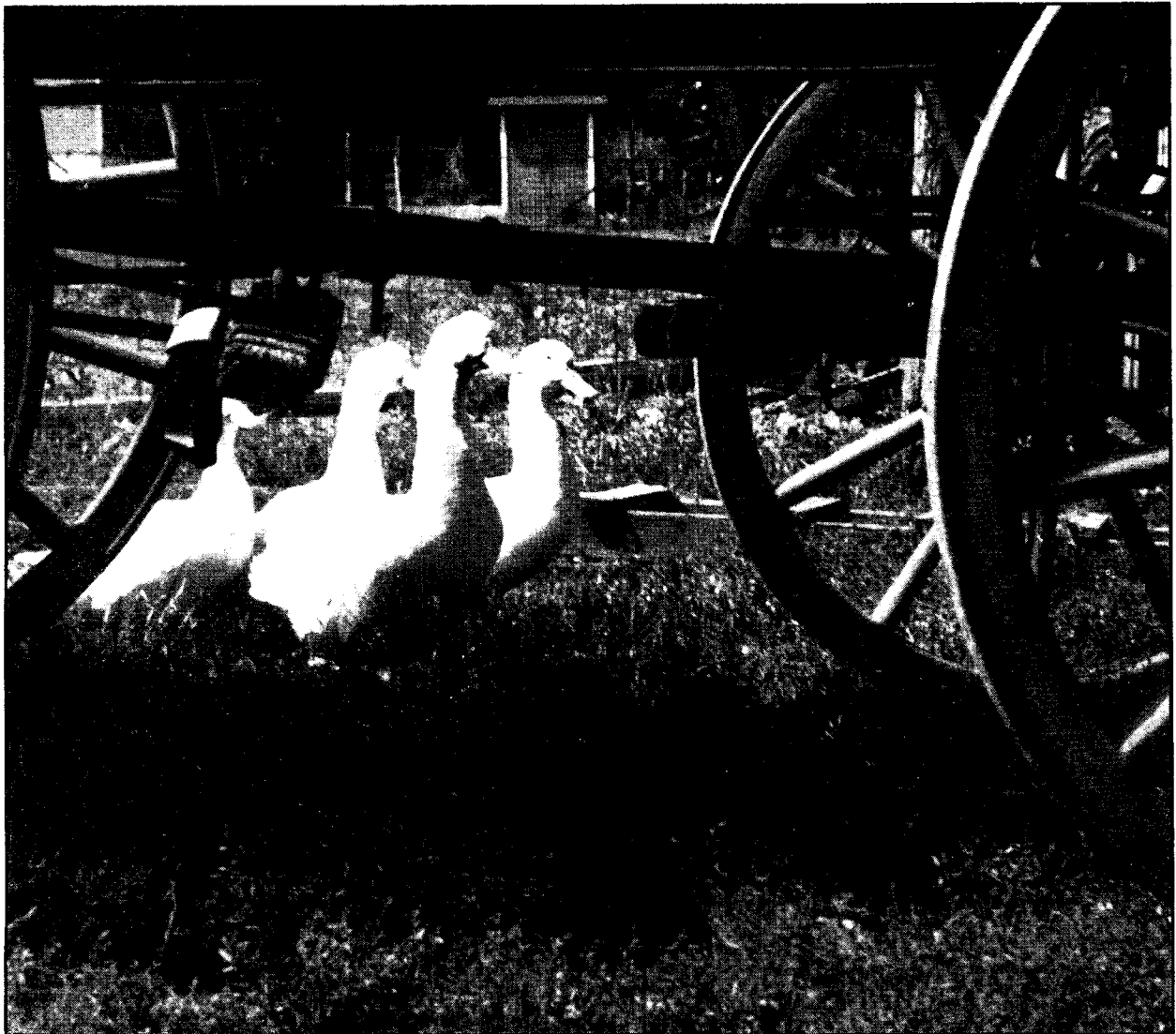




BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication in Morning Papers of March 3, 1943

FEDERAL RESERVE BANK OF ST. LOUIS



TOWNSEND GODSEY PHOTO

Barnyard Scene

GENERAL SUMMARY

INTENSIFICATION of industrial effort with ever-increasing emphasis on production for war continues to characterize the national and regional economies. For the United States, industrial activity as measured by the adjusted index of the Board of Governors rose 3 points in January, a gain of 1 per cent and was 20 per cent above the level of November, 1941. Expansions of industrial output are now dependent largely on increased production of new and converted war plants not yet at peak capacities. A number of such plants exist, but limiting factors of material and labor shortages may operate to retard attainment of peak levels.

Indicative of rising war output, the durable goods production index rose 5 points in January and was 81 points above November, 1941. Virtually all durables are now being produced directly for war. Non-durable goods production was up 2 points in the month but was only 6 points above the pre-war level.

Treasury expenditures for war purposes amounted to \$6.2 billion in January and were but slightly below the record high of last November. For the first seven months of the current fiscal year war expenditures totaled \$39 billion. Latest figures indicate that war disbursements will continue at approximately the same daily rate in February as in January although the total outlay will be somewhat smaller because of a shorter month.

In the Eighth District manufacturing activity continued at high levels during January. Output of war goods in this area is gaining steadily. It is esti-

mated that about two-thirds of total manufacturing employment in the major cities of the district is now engaged in direct war work or in production of food-stuffs for military or lend-lease. While the construction program for war plants is virtually over, several of the smaller cities in this district have recently been awarded new industrial facilities which, when completed, will produce war goods.

Steel production was held at peak levels in the Eighth District throughout January and the early part of February. Lumber output at district mills continued at an extremely high rate in response to a heavy demand. Production of coal at Eighth District mines in January was 1 per cent greater than in December but 2 per cent below last January.

Shoe manufacture showed some gain over December but was slightly below a year earlier. Consumption of industrial electricity was fractionally greater than in December and 57 per cent higher than in January, 1942.

Primary distribution of goods in this district continued heavy in January and early February. Freight carloadings of railroads operating in the Eighth District in the four-week period ending January 30 were 8 per cent greater than in the previous four-week period but were 6 per cent below the volume of the corresponding period last year. January load interchanges for 25 railroads operating in St. Louis were 8 per cent below the preceding month but 19 per cent above January, 1942. Preliminary figures for February indicate a volume per working day considerably larger than that of January.

DETAILED SURVEY OF DISTRICT

MANUFACTURING

Iron and Steel—Production of steel in the St. Louis district in January was somewhat above December volume, and averaged about 101 per cent of rated capacity for the month. Latest reports indicate that heavy output was maintained during the first half of February.

Demand for steel plate for shipbuilding was heavy throughout January and plate production in that month established an all-time record for the United States at 1,135,413 net tons. Steel output and demand achieved better balance in the latter part of January and early February as a receding demand for structural and reinforcing types made available greater tonnage of semi-finished steel for plate, sheet, and other forms more vital to the war effort.

The pig iron supply improved definitely in early February and is considered sufficient to meet essential current needs.

The scrap situation in the St. Louis district was somewhat easier at mid-February with a thirty-day supply on the average on hand at most mills. Yard preparation of scrap has been hampered to some extent, however, by the continuing labor shortage and unfavorable weather. The demand for blast furnace grades of scrap has increased in this district as a second rebuilt stack was blown in recently. An active demand for electric furnace scrap is being met satisfactorily at the present time.

Shoes—Preliminary reports of shoe production in the Eighth District during January point to a 1 per cent increase over December but a drop of 10

per cent below January, 1942. December output of 6,658,350 pairs was up 22 per cent from the previous month but was 5 per cent smaller than in December, 1941. Total shoe production in this district in 1942 was 83,338,000 pairs, 2 per cent short of 1941 output. Nationwide production in December was only 8 per cent above November but was fractionally above the corresponding month a year earlier. Production in the United States for 1942 registered the same percentage decline as did district output. The seasonally adjusted index for the Eighth District rose to 125.8 per cent of the 1924-26 average in December and stood at 131.7 for the year.

Whiskey—In Kentucky 55 distilleries were operating on January 31 as compared with 56 on December 31 and 53 on the corresponding date a year earlier. All are now engaged in the manufacture of industrial alcohol for war purposes as no whiskey has been produced since October 7, 1942. While more distilleries were in operation during 1942 than in the preceding year, monthly production averaged 4 per cent less than in 1941 due to the fact that some facilities had been converted to production of industrial alcohol or high wines early in the year. Production of whiskey in Kentucky for the year through October 7 at 48,133,770 gallons was 27 per cent below 1941 total production but exceeded 1940 output by 4 per cent. Total production for the United States in 1942 was 76,733,018 gallons, 43 per cent below the preceding year.

RETAIL AND WHOLESALE TRADE

Dollar volume of sales at Eighth District department stores in January declined seasonally to 49 per cent below December and was 1 per cent less than in January, 1942. Compared with the previous year, a 10 per cent decline in sales of St. Louis stores more than offset increases in other principal cities of the district which ranged as high as 32 per cent in Evansville and 26 per cent in Little Rock. The reduction in unit volume from a year ago was somewhat greater as prices were generally higher this January. Preliminary figures for the first two weeks of February indicate dollar sales volume to be slightly above a year earlier. Value of sales in reporting retail furniture stores in January was 42 per cent below the preceding month but 8 per cent greater than last January.

Retailers' inventories gained during January but were below peak levels of the early summer of last year. Department store stocks rose 2 per cent in the month and were 9 per cent larger than a year ago. The physical volume of inventories was smaller than in the corresponding period of 1942, however, because of the higher price level. Inventories at

retail furniture stores were up 7 per cent in the month and were 2 per cent above January of last year.

Dollar volume of wholesale trade in this district for January was 11 per cent above that of December and 1 per cent above January, 1942. Stocks of wholesalers rose 2 per cent in the month, interrupting the downward movement of recent months, but were 31 per cent below January of last year.

AGRICULTURE

General Conditions—Adverse weather conditions during the greater part of January and early February retarded the development of winter crops in the Eighth District and interfered with routine outdoor work to a considerable extent. Several factors, however, point toward a high level of agricultural production in 1943. Moisture conditions are generally favorable throughout the district and prospects for heavy crop yields this year are good. Newly planted winter grains entered the cold season in unusually good condition. Supplies of improved types of seed for spring planting are the largest on record and stocks of feed grains on farms are likewise at record levels. Military deferments of agricultural workers were recently liberalized by the War Manpower Commission to relieve the farm labor shortage. Assuming that weather conditions this year are reasonably favorable, the volume of agricultural production in the Eighth District will be determined by developments in the labor and machinery supply situation.

Cash farm income in Eighth District states established an all-time record of \$3.1 billion in 1942, an increase of \$834 million over the preceding year. Farm income in December was \$362 million, the same as in November and was \$290 million in December, 1941. Income from farm marketings in the United States reached a record total of \$15.3 billion for the year as compared with \$11.2 billion in 1941. Farm income this year is expected to exceed that of 1942 due to increased goals for crop and livestock production and a generally higher price level.

Growing requirements for military and lend-lease purposes coupled with a continued rise in domestic consumer demand should maintain the demand for farm products at high levels in future months. Increases in farm product prices were registered in all Eighth District states for the month ending January 15.

Total agricultural employment in the United States on February 1, according to the Department of Agriculture, was 8,369,000, including 6,638,000 family workers and 1,731,000 hired hands, as com-

pared with 8,171,000 on January 1 and 8,540,000 on February 1 of last year. This is the lowest February employment level in the 19 years that monthly records have been kept and represents a decrease of 8 per cent in the number of hired workers over the year, with virtually no change in numbers of family workers. The farm labor supply remains uneven in this district with no appreciable changes in the situation reported during the past month.

Growing conditions for winter wheat were generally unfavorable in this district during January and early February. Lack of snow covering and unusually low temperatures over the central and southern portions of the district in the latter part of January were detrimental to development, with results yet to be determined. Some heaving as a result of alternate freezing and thawing has been reported, but thus far the injury is not regarded as serious. The acreage of winter wheat planted in the fall of 1942 in Eighth District states was 5 per cent greater than in the preceding year and latest reports indicate the crop will be 32 per cent above that of 1942 but 43 per cent below the ten-year (1931-40) average.

Cotton—Trading was more active on the Memphis spot market in the latter half of January and early February, and sales during the four weeks ending February 13 totaled 250,300 bales as compared with 186,500 bales in the preceding four-week period. Interest centered chiefly in the higher white grades throughout the period and while small lots of lower qualities were purchased against definite mill orders most offerings of low grade cotton were placed in the loan. Prices of 15/16 middling spot cotton at Memphis remained steady in the month ending February 15, fluctuating in a narrow range between 20.20c per pound and 20.55c per pound and closing at 20.45c per pound. Average prices for cottonseed in January were slightly below both a month and a year earlier.

Domestic mill activity was maintained at the high levels prevailing in recent months and for the entire country consumption in the six-month period, August through January, was indicated to be 5,600,000 bales, or 4 per cent greater than in the corresponding period of the previous season. If the current rate of mill activity is maintained through July, 1943, total consumption of cotton for the 1942-43 season will approximate 11,300,000 bales, exceeding by 100,000 bales the record established in the preceding season. Average consumption for the ten-year period ending with the 1940-41 season was 6,650,000 bales. Despite high consumption levels continuation of hand to mouth buying caused mill

inquiries to become less numerous in the past month with limited buying of a fill-in nature noted on a fairly wide range of grades and staples.

Livestock—The number of cattle on feed in Corn Belt states in early January was 8 per cent above a year earlier, setting a new record for that time of the season. The increase is attributed primarily to the greater number of farms feeding cattle this season rather than to increased activity on the part of regular cattle feeders. The carry-over of long-fed cattle in early 1943 is indicated to be considerably smaller than last year. Sheep and lambs on feed in early January in Corn Belt states were nearly 9 per cent above the record established a year ago. Stocks of principal feed grains on farms in Eighth District states on January 1 were 5 per cent greater than on January 1, 1942 and 38 per cent above the ten-year (1931-40) average. Stocks of corn for grain in January as compared with a year earlier were sufficiently larger to more than offset declines in wheat and oats feed stocks. Feed grain stocks on farms in the country as a whole on January 1 reached an all-time high, approximately 17 per cent above January 1 of last year and 60 per cent above the ten-year average, despite the record feeding of livestock for market during 1942. Feed ratios for livestock, including poultry and dairy cows, remained favorable throughout January and early February. The War Production Board is completing arrangements for substantial imports of high protein animal concentrates and plans are under way to improve the distribution of oilseed cakes and meals among feeders of livestock.

Milk productivity per cow as of February 1 in Eighth District states was 4 per cent under a year earlier but 8 per cent greater than the ten-year (1932-41) average. Increases reported for the southern portion of the district, favored by normal temperatures, were not sufficient to offset losses in the remaining states where snow and generally cold weather kept dairy herds indoors most of the time. The relative scarcity of high protein feeds was likewise a factor in reducing production of milk. In the United States, milk produced per cow on February 1 was 2 per cent less than a year ago but 8 per cent above the ten-year average.

Tobacco—Most burley markets were closed by the middle of February, with closing sales for the big Lexington market tentatively scheduled for February 19. Quality of offerings declined steadily during late January and early February, as increased proportions of lower quality grades were offered for sale. While prices by grades remained at ceiling levels heavier marketings of lower grades of burley

tended to reduce the general average of prices and for the season through February 12 a total of 351,874,435 pounds was sold at an average price of \$42.06 per cwt. This compares with 354,313,242 pounds sold at an average price of \$29.35 per cwt. in the corresponding period last season.

The volume of sales and general average price of Eastern District fire-cured tobacco rose sharply in early February and sales of 19,005,417 pounds were made at an average of \$17.52 per cwt. through February 11. A general improvement in the quality of offerings accounted for the price increase. Through February 10 less than 13 per cent of total marketings had been pooled with the Tobacco Growers' Association. Western District fire-cured tobacco brought higher prices in early February and gross sales through February 12 totaled 6,783,300 pounds at an average of \$14.27 per cwt. Average prices were higher for nearly all grades with the quality of marketings generally higher than in the early weeks of the marketing season. As of February 10 about 17 per cent of this type of tobacco had been delivered to the Growers' Association. Sales of dark-fired tobacco were temporarily suspended on some floors in January because of severe cold weather, and on January 23 certain markets were closed under a war necessity ruling in order to divert nicotine to the manufacture of insecticides and vitamin compounds.

Following declines during the last half of January, volume of sales on Green River tobacco markets increased considerably in early February and for the season through February 8 a total of 14,147,288 pounds was sold at an average of \$13.70 per cwt. A strong demand in early February for the better grades of this type of tobacco was met by a substantial increase in the offerings of heavy-bodied leaf. Average prices of one-sucker tobacco declined during the second week of February. Marketings were slightly inferior to those of the preceding week and nearly all grades sold at lower average prices. A total of 17,475,254 pounds of this tobacco was marketed at an average of \$15.70 per cwt. during the season through February 16.

COST OF LIVING AND PRICES

Continuing the upward movement which was retarded somewhat but not stopped by price regulatory measures, the cost of living in large cities of the United States rose 0.2 per cent between December 15 and January 15, and on the latter date was 20.0 per cent higher than at the outbreak of war in Europe. Since March, 1942 living costs have advanced 5.5 per cent, as contrasted with a rise of 11.1 per cent in the preceding ten months. Since the stabilization of prices of many goods at March, 1942

levels, the major factor accounting for the rising cost of living has been growing food costs. However, the cost of food rose only 0.2 per cent between December 15 and January 12, to register the smallest monthly gain in the past year.

The constant pressure upon price ceilings of expanding consumer income has resulted in various amendments to the price control program which have tended to increase living costs. This rising cost of living is now being felt more strongly and is resulting in demands by labor for abandonment of the so-called "Little Steel formula" for adjusting wages and by agriculture for inclusion of farm wage rates in the parity formula. These demands plus insistence on upward price revisions by various other groups, if granted, will undoubtedly cause the rising cost of living to gain momentum.

In St. Louis, the only Eighth District city covered by the Bureau of Labor Statistics monthly index of living costs, the rise in cost of living from September, 1939 was 18.8 per cent, but living costs dropped 0.4 per cent between December 15 and January 15 due primarily to a 1 per cent decline in cost of food. Little Rock registered a 0.4 per cent decrease in cost of food in the month, while Memphis food costs rose 0.1 per cent, and those of Louisville gained 0.7 per cent. As measured against a year ago food costs in Memphis were up 19 per cent to lead all Eighth District cities in percentage increase.

EMPLOYMENT

Civil non-agricultural employment in the United States rose to a new record peak of 38,956,000 in December, an increase of 423,000 over November and 2,868,000 above the December, 1941 total, according to the Department of Labor. Manufacturing employment was up 235,000 in the month and was 2,103,000 greater than in December, 1941.

Employment in civil non-agricultural lines in Eighth District states rose to 6,397,000 on December 15, an increase of 43,000 in the month and 317,000 in the year. Gains over the preceding month were reported for all states except Arkansas. Manufacturing employment in this area totaled 2,516,400 at mid-December, 34,500 more than a month earlier and 240,000 above the December, 1941 level. Manufacturing accounted for approximately four-fifths of the net gain in total employment in the month and three-fourths of the increase during the year. Increases for the monthly interval in manufacturing lines were registered in all district states. The gain in manufacturing employment in the Eighth District is primarily attributed to the expanding operations of large war plants, many of which represent new industrial facilities. According to the War Man-

power Commission the number of employees at 33 major war plants located in four industrial areas of this district rose from 171,900 in December to 177,100 in January, an increase of 5,200 in the month, and a further gain of 41,200 is forecast for these plants by the end of June.

A recent release of the War Manpower Commission classified 237 cities on the basis of present or expected labor shortage. In this district Louisville, Kentucky, Evansville, Indiana, and Pine Bluff, Arkansas are expected to develop over-all labor shortages within six months. St. Louis, Missouri, Memphis, Tennessee, Paducah, Kentucky, Texarkana, Arkansas-Texas, and Aberdeen, Mississippi expect shortages to materialize after six months. Labor surplus areas in the district include Little Rock, Arkansas, Springfield and Cape Girardeau, Missouri, Fort Smith, Arkansas, Owensboro, Kentucky, and Quincy, Illinois.

BANKING AND FINANCE

The decline in demand for bank credit in the Eighth District continued during January and the early part of February as the volume of loans outstanding fell below the levels of both a month and a year earlier. Reports from bankers throughout the district attribute the decline chiefly to the strong cash position of farmers and to the liquidation of loans carrying irreplaceable inventories now heavily depleted or exhausted.

Total loan volume of reporting member banks in this district decreased 3 per cent in the four-week period ending February 17 and was 18 per cent below that of a year ago. Commercial, agricultural and industrial loans were down 3 per cent in the month and were 20 per cent below the volume of the corresponding period last year. Total investments of reporting member banks rose 2 per cent in the four-week period of January 20 to February 17 and were 101 per cent above the level of a year ago. The rise in investments will continue in future months as Treasury requirements for war financing remain heavy. Gross deposits of reporting member banks increased by \$1,222,000 in the four-week period ending February 17, and totaled \$1,804,522,000 as compared with \$1,442,818,000 on the corresponding date last year. Total reserves declined 1 per cent in the month but were 12 per cent above a year ago.

Since the last issue of this review the Peoples State Bank of Gillespie, Illinois, and the Farmers National Bank of Griggsville, Illinois, have become members of the Federal Reserve System.

| (In thousands of dollars) | CASH FARM INCOME | | | | | |
|---------------------------|------------------|----------|--------------------------|-----------|-----------|--|
| | December | | Cumulative for 12 months | | | |
| | 1942 | 1941 | 1942 | 1941 | 1940 | |
| Arkansas | \$31,228 | \$27,516 | \$302,747 | \$223,047 | \$138,113 | |
| Illinois | 84,764 | 75,673 | 952,522 | 707,452 | 543,753 | |
| Indiana | 49,910 | 36,745 | 539,871 | 387,198 | 276,587 | |
| Kentucky | 68,318 | 54,028 | 257,796 | 188,700 | 148,918 | |
| Mississippi | 34,068 | 28,932 | 293,910 | 201,087 | 105,102 | |
| Missouri | 55,544 | 37,724 | 540,571 | 397,257 | 274,425 | |
| Tennessee | 37,722 | 29,605 | 243,326 | 192,570 | 126,216 | |
| Totals | 361,554 | 290,223 | 3,130,743 | 2,297,311 | 1,613,114 | |

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

| | Receipts | | | Shipments | | |
|-----------------------|------------------------|------------|------------|------------|------------|------------|
| | Jan., 1943 | Dec., 1942 | Jan., 1942 | Jan., 1943 | Dec., 1942 | Jan., 1942 |
| | Cattle and Calves..... | 98,963 | 110,236 | 104,249 | 46,145 | 49,711 |
| Hogs | 274,476 | 296,285 | 299,512 | 96,932 | 79,856 | 105,982 |
| Horses and Mules..... | 3,478 | 1,606 | 1,710 | 3,457 | 1,708 | 1,680 |
| Sheep | 51,990 | 63,392 | 39,220 | 4,351 | 6,615 | 1,657 |
| Totals..... | 428,907 | 471,519 | 444,691 | 150,885 | 137,890 | 142,051 |

WHOLESALE PRICES IN THE UNITED STATES

| Bureau of Labor Statistics (1926=100) | Feb. 1943 | Feb. 1943 | Jan. 1943 | Jan. 1942 | Feb. 13, '43 comp. with Jan. 16, '43 | Feb. 14, '42 |
|---------------------------------------|-------------------|-----------|-----------|-----------|--------------------------------------|--------------|
| | All Commodities.. | 102.1 | 102.0 | 101.6 | 96.2 | + 0.5% |
| Farm Products .. | 118.6 | 118.2 | 116.6 | 100.7 | + 1.7 | +17.8 |
| Foods | 105.5 | 105.1 | 104.8 | 94.0 | + 0.7 | +12.2 |
| Other | 96.4 | 96.4 | 96.3 | 94.9 | + 0.1 | + 1.6 |

COST OF LIVING

| Bureau of Labor Statistics (1935-39=100) | Jan. 15, 1943 | Dec. 15, 1942 | Sept. 15, 1939 | Jan. 15, '43 comp. with Dec. 15, '42 | Sept. 15, '39 |
|--|--------------------|---------------|----------------|--------------------------------------|---------------|
| | United States..... | 120.6 | 120.4 | 100.6 | + 0.2% |
| St. Louis | 119.3 | 119.8 | 100.4 | - 0.4 | + 18.8 |

COST OF FOOD

| Bureau of Labor Statistics (1935-39=100) | Jan. 12, 1943 | Dec. 15, 1942 | Jan. 13, 1942 | Jan. 12, '43 comp. with Dec. 15, '42 | Jan. 13, '42 |
|--|----------------------|---------------|---------------|--------------------------------------|--------------|
| | U. S. (51 cities)... | 133.0 | 132.7 | 116.2 | + 0.2% |
| St. Louis | 133.1 | 134.4 | 119.8 | - 1.0 | +11.1 |
| Little Rock..... | 130.6 | 131.1 | 117.9 | - 0.4 | +10.8 |
| Louisville | 128.9 | 128.0 | 116.8 | + 0.7 | +10.4 |
| Memphis | 137.2 | 137.1 | 115.3 | + 0.1 | +19.0 |

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

| Bureau of Labor Statistics (1937=100) | Nov., 1942 | Oct., 1942 | Nov., 1941 | Nov., '42 comp. with Oct., '42 | Nov., '41 |
|---------------------------------------|------------------|------------|------------|--------------------------------|-----------|
| | Evansville | 156.9 | 129.1 | 79.8 | +21.5% |
| Louisville | 115.8 | 111.7 | 112.4 | + 3.7 | + 3.0 |
| Memphis | 151.3 | 142.8 | 114.3 | + 6.0 | +32.4 |
| St. Louis | 143.1 | 141.4 | 119.7 | + 1.2 | +19.5 |

BUILDING PERMITS

| (Cost in thousands) | New Construction | | | | Repairs, etc. | | | |
|---------------------|------------------|------|------|-------|---------------|------|-------|-------|
| | Number | | Cost | | Number | | Cost | |
| | 1943 | 1942 | 1943 | 1942 | 1943 | 1942 | 1943 | 1942 |
| Evansville..... | 5 | 15 | \$ 2 | \$ 43 | 162 | 42 | \$ 61 | \$ 16 |
| Little Rock.... | 3 | 21 | 1 | 40 | 54 | 47 | 10 | 21 |
| Louisville.... | 112 | 26 | 235 | 23 | 29 | 16 | 32 | 10 |
| Memphis..... | 44 | 313 | 14 | 444 | 170 | 137 | 67 | 309 |
| St. Louis..... | 32 | 117 | 92 | 353 | 70 | 118 | 45 | 157 |
| Jan. Totals... | 196 | 492 | 344 | 903 | 485 | 360 | 215 | 513 |
| Dec. "..... | ... | 137 | ... | 449 | ... | 317 | ... | 178 |

VALUE CONSTRUCTION CONTRACTS LET

| (In thousands of dollars) | Jan., '43 | Dec., '42 | Jan., '42 | Jan., '43 comp. with Dec., '42 | Jan., '42 |
|---------------------------|-------------------|-----------|------------|--------------------------------|-----------|
| | Total 8th Dist. . | \$ 33,652 | \$ 84,967* | \$ 25,177 | - 60% |

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

CONSUMPTION OF ELECTRICITY

| (K.W.H. in thous.) | No. of Custom-ers* | Jan., 1943 | Dec., 1942 | Jan., 1942 | January, 1943 compared with Dec., 1942 | |
|--------------------|--------------------|------------|------------|------------|--|------------|
| | | K.W.H. | K.W.H. | K.W.H. | Dec., 1942 | Jan., 1942 |
| Evansville.... | 40 | 9,065 | 7,541 | 4,846 | +20% | + 87% |
| Little Rock... | 35 | 2,977 | 3,032 | 2,378 | - 2 | + 25 |
| Louisville.... | 82 | 15,377 | 16,175 | 12,211 | - 5 | + 26 |
| Memphis..... | 31 | 5,847 | 5,534 | 4,759 | + 6 | + 23 |
| Pine Bluff.... | 20 | 4,247 | 2,574 | 1,226 | +65 | +246 |
| St. Louis..... | 133 | 86,729 | 87,964 | 53,766 | - 1 | + 61 |
| Totals..... | 341 | 124,242 | 122,820 | 79,186 | + 1 | + 57 |

*Selected industrial customers.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

| Jan., '43 | Dec., '42 | Jan., '42 | First nine days Feb., '43 | Feb., '42 |
|-----------|-----------|-----------|---------------------------|-----------|
| 139,357 | 152,234 | 117,385 | 43,839 | 35,135 |

Source: Terminal Railroad Association of St. Louis.

| Lines of Commodities | WHOLESALE | | Stocks |
|---|---|-----------|--|
| | Net Sales | | |
| Data furnished by Bureau of Census, U. S. Dept. of Commerce. | January, 1943 compared with Dec., '42 | Jan., '42 | Jan. 31, 1943 comp. with Jan. 31, 1942 |
| Automotive Supplies..... | + 1% | + 10% | ...% |
| Dry Goods..... | + 32 | + 22 | -40 |
| Electrical Supplies..... | - 23 | - 44 | ... |
| Furniture..... | +307 | + 42 | -27 |
| Groceries..... | - 5 | + 3 | -27 |
| Hardware..... | - 11 | - 41 | -32 |
| Plumbing Supplies..... | - 19 | + 15 | ... |
| Tobacco and its Products..... | - 24 | + 8 | ... |
| Miscellaneous..... | + 2 | + 18 | -16 |
| Total all lines*..... | + 11 | + 1 | -31 |

*Includes certain lines not listed above.

| | Net Sales | | Stocks on Hand | | Stock Turnover | |
|-------------------------|---|-----------|--|-----------------------------|-----------------------------|-----------|
| | January, 1943 compared with Dec., '42 | Jan., '42 | Jan. 31, '43 comp. with Jan. 31, '42 | Jan. 1, to Jan. 31, 1942 | Jan. 1, to Jan. 31, 1942 | 1943 1942 |
| Ft. Smith, Ark..... | -49% | +25% | +27% | .32 | .31 | |
| Little Rock, Ark..... | -53 | +26 | +24 | .32 | .28 | |
| Quincy, Ill..... | -51 | - 1 | - 4 | .27 | .28 | |
| Evansville, Ind..... | -55 | +32 | ... | ... | ... | |
| Louisville, Ky..... | -47 | + 8 | + 2 | .39 | .35 | |
| St. Louis, Mo..... | -46 | - 9 | +13 | .30 | .37 | |
| Springfield, Mo..... | -51 | + 7 | - 6 | .26 | .20 | |
| Memphis, Tenn..... | -52 | + 8 | - 3 | .36 | .32 | |
| *All other cities..... | -14 | +13 | - 0 | .45 | .34 | |
| 8th F. R. District..... | -49 | - 0 | + 9 | .32 | .35 | |

*El Dorado, Fayetteville, Pine Bluff, Ark; Alton, East St. Louis, Harrisburg, Mt. Vernon, Ill.; Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Jackson, Tenn.

Trading days: Jan., 1943—25; Dec., 1942—26; Jan., 1942—26.

Outstanding orders of reporting stores at the end of January, 1943, were 40 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding January 1, 1943, collected during January, by cities:

| | Instalment Accounts | | Excl. Instal. Accounts | |
|-------------------|---------------------|----------|------------------------|----------|
| | Accounts | Accounts | Accounts | Accounts |
| Fort Smith..... | 62% | 19% | 75% | |
| Little Rock... 13 | 58 | 30 | 72 | |
| Louisville... 30 | 62 | 24 | 54 | |
| Memphis... 31 | 61 | 27 | 66 | |

| | INDEXES OF DEPARTMENT STORE SALES AND STOCKS | | | |
|--|--|------------|------------|------------|
| | 8th Federal Reserve District (1923-1925 average = 100) | | | |
| | Jan., 1943 | Dec., 1942 | Nov., 1942 | Jan., 1942 |
| Sales (daily average), Unadjusted..... | 114 | 212 | 158 | 110 |
| Sales (daily average), Seasonally adjusted.. | 142 | 129 | 135 | 138 |
| Stocks, Unadjusted..... | 95 | 94 | 108 | 87 |
| Stocks, Seasonally adjusted..... | 110 | 101 | 96 | 100 |

| | Net Sales | | Stocks on Hand | | Stock Turnover | |
|------------------------|---|-----------|--|-----------------------------|-----------------------------|-----------|
| | January, 1943 compared with Dec., '42 | Jan., '42 | Jan. 31, '43 comp. with Jan. 31, '42 | Jan. 1, to Jan. 31, 1942 | Jan. 1, to Jan. 31, 1942 | 1943 1942 |
| Men's Furnishings..... | -55% | -19% | +18% | .20 | .27 | |
| Boots and Shoes..... | -32 | +31 | -22 | .71 | .52 | |

Percentage of accounts and notes receivable outstanding January 1, 1943, collected during January:

Men's Furnishings..... 69% Boots and Shoes..... 54%

Trading days: Jan., 1943—25; Dec., 1942—26; Jan., 1942—26.

| | CHANGES IN PRINCIPAL ASSETS AND LIABILITIES | | |
|---|---|---------------|---------------------------|
| | FEDERAL RESERVE BANK OF ST. LOUIS | | |
| (In thousands of dollars) | Feb. 17, 1943 | Jan. 20, 1943 | Change from Feb. 18, 1942 |
| | Industrial advances under Sec. 13b..... | \$ 7 | - 0 |
| Other advances and rediscounts..... | 120 | + 30 | + 120 |
| U. S. securities..... | 252,957 | -31,823 | +146,673 |
| Total earning assets..... | 253,084 | -30,793 | +146,794 |
| Total reserves..... | 757,397 | +36,555 | +109,685 |
| Total deposits..... | 496,215 | -19,296 | + 77,844 |
| F. R. Notes in circulation..... | 523,417 | +12,227 | +191,671 |
| Industrial commitments under Sec. 13b.. | 1,702 | + 69 | + 572 |

| | FEDERAL RESERVE OPERATIONS DURING JANUARY, 1943 | |
|---|---|-----------------|
| | Pieces | Amounts |
| Checks (cash items) handled..... | 5,867,209 | \$2,191,905,410 |
| Collections (non-cash items) handled..... | 107,246 | 49,818,744 |
| Transfers of funds..... | 4,533 | 504,230,317 |
| Currency received and counted..... | 13,532,512 | 55,762,277 |
| Coin received and counted..... | 16,411,344 | 1,450,322 |
| Rediscounts, advances and commitments..... | — | — |
| New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc. | 676,750 | 259,891,258 |
| Bills and securities in custody—coupons clipped | 11,468 | — |

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..... ½ % 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 nonmember 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)..... 1½ % 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 1½ % per annum

(b) On remaining portion—No charge to financing institution. Federal Reserve Bank will retain interest collected from borrower.

Advances to established industrial or commercial businesses under section 13b..... 2½ % to 5 % per annum

Commitments to established industrial or commercial businesses under section 13b..... 10% to 25% of the loan rate charged borrower with a minimum rate of ½ % per annum.

Commitments to member banks, nonmember banks, and other financing institutions, under section 13b..... 10% to 25% of the loan rate charged borrower with minimum rate of ¼ % 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) | Feb. 17, 1943 | Jan. 20, 1943 | Change from Feb. 18, 1942 |
|--|----------------------------------|---------------|---------------------------|
| | Total loans and investments..... | \$1,346,187 | + 9,693 |
| Commercial, industrial, agricultural loans | 230,110 | - 8,166 | - 57,510 |
| Open market paper..... | 9,120 | - 648 | - 15,080 |
| Loans to brokers and dealers in securities | 3,168 | - 135 | - 1,111 |
| Other loans to purchase and carry securities | 9,014 | - 308 | - 1,524 |
| Real estate loans..... | 65,082 | + 760 | + 6,397 |
| Loans to banks..... | 295 | - 30 | - 1,002 |
| Other loans..... | 63,900 | - 2,008 | - 11,792 |
| Total loans..... | 380,689 | -10,535 | - 81,622 |
| Treasury bills..... | 130,171 | +10,215 | +119,300 |
| Certificates of indebtedness..... | 176,224 | -10,741 | +176,224 |
| Treasury notes..... | 112,119 | + 4,946 | + 70,088 |
| U. S. bonds..... | 389,608 | +16,651 | +131,333 |
| Obligations guaranteed by U. S. Govt..... | 36,332 | + 1,118 | -20,472 |
| Other securities..... | 121,044 | + 1,961 | + 9,269 |
| Total investments..... | 965,498 | +20,228 | +485,742 |
| Balances with domestic banks..... | 132,933 | - 3,014 | - 88,348 |
| Demand deposits—adjusted*..... | 880,307 | +32,491 | +237,809 |
| Time deposits..... | 195,190 | + 1,787 | + 11,319 |
| U. S. Government deposits..... | 69,889 | -23,674 | + 51,101 |
| Interbank deposits..... | 562,467 | - 7,726 | + 47,475 |

*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

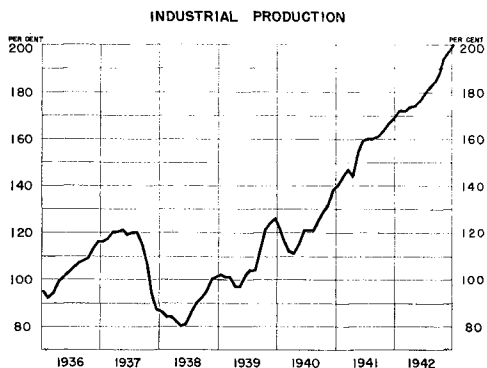
| (In thousands of dollars) | Jan., 1943 | Dec., 1942 | Jan., 1942 | Jan., '43 comp. with Dec., '42 | Jan., '42 |
|----------------------------|---------------------|------------|------------|--------------------------------|-----------|
| | El Dorado, Ark..... | \$ 10,445 | \$ 12,936 | \$ 8,101 | - 19% |
| Fort Smith..... | 21,338 | 21,627 | 20,636 | - 1 | + 3 |
| Helena..... | 2,632 | 3,340 | 3,062 | - 21 | - 14 |
| Little Rock..... | 66,072 | 80,565 | 62,236 | - 18 | + 6 |
| Pine Bluff..... | 18,323 | 20,434 | 13,423 | - 10 | + 37 |
| Texarkana, Ark.-Tex. | 15,070 | 17,264 | 22,304 | - 13 | - 32 |
| E. St. L.-Nat. S. Y., Ill. | 72,267 | 76,528 | 64,215 | - 6 | + 13 |
| Quincy..... | 11,906 | 13,588 | 11,813 | - 12 | + 1 |
| Evansville..... Ind. | 69,823 | 68,626 | 45,445 | + 2 | + 54 |
| Louisville..... Ky. | 306,664 | 328,855 | 277,907 | - 7 | + 10 |
| Owensboro..... | 12,509 | 12,470 | 11,295 | - 0 | + 11 |
| Greenville..... Miss. | 8,186 | 12,414 | 10,427 | - 34 | - 21 |
| St. Louis..... Mo. | 817,503 | 1,026,146 | 801,420 | - 20 | + 2 |
| Sedalia..... | 3,229 | 3,241 | 2,870 | - 0 | + 13 |
| Springfield..... | 22,775 | 24,982 | 20,502 | - 9 | + 11 |
| Memphis..... Tenn. | 252,667 | 267,949 | 274,019 | - 6 | - 8 |
| Totals..... | 1,711,409 | 1,990,965 | 1,649,675 | - 14 | + 4 |
| Alton..... Ill. | 10,509 | 13,076 | — | - 20 | — |
| Paducah..... Ky. | 7,601 | 9,195 | — | - 17 | — |
| Cape Girardeau..... Mo. | 4,470 | 4,776 | — | - 6 | — |
| Hannibal..... | 3,961 | 4,277 | — | - 7 | — |
| Jefferson City..... | 12,054 | 26,445 | — | - 54 | — |
| Jackson..... Tenn. | 7,650 | 9,515 | — | - 20 | — |

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

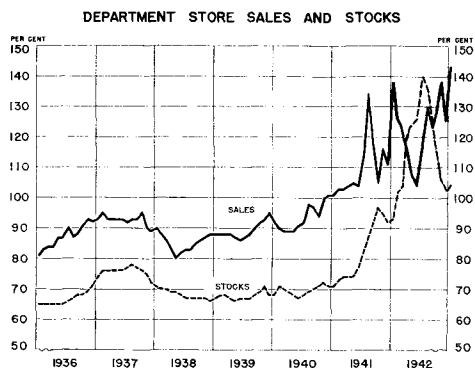
| | Jan., '43 | Dec., '42 | Jan., '42 | Jan., '43 comp. with Dec., '42 | Jan., '42 |
|------------------|-----------|-----------|-----------|--------------------------------|-----------|
| Number..... | 9 | 12 | 32 | -25% | -72% |
| Liabilities..... | \$51,000 | \$122,000 | \$375,000 | -58 | -86 |

Source: Dun and Bradstreet.

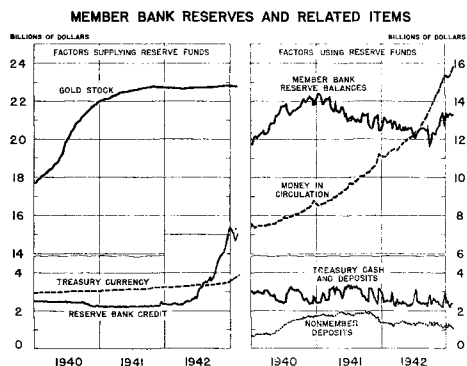
NATIONAL SUMMARY OF CONDITIONS
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



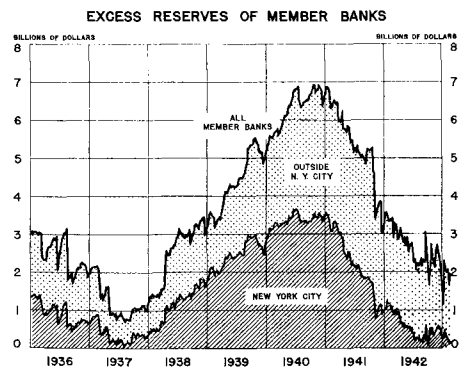
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for January, 1943.



Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for January, 1943.



Wednesday figures. Latest figures shown are for February 17, 1943.



Wednesday figures, partly estimated. Latest figures shown are for February 17, 1943.

Industrial activity rose further in January and the first half of February. Retail sales continued in large volume in January and were at an exceptionally high level early in February.

Production—Volume of industrial production showed another marked gain in January reaching a level of 200 per cent of the 1935-1939 average, according to the Board's adjusted index, compared with 197 in December. The increase reflected largely a growth in activity in the munitions industries, including production of chemicals for war purposes.

Activity at shipyards and in aircraft and machinery plants continued to expand sharply. Deliveries of completed merchant ships in January were somewhat less than in December but were still at the high level of over 1 million deadweight tons. Total iron and steel production rose to the level of last November, but was still slightly below the October peak, and electric steel output, important for munitions manufacturing, reached a record level 5½ times as large as in the 1935-1939 period. Operations at steel mills were near capacity during the first three weeks of February.

Nondurable manufactures, as a group, continued to show little change. Production of meats under Federal inspection, except beef, declined sharply from the high level in December. Output of most other foods was maintained; production for military and lend-lease needs, particularly of highly processed foods, rose further and there was a corresponding decline in output of these products for civilians. Newsprint consumption declined in January as a result partly of a Federal order restricting newsprint use.

Mineral production declined slightly in January, reflecting a small reduction in output of crude petroleum. Output at coal and metal mines showed little change. Anthracite production in the first half of January was reduced by an industrial dispute, but for the month of January as a whole, output was only 3 per cent lower than in December.

Value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, was much smaller in January than in other recent months, but was still slightly higher than a year ago. Reductions occurred in all types of public awards, which now account for most of the total. A decline has been indicated for some time as a result of actions of the War Production Board designed to limit construction activity to projects that are essential. On October 23, 1942, it had established a committee to review proposals for new construction; through February 12, work on projects estimated to cost 1.3 billion dollars stopped either by the War Production Board or by the Government agencies initiating them.

Distribution—Distribution of commodities to consumers was in large volume in January and the first half of February. Retail sales of merchandise declined less than seasonally in January and rose sharply in the first half of February when a buying wave developed, particularly in clothing. At department stores, sales increased considerably in the first week of February and then reached an exceptionally high level during the second week, stimulated partly by the announcement of shoe rationing.

Freight carloadings declined somewhat less than seasonally in January and the adjusted index increased 1 per cent. Miscellaneous loadings accounted for most of the rise. Substantial increases in loadings of most types of commodities occurred in the first two weeks of February.

Commodity Prices—The average level of wholesale commodity prices continued to advance in January and the early part of February. Prices of most farm products showed further increases. Maximum wholesale and retail prices were raised for a number of miscellaneous commodities including coal, while reductions were effected in maximum prices for some items like rayon tops and waste.

Retail prices of foods continued to rise from mid-December to mid-January with increases largely in meats, dairy products, and processed fruits and vegetables.

Bank Credit—Excess reserves of member banks declined from an average level of about 2.2 billion dollars in the last half of January to 1.6 billion early in February, but increased somewhat around the middle of the month. Increases in currency in circulation continued to be the major factor responsible for the decline, although substantial fluctuations occurred in Treasury balances and Reserve Bank credit. Most of the decline in excess funds was at banks in New York City and Chicago, where reserves have recently been close to legal minimum requirements. Over the five-week period ending February 17, the currency drain amounted to 520 million dollars, bringing total currency in circulation to 15.8 billion on February 17.

Holdings of Government obligations at reporting banks in leading cities outside New York and Chicago increased by 640 million dollars over the five-week period ending February 17. At banks in New York and Chicago, holdings of Government securities declined by 360 million, principally through sales to the Reserve Banks for the purpose of restoring reserves. Government deposits at banks were reduced in the period, while other deposits increased.