOUIS AND NEW ORLEANS

Nov., '42	Oct., '42	Nov., '41	11 mos. '42	11 mos. '41	Nov., '42 comp. with Oct., '42	Nov., '41
145,000	208,896	239,747	1,973,092	2,426,068	- 31%	- 40%

Source: Federal Barge Lines.

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Custom-ers*	Nov., 1942	Oct., 1942	Nov., 1941	November, 1942 compared with	
		K.W.H.	K.W.H.	K.W.H.	Oct., 1942	Nov., 1941
Evansville....	40	6,521	5,792	4,127	+ 13%	+ 58%
Little Rock...	35	3,170	3,188	2,637	- 1	+ 20
Louisville....	82	16,089	16,275r	14,545r	- 1	+ 11
Memphis.....	31	5,275	5,764	4,522	- 8	+ 17
Pine Bluff....	20	2,076	1,919	1,487	+ 8	+ 40
St. Louis.....	132	87,896	86,988	59,898r	+ 1	+ 47
Totals.....	340	121,027	119,926r	87,216r	+ 1	+ 39

*—Selected industrial customers r—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

First nine days						
Nov., '42	Oct., '42	Nov., '41	Dec., '42	Dec., '41	11 mos. '42	11 mos. '41
154,554	163,905	111,100	44,912	32,261	1,561,748	1,158,681

Source: Terminal Railroad Association of St. Louis.

Lines of Commodities	Net Sales		Stocks	
	November, 1942 compared with Oct., '42	Nov., '41	Nov. 30, 1942 comp. with Nov. 30, 1941	Nov. 30, 1942 comp. with Nov. 30, 1941
Automotive Supplies	- 2%	+ 15%%%
Drugs and Chemicals	- 13	+ 16	....	....
Dry Goods	- 9	+ 45	+ 2	....
Electrical Supplies	- 11	+ 46	....	....
Furniture	- 33	- 36	....	....
Groceries	- 19	+ 20	-10	....
Hardware	- 22	- 24	-42	....
Machinery, Equipment and Supplies	- 13	+ 70	-13	....
Plumbing Supplies	- 21	- 16	....	....
Tobacco and its Products	- 9	+ 15	....	....
Miscellaneous	- 17	+ 18	- 3	....
Total all lines*	- 15	+ 8	-14	....

*Includes certain lines not listed above.

	Net Sales		Stocks on Hand		Stock Turnover	
	November, 1942 compared with Oct., '42	11 mos. '42 to same period '41	Nov. 30, '42 comp. with Nov. 30, '41	Jan. 1, to Nov. 30, 1942	Nov. 30, 1941	1941
Ft. Smith, Ark.	-18%	+23%	+36%	- 5%	3.00	2.98
Little Rock, Ark.	- 2	+26	+25	+ 9	3.52	3.54
E. St. Louis, Ill.	-27	- 6	- 9	....	....	....
Quincy, Ill.	- 8	+15	+ 8	+ 6	3.22	3.63
Evansville, Ind.	- 9	+43	+21	....	....	....
Louisville, Ky.	+ 1	+ 8	+ 2	+ 14	3.28	4.49
St. Louis, Mo.	- 8	+10	+10	+ 12	2.99	3.78
Springfield, Mo.	-19	+12	- 5	+ 3	2.47	2.81
Jackson, Tenn.	-17	- 8	- 7	....	....	....
Memphis, Tenn.	+ 3	+31	+20	- 8	3.09	3.12
*All other cities	-15	+10	+ 6	- 4	3.31	2.89
8th F. R. District	- 5	+15	+11	+ 8	3.09	3.69

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

Trading days: Nov. 1942—24; Oct., 1942—27; Nov., 1941—24.

Outstanding orders of reporting stores at the end of November, 1942, were 41 per cent greater than on the corresponding date a year ago.

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

	Instalment Accounts		Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
	Accounts	Accounts	Accounts	Accounts		
Fort Smith...%	66%	66%	Quincy.....	24%	75%	75%
Little Rock.. 23	60	60	St. Louis... 31	71	71	71
Louisville... 30	68	68	Other cities.. 20	69	69	69
Memphis.... 33	64	64	8th F. R. Dist. 29	68	68	68

	INDEXES OF DEPARTMENT STORE SALES AND STOCKS			
	8th Federal Reserve District (1923-1925 average = 100)			
	Nov., 1942	Oct., 1942	Sept., 1942	Nov., 1941
Sales (daily average), Unadjusted	158	145	131	133
Sales (daily average), Seasonally adjusted	135	129	122	114
Stocks, Unadjusted	116	121	119	108
Stocks, Seasonally adjusted	103	108	112	96

	Net Sales		Stocks on Hand		Stock Turnover	
	November, 1942 compared with Oct., '42	11 mos. '42 to same period '41	Nov. 30, '42 comp. with Nov. 30, '41	Jan. 1, to Nov. 30, 1942	Nov. 30, 1941	1941
Men's Furnishings	- 6%	-10%	+17%	+ 7%	2.46	2.71
Boots and Shoes	-19	+30	+30	+ 1	6.95	7.50

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

Men's Furnishings.....59% Boots and Shoes.....52%

	CHANGES IN PRINCIPAL ASSETS AND LIABILITIES		
	FEDERAL RESERVE BANK OF ST. LOUIS		
(In thousands of dollars)	Change from		
	Dec. 16, 1942	Nov. 18, 1942	Dec. 17, 1941
Industrial advances under Sec. 13b	\$ 61	- 0 -	+ 439
Other advances and rediscounts	195	- 0 -	+ 140
U. S. securities	269,825	+38,690	+157,007
Total earning assets	270,081	+38,690	+156,708
Total reserves	700,951	-14,696	+ 69,747
Total deposits	478,107	+ 7,865	+ 49,502
F. R. Notes in circulation	506,076	+24,464	+191,651
Industrial commitments under Sec. 13b	1,667	+ 670	+ 465

	FEDERAL RESERVE OPERATIONS DURING NOVEMBER, 1942	
	Pieces	Amounts
Checks (cash items) handled	5,605,857	\$2,163,536,911
Collections (non-cash items) handled	127,569	44,188,380
Transfers of funds	4,747	530,153,430
Currency received and counted	12,178,875	48,802,291
Coin received and counted	9,632,891	1,066,585
Rediscounts, advances and commitments	3	725,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	479,043	259,810,731
Bills and securities in custody—coupons clipped	11,161	....

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 1/2 % per annum
(b) On remaining portion—No charge to financing institution. Federal Reserve Bank will retain interest collected from borrower.	
Advances to established industrial or commercial businesses under section 13b	2 1/2 % to 5 % per annum
Commitments to established industrial or commercial businesses under section 13b	10% to 25% of the loan rate charged borrower with a minimum rate of 1/2 % per annum.
Commitments to member banks, nonmember banks, and other financing institutions, under section 13b	10% to 25% of the loan rate charged borrower with minimum rate of 1/4 % per annum provided: that no commitment will be given on loan on which borrower is charged over 5% per annum.

	PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS		
	Dec. 16, 1942	Nov. 18, 1942	Dec. 17, 1941
Total loans and investments	\$1,255,278	+28,265	+313,860
Commercial, industrial, agricultural loans	245,329	- 4,303	- 47,150
Open market paper	9,534	- 567	- 12,565
Loans to brokers and dealers in securities	3,420	+ 309	- 1,749
Other loans to purchase and carry securities	9,297	- 192	- 1,432
Real estate loans	65,415	+ 938	+ 5,234
Loans to banks	2,127	+ 1,237	+ 1,553
Other loans	67,610	- 1,302	- 11,751
Total loans	402,732	- 3,880	- 67,860
Treasury bills	93,952	+ 7,740	+ 78,087
Certificates of indebtedness	137,908	+ 2,697	+137,908
Treasury notes	109,148	+ 4,997	+ 66,148
U. S. bonds	355,756	+32,171	+124,551
Obligations guaranteed by U. S. Govt.	34,884	+ 1,066	- 32,419
Other securities	120,898	- 1,046	+ 7,445
Total investments	852,546	+32,145	+381,720
Balances with domestic banks	145,579	- 4,809	- 55,287
Demand deposits—adjusted*	820,169	- 2,995	+203,077
Time deposits	189,847	- 1,539	+ 1,186
U. S. Government deposits	76,476	+38,347	+ 48,666
Interbank deposits	548,189	+ 8,705	+ 67,308

*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				
	Nov., 1942	Oct., 1942	Nov., 1941	Nov., '42 comp. with Oct., '42	Nov., '41
El Dorado, Ark.	\$ 10,354	\$ 11,231	\$ 7,375*	- 8%	+ 40%
Fort Smith, Ark.	20,905	25,306	18,546	- 17	+ 13
Helena, Ark.	3,826	4,922	2,964	- 22	+ 29
Little Rock, Ark.	75,102	89,992	53,156	- 17	+ 41
Pine Bluff, Ark.	22,337	29,255	12,694	- 24	+ 76
Texarkana, Ark.-Tex.	14,778	15,590	16,858	- 5	- 12
E. St. L.-Nat. S. Y., Ill.	71,950	87,722	55,734	- 18	+ 29
Quincy, Ill.	12,441	14,775	11,295	- 16	+ 10
Evansville, Ind.	62,814	70,539	41,343	- 11	+ 52
Louisville, Ky.	267,194	293,693	257,149	- 9	+ 4
Owensboro, Ky.	10,089	10,786	7,641	- 6	+ 32
Greenville, Miss.	10,873	11,981	9,878	- 9	+ 10
St. Louis, Mo.	842,813	955,028	759,406	- 12	+ 11
Sedalia, Mo.	2,932	3,190	2,407	- 8	+ 22
Springfield, Mo.	29,989	26,996	19,450	+ 11	+ 54
Memphis, Tenn.	281,785	379,452	254,157	- 26	+ 11
Totals	1,740,182	2,030,458	1,530,053*	- 14	+ 14
Alton, Ill.	9,960	11,447	....	- 13	....
Paducah, Ky.	8,084	9,329	....	- 13	....
Cape Girardeau, Mo.	4,036	4,639	....	- 13	....
Hannibal, Mo.	4,046	4,144	....	- 2	....
Jefferson City, Mo.	17,561	18,058	....	- 3	....
Jackson, Tenn.	9,760	14,177	....	- 31	....

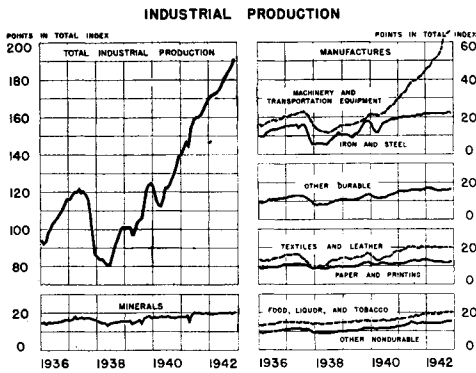
	COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT				
	Nov., '42	Oct., '42	Nov., '41	Nov., '42 comp. with Oct., '42	Nov., '41
Number	13	13	34	- 0 - %	-62%
Liabilities	\$132,000	\$86,000	\$426,000	+53	-69

Source: Dun and Bradstreet.

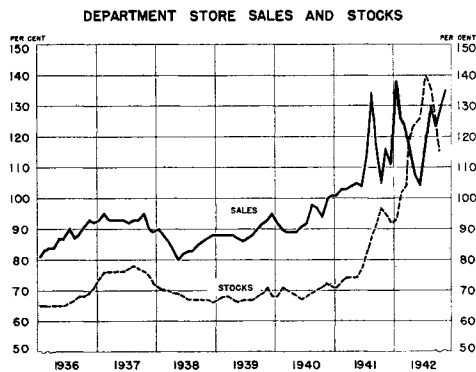
(Completed December 26, 1942)

NATIONAL SUMMARY OF CONDITIONS

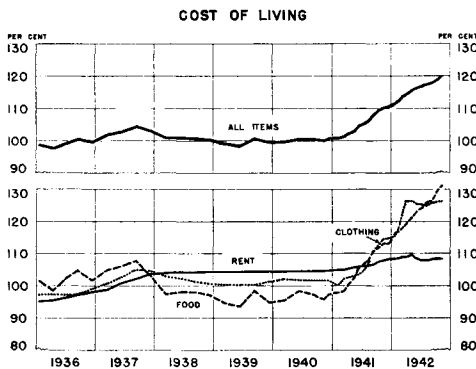
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



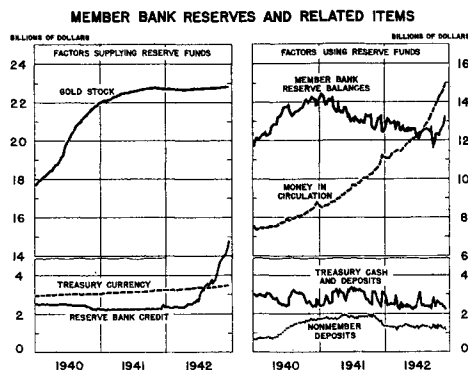
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for November, 1942.



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



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

Production—Maintenance of industrial production in November when the seasonal tendency is downward was reflected in a rise of the Board's seasonally adjusted index from 189 to 191 per cent of the 1935-1939 average. This rise was largely accounted for by a further advance in output of durable manufactures. Nondurable manufactures declined seasonally, while output of minerals showed less than the usual seasonal decrease. In all groups of products the proportion of output for war purposes was considerably larger than a year ago.

The increase reported for durable manufactures from October to November was in finished munitions and industrial equipment for new plants which will be completed in large number over the next few months. Steel production, at 98 per cent of capacity in November and the first three weeks of December, was down slightly from the October peak, but the reduction appeared temporary as the scrap supply situation had been relieved and as further progress was being made on construction of additional iron and steel capacity. Supplies of iron ore on hand are regarded as sufficient for operations at capacity until movement of ore down the lakes is resumed in the spring. Shipments from Upper Lake ports this year totaled 92 million tons, and were 15 per cent above the record established in 1941.

Construction contract awards in November were 10 per cent below the three preceding months, according to data of the F. W. Dodge Corporation, but were still about forty per cent higher than in November of last year. As in other recent months, publicly-financed work accounted for over ninety per cent of all awards.

Distribution—Distribution of commodities to consumers increased further in November and December with active Christmas buying. At department stores, variety stores, and mail-order houses serving rural areas, sales in November expanded more than seasonally. In the first half of December department store sales continued to rise sharply and were considerably larger than a year ago.

Freight-car loadings in November declined about 7 per cent from their peak levels in September and October but on a seasonally adjusted basis rose slightly over the October level. Coal loadings rose somewhat although a decline is usual in November. Shipments of other commodities declined seasonally.

Commodity prices—Grain prices advanced from the middle of November to the middle of December, while most other wholesale commodity prices showed little change.

Retail food prices increased further by 1 per cent in the five weeks ending November 17 to a level 16 per cent higher than in November, 1941. Prices of such fresh foods as are uncontrolled—fruits, vegetables, and fish—showed the largest advances from October to November, but price increases in controlled items contributed about two-fifths of the total rise.

Bank credit—During the period of large-scale Treasury financing in December, total excess reserves of member banks were generally above 2.5 billion dollars. Substantial purchases of Government securities for the Federal Reserve System offset the effect of drains on reserves by the continued heavy currency outflow and further increases in required reserves resulting from a rapid growth in bank deposits.

Reserve Bank holdings of Government securities showed an increase of 850 million dollars in the four weeks and reached a total of 5.5 billion on December 16.

At reporting member banks in 101 leading cities holdings of United States Government securities increased by 800 million dollars in the four weeks ending December 9. Treasury bills accounted for practically the entire increase, with almost two-thirds of the amount going to New York City banks. In the week ending December 16, bond holdings rose sharply as banks received their allotments of the new 1 1/4 per cent bonds subscribed on November 30-December 2; allotments of this issue to all banks totaled 2 billion dollars, representing 85 per cent of subscriptions.

Total loans showed little change over the four-weeks ending December 9. Commercial loans declined by 200 million dollars, with about half the decline at New York City banks, while loans to brokers and dealers increased over the period, reflecting largely advances made to security dealers in New York in connection with the Victory Fund drive.

Payments by bank depositors for new Government security issues resulted in a decline of adjusted demand deposits and a rise of U. S. Government deposits to 5.8 billion dollars in mid-December, the largest total on record.

United States Government security prices—Prices of United States Government securities have been steady in the past three weeks following an adjustment in the latter part of November when the Treasury announced the drive to sell 9 billion dollars of securities in December. Long-term taxable bonds are selling on a 2.36 per cent yield basis on the average and long partially tax-exempt bonds on a 2.09 per cent basis.