



# BUSINESS CONDITIONS

*Monthly Review of Agriculture, Industry, Trade and Finance  
Released for Publication in Morning Papers of July 1, 1943*

FEDERAL RESERVE BANK OF ST. LOUIS



*Old Cathedral at Vincennes, Indiana*

L. B. READ PHOTO

## GENERAL INDUSTRIAL SITUATION

**T**HE War Production Board recently announced that half the output of the United States in 1943, estimated at almost \$190 billion, will be used for the prosecution of the war. The Department of Commerce estimates that sales of manufactured goods during this year will reach \$146 billion, or 20 per cent more than in 1942. Some two-thirds of this volume is earmarked for war use. About 80 per cent of all durable goods manufactured will be used directly in war and much of the remaining 20 per cent will be producers' goods. Thus, consumers will have a very small amount of durable goods produced for them in 1943. War uses are expected to absorb about one-third of total non-durable goods output.

Government expenditures for war in May totaled \$7.4 billion which represents a daily rate of \$284 million. Both monthly and daily expenditures were slightly above April when the War Production Board reported that about \$5 billion, or more than two-thirds of total war expenditures in that month, went to purchase war goods. Industrial output in May, as measured by the seasonally adjusted index of the Board of Governors, remained at 203 per cent of the 1935-39 average, unchanged from the April level. Production of durable goods showed no increase in the month, but the non-durables index rose 1 point. Compared with the pre-war level, total industrial production in May was up 22 per cent with durables output rising 44 per cent and non-durables gaining but 4 per cent.

In this district production in May dipped slightly from the high level of April due in great part to the floods that were general over the region in the last half of the month. Several major war plants were

forced to close for a few days late in May because the high waters in some cases kept workers from reaching the plants, and in others prevented the delivery of material. However, war plants continue to expand their working forces, and output of war goods in the district in June should register an increase over May.

Steel production in the district in May declined somewhat due to furnaces going down for necessary repairs. Output of lumber at district mills, while remaining below production in the corresponding period of 1942, was up slightly from April levels. Consumption of industrial electricity in major cities of the district showed no change from April but was up 24 per cent from a year earlier. Slight declines in St. Louis and Louisville were offset by rather pronounced rises in Memphis and Evansville. Coal output at Eighth District mines dropped 10 per cent due largely to labor difficulties, and was 1 per cent below May, 1942, production.

Primary distribution in the district registered a decline in May as compared with April, but was in greater volume than in May, 1942. The decrease from a month ago is attributable primarily to interrupted and delayed schedules because of the floods of May. Carloadings of all railroads operating in the Eighth District in May were 1 per cent below April and were unchanged from May, 1942. Ton-miles moved, however, were probably well above last year's level. Load interchanges at St. Louis declined 3 per cent and 5 per cent, respectively, from April, 1943, and May, 1942. At Louisville, the decrease from a year ago was 7 per cent, but interchanges rose 4 per cent from April volume.

### DETAILED SURVEY OF DISTRICT

#### MANUFACTURING

**Steel**—Production of steel ingots and castings in the St. Louis area during May was somewhat less than in previous months of this year, due to several furnaces going down for badly needed repairs. Under the impact of war demand for steel, most furnaces have been worked far beyond what is regarded as normal and consequently interruptions for repairs are irregular since the open hearths are driven until repairs are absolutely necessary. In early June, the rate of operations rebounded to the high of 101.2, registered earlier this year. St. Louis mills suffered no particular discomfort from the brief coal strike in early June. Inventories of coke and coal were maintained at about their usual level.

Scrap movement in the St. Louis area continued in adequate volume during May and early June and mill and foundry inventories generally are being maintained at some fifteen days supply. Current scrap campaigns have succeeded in bringing out higher quality metal. Production of pig iron at St. Louis is in good volume and receipts of iron from outside are adequate.

Production of steel ingots in the United States during May was 7,545,379 tons, some 175,000 tons greater than both a month and a year earlier. The tonnage output in May was the third highest on record. Steel plate production in the nation in May was some 7,000 tons less than in April but was 100,000 tons greater than a year earlier. Almost

half of the production of 1,115,000 tons of plates in May was produced on continuous strip mills which have been converted to rolling plates.

**Whiskey**—On May 31, 54 Kentucky distilleries were in operation producing alcohol for the war program. A month earlier all 60 distilleries had been in production. As previously mentioned in this review, trade sources generally believe that no whiskey production will be authorized at distilleries in the very near future. Most distilleries prefer to produce alcohol rather than whiskey for as long a period as alcohol production is needed for the prosecution of the war. It is felt that the shortage of grain available for alcohol production might be intensified if whiskey production were authorized.

Most of the agitation for the resumption of whiskey production seems to come from retailers and dispensers who are faced with a shortage of whiskey for sale. However, despite complaints of such shortage, current stocks of whiskey in warehouses should last from two and one-half to four years at the present rate of withdrawal.

#### **RETAIL AND WHOLESALE TRADE**

Sales of reporting department stores in the Eighth District during May declined 7 per cent from April levels but were 19 per cent above May, 1942. The decrease from a month ago was largely seasonal, as April volume was inflated due to the lateness of the Easter shopping season this year. Also, May was a shorter shopping month. As compared with a year ago, department store sales in Evansville, Little Rock and Memphis lead all other cities in the district in percentage increase.

The major factors accounting for the sizable increases in sales from May, 1942, are higher prices and increased consumer purchasing power. The latter is focusing sharply upon department and apparel store merchandise, partly because of fears of rationing of apparel items in addition to shoes. Sales of women's wear and men's clothing in May were approximately 25 per cent ahead of last year at department stores, and at women's apparel stores the increase was about the same. Sales of house furnishings were up appreciably compared with May, 1942, at department stores. At furniture stores in the district sales increased 5 per cent and 21 per cent, respectively, from a month and a year ago.

Department store stocks at the close of May were at virtually the same level as in April, but were one-quarter less in dollar volume than a year ago. The decline in stocks is attributable largely to difficulties encountered in securing merchandise,

particularly in such lines as house furnishings. At furniture stores in the district, stocks were 14 per cent less than they were a year earlier.

Sales of all district wholesalers and jobbers whose statistics are available to this bank declined 8 per cent in dollar volume between April and May, but in the latter month were 2 per cent greater than in May, 1942. Wholesalers' stocks dropped 2 per cent in the month and were 31 per cent less than a year earlier.

#### **AGRICULTURE**

**General Conditions**—During May heavy rainfall throughout most of the month culminated in extensive floods throughout the Eighth District and seriously curtailed district crop prospects. In June a recurrence of the floods again put many acres of farm land under water, primarily in the northern sections of the district. While no particular additional damage has been reported because of the June high waters, nevertheless, the continued inundation of crop lands has further delayed spring planting, probably to a point where agricultural production in the region will be considerably less than in 1942.

Flood losses in the Eighth District will probably run close to \$90 million. Some 4 million acres of land were covered by water, with approximately half of this in crop lands. In addition to damage done directly by inundation, the very severe rains badly washed higher ground and seriously hurt early fruit and vegetable crops. Some sections in the district report complete crop failures this year with insufficient time left for planting or replanting. In general, however, most farmers seem to be willing to try for a crop if the water leaves the ground soon enough for it to be reworked. Probably there will be a shift in planting intentions as considerable cotton land is expected to be planted to feed crops rather than cotton.

It is reported that every effort will be made by the War Food Administration, government credit agencies, banks, and the Red Cross to help the agricultural population of the district make its crop year as successful as possible. It seems likely that there will be sufficient farm labor to work the fields, as with a few isolated exceptions, most sections report an adequate supply of such workers. The normal agricultural labor force is being supplemented by boy and girl workers, and in at least one region by soldiers. The War Food Administration has assured farmers of a plentiful supply of seed, and the War Production Board recently released a number of items necessary for farm production, notably small hand tools and equipment. In addition, W. P. B.

has allocated 300,000 tons of carbon steel with other materials in proportion to the farm machinery program for the quarter beginning July 1.

With the outlook for crop production depressed this year, 1943 cash farm income in the Eighth District may not be greatly expanded over last year's level despite higher farm prices. In Eighth District states cash farm income for the first four months of 1943 totaled about \$1 billion or approximately 32 per cent more than in 1942. Agricultural prices in May were up 1 per cent in the nation as a whole and were 23 per cent above a year earlier. In Eighth District states the average price increase between April and May was slightly less than for the entire United States.

**Cotton**—No official report on cotton acreage has yet been issued, but with much cotton land in Missouri and Arkansas and some in Tennessee badly flooded in May, it seems likely that the 1943 crop in this district will be short. There was still time for planting cotton after the floods but water was slow to leave the land, and in many sections the soil was badly gullied. Reports indicate that a considerable portion of Missouri and Arkansas cotton land will be planted to other crops. Some northwestern Tennessee cotton territory was badly flooded, and indications are that the total crop in these counties was ruined. Despite losses, Arkansas reports that its present growing crop is in good condition and is very clean. However, the damp weather generally resulted in a rather high rate of boll weevil survival which is an additional source of danger to the new district crop. Hot, dry weather throughout June and July would do much to relieve this threatened damage.

Activity in the Memphis spot market throughout late May and early June was light. Virtually no interest was shown in low grades with mill inquiries being in slight volume. Prices continued strong. Between May 16 and June 15, the price of 15/16 middling grade at Memphis ranged from 20.60c per pound to 21.05c per pound, closing on the latter date at 21.05c per pound. A year ago the range was from 18.30c per pound to 20.20c per pound.

Domestic mill activity in May was slightly lower than in April. Consumption of cotton in the United States for the ten-month period from August, 1942, through May, 1943, was 9,350,000 bales as compared with 9,208,000 bales in the corresponding period a year earlier. Annual consumption for this season should be only slightly higher than the 11,170,000 bales used in the 1941-42 season. It is estimated that the August 1 carry-over will be some 10,500,000

bales, with supplies of higher grade cottons relatively low.

Through June 5, Commodity Credit Corporation loans in Eighth District states had been made on 555,000 bales of 1942 cotton. Repayments through the same date had redeemed 126,000 bales. The percentage of repayments to total loans for Eighth District states was slightly larger than that for the nation as a whole.

**Fruits and Vegetables**—The heavy floods of May caused considerable damage to fruit and vegetable crops in the Eighth District. However, due to the fact that acreages of most important vegetable crops in the region were considerably greater than a year ago, production should not be much below 1942. Acreage planted to snap beans in three Eighth District states in 1943 was 25 per cent greater than in 1942, and production is estimated at 482,000 bushels as compared with 371,000 a year earlier. Picking of snap beans became more general in the southern part of the district in late May. Reports from Mississippi and Tennessee indicate that insects are causing some losses, and in Arkansas and Illinois considerable snap bean acreage was flooded out. The white potato crop in the district is expected to be greater than in 1942, although considerable acreage planted in potatoes in the Arkansas River Valley was ruined by the May floods. Tennessee potatoes are reported late. Tomato production may be short this year as acreage in Eighth District states was not much greater than in 1942 and much of this land was inundated by the flood waters. At the first of June most tomato fields were still too wet to work and transplanting of the crop was quite late.

The district fruit crop is considerably worse than in 1942. Severe freezes earlier in the year, plus the abnormally heavy rainfall in May and early June, cut estimated production considerably. The strawberry crop suffered heavy losses of water-soaked ripe berries in Arkansas and Missouri and much of the southern Indiana crop was washed out. With acreage considerably curtailed as compared with a year earlier, the district strawberry output is much less than in 1942. According to the Department of Agriculture, the peach crop in the district will be very short, about two-thirds as large as in 1942. Indiana and Kentucky are the only district states that expect increased output. Production of pears is expected to be about one-half of last year's harvest.

**Grains**—Small grains and corn throughout the district suffered serious damage from the heavy rains and intensive floods of the past month. In

most sections expected yields were cut sharply and production is likely to be below 1942. Reports indicate that considerable acreage that had been, or was intended to be, planted to small grains will now be planted to corn and soy beans if the land can be worked at all. Also, some southern cotton land is expected to be planted to feed crops.

The rice crop in Arkansas has all been planted and farmers are beginning to irrigate. Reports indicate a very even stand of rice and the general outlook for the crop is good.

On June 9 the 1943 crop wheat loan program was announced. The loan rate will average \$1.22 per bushel. At St. Louis the basic rate on No. 2 red winter wheat is \$1.41 per bushel.

**Livestock**—Receipts of cattle and calves at National Stock Yards in May were 24 per cent less than a year earlier. Hog receipts, however, were up 7 per cent as compared with a year ago. The increased marketings of hogs resulted largely from the high waters of May which forced farmers to send animals to market since many lots were flooded and considerable feed was destroyed. Although cattle marketings were well below the previous year's level, cattle receipts may increase in the next two or three months as reports from various sections of the district indicate that farmers fear a feed shortage and that many animals which normally would have been fed to heavier weights will be sent to market.

Slaughter of all classes of livestock under federal inspection at St. Louis in May was 9 per cent less than in May, 1942. Reasons given for the decline in such slaughter are the withholding of sows and gelts for breeding, higher death losses, larger farm and local slaughter, and wholesale slaughter at plants not under federal inspection. Undoubtedly, a considerable volume of meat is finding its way into the black market.

With average yields this year on intended acreages, the 1943-44 supply of feed grains, including feed wheat and rye, for the nation will be about 10 per cent smaller than the 1942-43 supply, according to the U. S. Department of Agriculture. Demand will be stronger as livestock numbers are increasing and returns to producers, despite increased prices of feedstuffs, are still favorable. The Department of Agriculture expects increased use of supplementary forages and winter pasture, feeding to lighter weights, and a minimum carry-over of feed grains at the close of the 1943-44 season.

**Tobacco**—In the burley tobacco growing region very irregular conditions were reported at mid-June with some localities having completed trans-

planting of the new crop while others had just started. On the average, work was some two weeks later than usual with approximately half the entire crop set out by June 10. There has been some complaint of mold and rust brought about by excessive rainfall in the seed beds.

About 50 per cent of transplanting in the dark-fired district has been completed. In general, conditions are reported as better in the western region than in the eastern region. Excessive rainfall retarded work and prevented early cultivation of that part of the crop already set out, and vegetation has already spread rapidly in the fields. The stand of the crop is reported to be very good.

In the Green River section approximately three-fourths of the crop had been transplanted by June 10. This type of tobacco appeared to have obtained a good start with plants reported as plentiful in number. However, reports from the area indicate that 1943 acreage will not be as great as 1942.

Burley market activity has been light since very small stocks of the 1942 crop are available for resale. Despite limited stocks of dark-fired tobacco, there has been a fair volume of trading with demand concentrated in better leaf grades.

#### COST OF LIVING

Despite all efforts to halt the general inflationary trend in the United States, cost of living continues to advance. The tremendous pressure of increased purchasing power, plus determined efforts of various blocs and groups to puncture the ceilings, has made it virtually impossible to hold prices stable. Overall governmental policy has been, however, relatively successful, as there seems to be little doubt that prices would have risen considerably further and faster had controls not been invoked and supplemented by the general program of bond sales and heavier taxes. As of May, 1943, cost of living in large cities in the United States was up 24.4 per cent as compared with September, 1939. Since January, 1941, living costs in the United States have advanced 24.2 per cent. In the first five months of this year the cost of living index rose 3.9 per cent which represents a rate of almost 9 per cent per year.

Most of the increase in living costs is directly attributable to increased food costs. Food prices in the United States at mid-May had risen 45.3 per cent from the September, 1939, level and were up 7.8 per cent as compared with December, 1942. The rise in the past month was 1.7 per cent. If the rollback program on meats and some other products which went into effect late in June is maintained, it

seems likely that food costs in July will be slightly under the May 15 level.

In St. Louis, the only district city covered by the Bureau of Labor Statistics monthly index, cost of living on May 15 was up 0.7 per cent as compared with a month earlier and was 3.6 per cent over the December, 1942, level. Food cost in St. Louis rose 1.6 per cent in the month and was up 7.7 per cent as compared with December, 1942. In other Eighth District cities, food cost increases ranged from 0.3 per cent in Memphis to 2.2 per cent in Louisville in the past month. As compared with December, 1942, the rise of 10.5 per cent in Louisville represented the greatest increase.

### BANKING AND FINANCE

Credit demand throughout the Eighth Federal Reserve District continues to decline. Reports from bankers in virtually every section indicate that most types of loans are decreasing rather rapidly in volume. Declining inventories, increased collection volume, and the strong cash position of the farmer are given as the three major reasons for the decrease. There is some expectation that the extension of bank agricultural credit may be increased somewhat in coming months as many farmers may be forced to borrow because of losses suffered in the recent floods.

At twenty-four reporting member banks in this district, loans declined \$5.5 million between May 12 and June 16, a decrease of 2 per cent. Investments fell off some \$15 million primarily because St. Louis bank holdings of Treasury bills which matured June 2 were not fully replaced after being used over the June 1 tax date in Missouri. Treasury bill holdings dropped about \$21 million in the five weeks.

On June 1 demand deposits at the reporting banks dropped to a temporary low since the beginning of the year due primarily to withdrawals for investment in bills to escape tax assessment in Missouri. Deposits subsequently rebounded to above their former level as funds flowed back into Missouri banks after the bills matured. War Loan accounts, built up during the April financing to unprecedented levels in this district, have been dropping steadily in the past five weeks as a result of withdrawals by the Government. However, the return flow of deposits, engendered by tremendous Government expenditures, causes the level of gross deposits to exhibit a steady upward movement. Member bank required reserves increased over the period from May 12 to June 16 because of the shift of funds from War Loan accounts to other types of deposits which require reserves.

### CASH FARM INCOME

(In thousands of dollars)	April		Cumulative for 4 months		
	1943	1942	1943	1942	1941
Arkansas	\$15,148	\$15,637	\$ 67,387	\$ 54,304	\$ 29,745
Illinois	87,354	69,871	341,065	271,804	175,561
Indiana	54,772	40,893	191,145	145,664	94,738
Kentucky	15,903	11,509	116,133	75,024	53,822
Mississippi	11,706	8,083	52,115	37,678	22,735
Missouri	44,710	33,887	170,485	128,484	82,000
Tennessee	17,531	11,524	82,844	59,997	40,064
Totals	247,124	191,404	1,021,174	772,955	498,665

### RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	May, 1943	Apr., 1943	May, 1942	May, 1943	Apr., 1943	May, 1942
Cattle and Calves	84,286	91,353	105,069	48,951	49,471	44,930
Hogs	293,250	259,002	268,013	64,331	89,850	48,505
Horses and Mules	2,042	3,680	789	2,014	3,677	771
Sheep	46,263	29,091	55,629	13,212	3,573	21,607
Totals	425,841	383,126	429,500	128,508	146,571	115,813

### WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	May, 1943	Apr., 1943	May, 1942	May, '43 comp. with Apr., '43	comp. with May, '42
All Commodities	104.1	103.7	98.8	+ 0.4%	+ 5.4%
Farm Products	125.7	123.9	104.4	+ 1.5	+20.4
Food	110.5	108.4	98.9	+ 1.9	+11.7
Other	96.7	96.6	95.7	+ 0.1	+ 1.0

### COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	May 15, 1943	Apr. 15, 1943	Sept. 15, 1939	May 15, '43 comp. with Apr. 15, '43	comp. with Sept. 15, '39
United States	125.1	124.1	100.6	+ 0.8%	+ 24.4%
St. Louis	124.1	123.2	100.4	+ 0.7	+ 23.6

### COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	May 11, 1943	Apr. 20, 1943	May 12, 1942	May 11, '43 comp. with Apr. 20, '43	comp. with May 12, '42
U. S. (51 cities)	143.0	140.6	121.6	+ 1.7%	+17.6%
St. Louis	144.7	142.4	123.8	+ 1.6	+16.9
Little Rock	141.8	140.8	123.2	+ 0.7	+15.1
Louisville	141.5	138.4	122.6	+ 2.2	+15.4
Memphis	150.1	149.6	123.5	+ 0.3	+21.5

### INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	Apr., 1943	Mar., 1943	Apr., 1942	Apr., '43 comp. with Mar., '43	comp. with Apr., '42
Evansville	242.5	238.2	81.8	+ 1.8%	+196.5%
Louisville	127.6	126.4	102.6	+ .9	+ 24.4
Memphis	150.4	150.9	115.5	+ .3	+ 30.2
St. Louis	151.9	147.8	128.7	+ 2.8	+ 18.0

### BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1943	1942	1943	1942	1943	1942	1943	1942
Evansville	38	34	\$ 129	\$ 91	535	120	\$ 64	\$159
Little Rock	29	31	4	34	151	142	23	22
Louisville	81	81	290	183	38	52	17	17
Memphis	112	110	169	33	287	228	77	103
St. Louis	67	157	151	609	149	221	104	83
May Totals	327	413	743	950	1,160	763	280	384
April "	432	641	993	1,518	632	848	214	458

### VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	May, '43	April, '43	May, '42	May, '43 comp. with April, '43	comp. with May, '42
Total 8th Dist.	\$ 12,862	\$ 36,411*	\$ 44,994	- 65%	- 71%

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

### CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Custom-ers*	May, 1943	Apr., 1943	May, 1942	May, 1943 compared with Apr., 1943	May, 1943 compared with May, 1942
		K.W.H.	K.W.H.	K.W.H.		
Evansville	40	10,281	9,626	3,484	+ 7%	+195%
Little Rock	35	2,122	2,119	2,523	- 0	- 16
Louisville	82	15,549	13,678	15,642	- 1	- 1
Memphis	31	6,381	5,834	4,931	+ 9	+ 29
Pine Bluff	20	6,477	7,110	742	- 9	+773
St. Louis	134	85,977	86,989	74,698**	- 1	+ 15
Totals	342	126,787	127,356	102,020**	- 0	+ 24

\*Selected industrial customers.—\*\*Revised.

### LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

First nine days						
May, '43	Apr., '43	May, '42	June, '43	June, '42	5 mos., '43	5 mos., '42
141,279	145,251	148,503	42,233	43,748	705,227	649,629

Source: Terminal Railroad Association of St. Louis.

**WHOLESALE**

Lines of Commodities	Net Sales		Stocks
	May, 1943 compared with Apr., '43		May 31, 1943 comp. with May 31, 1942
Automotive Supplies.....	+ 10%	+ 27%	....%
Dry Goods and Chemicals.....	- 7	+ 16	....
Dry Goods.....	- 7	+ 18	--28
Electrical Supplies.....	- 0	- 30	....
Furniture.....	- 9	- 41	....
Groceries.....	- 2	+ 22	--20
Hardware.....	- 14	- 16	--27
Plumbing Supplies.....	+ 2	- 31	....
Tobacco and its Products.....	- 4	+ 11	....
Miscellaneous.....	- 18	- 1	--46
Total all lines*	- 8	+ 2	--31

\*Includes certain lines not listed above.

**DEPARTMENT STORES**

	Net Sales		Stocks on Hand	Stock Turnover		
	May, 1943 compared with Apr., '43	5 mos. '43 to same period '42	May 31, '43 comp. with May 31, '42	Jan. 1, to May 31, 1943		
Ft. Smith, Ark.	-16%	+10%	+29%	- 5%	1.68	1.38
Little Rock, "	+ 3	+35	+40	- 12	1.93	1.44
Quincy, Ill.	- 9P	+23P	+13P	- 12P	2.39P	2.03P
Evansville, Ind.	- 3	+43	+47	....	....	....
Louisville, Ky.	-12	+20	+16	- 30	2.29	1.56
St. Louis, Mo.	-11	+11	+ 4	- 32	1.77	1.41
Springfield, Mo.	- 3	+33	-23	- 34	1.72	1.06
Memphis, Tenn.	- 0	+34	+30	- 20	1.97	1.25
*All other cities	- 5	+10	+11	- 5	1.90	1.44
8th F. R. Dist.	- 7P	+19P	-14P	-26P	1.88P	1.41P

\*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: May, 1943—25; April, 1943—26; May, 1942—25.

Outstanding orders of reporting stores at the end of May, 1943, were 229 per cent greater than on the corresponding date a year ago.

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

City	Instalment Accounts		Excl. Instal. Accounts	
	%	64%	35%	74%
Fort Smith	22	62	30	68
Little Rock	32	63	32	68P
Louisville	38	60		
Memphis				

**INDEXES OF DEPARTMENT STORE SALES AND STOCKS**

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

	May, 1943	April, 1943	March, 1943	May, 1942
Sales (daily average), Unadjusted.....	129	136	124	108
Sales (daily average), Seasonally adjusted.....	129	129	138	108
Stocks, Unadjusted.....	95	92	94	131
Stocks, Seasonally adjusted.....	94	90	92	130

**SPECIALTY STORES**

	Net Sales		Stocks on Hand	Stock Turnover		
	May, 1943 compared with Apr., '43	5 mos. '43 to same period '42	May 31, '43 comp. with May 31, '42	Jan. 1, to May 31, 1943		
Men's Furnishings.....	-18%	+ 9%	+ 2%	- 36%	1.40	1.32
Boots and Shoes.....	-27	-25	- 3	- 25	3.71	3.12

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

Men's Furnishings.....	50%	Boots and Shoes.....	54%
------------------------	-----	----------------------	-----

P—Preliminary figures.

**CHANGES IN PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS**

(In thousands of dollars)	Change from		
	June 16, 1943	May 12, 1943	June 17, 1942
Industrial advances under Sec. 13b.....	\$ 100	+ 50	- 295
Other advances and rediscounts.....	389,607	- 21,844	+ 269,082
U. S. securities.....	389,707	- 21,794	+ 268,779
Total earning assets.....	625,814	+ 9,481	- 35,554
Total reserves.....	449,490	- 30,537	+ 29,965
Total deposits.....	573,522	+ 16,464	+ 212,416
F. R. Notes in circulation.....	1,819	- 45	- 209

**FEDERAL RESERVE OPERATIONS DURING MAY, 1943**

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled.....	5,992,651	\$2,282,499,776
Collections (non-cash items) handled.....	124,433	55,740,040
Transfers of funds.....	5,214	1,784,377,369
Currency received and counted.....	14,021,032	58,778,000
Coin received and counted.....	13,632,108	1,209,367
Rediscounts, advances and commitments.....	20	34,705,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	938,170	678,483,043
Coupons clipped from securities in custody.....	10,850	.....

**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 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).....	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%	to 1%
(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%
Commitments to established industrial or commercial businesses under section 13b.....	10%	to 25%
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%
the loan rate charged borrower with minimum rate of 1/4% per annum provided: that no commitment will be given on which borrower is charged over 5% per annum.		

**PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS**

(In thousands of dollars)	Change from		
	June 16, 1943	May 12, 1943	June 17, 1942
Total loans and investments.....	\$1,421,804	- 20,719	+ 457,224
Commercial, industrial, agricultural loans*	205,490	- 3,670	+ 49,882
Loans to brokers and dealers in securities	3,989	- 426	+ 277
Other loans to purchase and carry securities	8,678	- 662	+ 1,266
Real estate loans	66,215	+ 220	+ 6,704
Loans to banks.....	325	- 5	+ 204
Other loans.....	59,042	- 975	+ 12,846
Total loans.....	343,739	- 5,518	+ 56,809
Treasury bills.....	148,820	- 20,863	+ 104,466
Certificates of indebtedness.....	217,746	- 2,641	+ 188,630
Treasury notes.....	109,591	- 290	+ 49,127
U. S. bonds.....	447,350	+ 10,449	+ 170,965
Obligations guaranteed by U. S. Govt.....	33,988	- 1,389	+ 1,480
Other securities.....	120,570	- 467	+ 635
Total investments.....	1,078,065	- 15,201	+ 514,033
Balances with domestic banks.....	119,681	- 9,070	- 92,007
Demand deposits--adjusted**.....	849,451	+ 24,492	+ 179,930
Time deposits.....	201,131	+ 2,328	+ 16,994
U. S. Government deposits.....	159,351	- 61,452	+ 146,934
Interbank deposits.....	518,444	+ 2,691	+ 9,509

\*Includes open market paper.

\*\*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)	May, 1943	Apr., 1943	May, 1942	May, '43 comp. with Apr., '43	May, '42
El Dorado, Ark.	\$ 11,709	\$ 12,386	\$ 7,325	- 5%	+ 60%
Fort Smith, "	18,218	21,757	16,711	- 16	- 9
Helena, "	3,358	4,233	2,919	- 21	+ 15
Little Rock, "	65,140	78,458	71,278	- 17	- 9
Pine Bluff, "	15,784	16,578	18,880	- 5	- 16
Texarkana, Ark.-Tex.	14,006	19,235	23,476	- 27	- 40
Alton, Ill.	10,961	12,463	11,067	- 12	- 1
E. St. L.-Nat. S. Y.	70,718	75,994	70,351	- 7	+ 1
Quincy, Ill.	14,225	15,146	12,506	- 6	+ 14
Evansville, Ind.	82,356	84,437	46,181	- 2	+ 78
Louisville, Ky.	294,555	330,488	247,362	- 11	+ 19
Owensboro, Ky.	11,881	13,738	9,622	- 14	+ 23
Paducah, Ky.	7,310	8,487	7,818	- 14	- 6
Greenville, Miss.	7,367	8,511	5,555	- 13	+ 13
Cape Girardeau, Mo.	3,942	5,022	3,946	- 22	- 0
Hannibal, Mo.	3,655	4,771	3,651	- 23	- 0
Jefferson City, Mo.	19,125	24,469	20,766	- 22	- 8
St. Louis, Mo.	1,118,965	1,040,413	1,030,126	+ 8	+ 9
Sedalia, Mo.	5,310	5,892	4,301	- 10	+ 23
Springfield, Mo.	28,696	26,960	23,553	+ 6	+ 22
Jackson, Tenn.	7,648	8,820	6,566	- 13	+ 16
Memphis, Tenn.	216,749	248,161	191,086	- 13	+ 13
Totals.....	2,031,678	2,066,419	1,835,246	- 2	+ 11

**COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT**

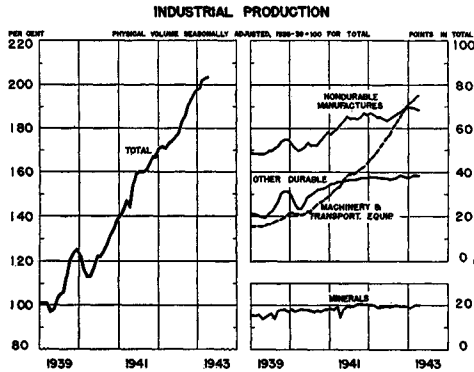
	May, '43	Apr., '43	May, '42	May, '43 comp. with Apr., '43	May, '42
Number.....	10	8	22	+ 25%	- 45%
Liabilities.....	\$ 62,000	\$ 56,000	\$ 129,000	+ 11	- 52

Source: Dun and Bradstreet.

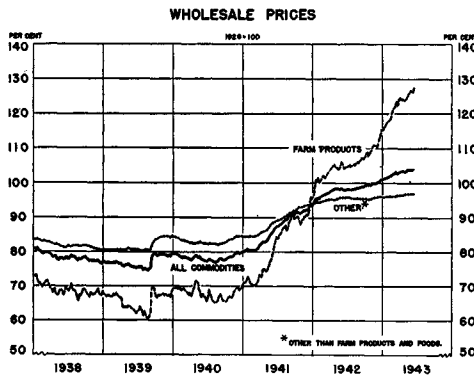


## NATIONAL SUMMARY OF CONDITIONS

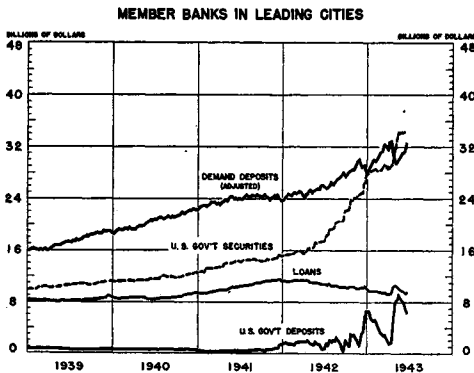
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



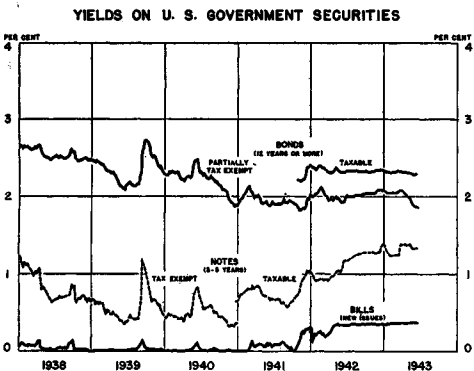
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for May.



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending June 12.



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for June 16.



Averages of daily yields on notes and bonds and average discount on bills offered. Bills are tax-exempt prior to March, 1941, taxable thereafter. Weekly figures, latest shown are for week ending June 19.

Industrial activity and retail trade were maintained in large volume during May and the early part of June. Retail prices, particularly foods, increased further in May.

**Production**—Total volume of industrial production, as measured by the Board's seasonally adjusted index, remained in May at the level reached in April. Activity in munitions industries continued to rise, while production of some industrial materials and foods declined slightly. Aircraft factories established a new record in producing 7,000 planes in May.

In most nondurable goods industries there were small increases or little change in activity. Meat production, however, reached a record high level for May reflecting a sharp advance in hog slaughtering. Seasonally adjusted output of other manufactured foods continued to decline. Newspaper consumption showed little change, and publishers' stocks declined further to a 50-day supply on May 31. Consumption for the first five months of 1943 was only 5 per cent below the same period in 1941, whereas a reduction of 10 per cent had been planned.

The temporary stoppage of work in the coal mines at the beginning of May brought production of bituminous coal and anthracite down somewhat for the month. Iron ore shipments on the Great Lakes continued to lag in May behind the corresponding month of 1942.

The value of contracts awarded for construction continued to decline in May, according to reports of the F. W. Dodge Corporation. Total awards were about 65 per cent smaller than in May a year ago.

**Distribution**—During May the value of sales at department stores decreased more than seasonally, and the Board's adjusted index declined 5 per cent. Sales, however, were about 15 per cent above a year ago, and during the first five months of this year showed an increase of 13 per cent over last year. In general, the greatest percentage increases in sales have occurred in the Western and Southern sections of the country where increases in income payments have been sharper than elsewhere.

Freight-car loadings advanced seasonally in May but declined sharply in the first week in June, as coal shipments dropped 75 per cent from their previous level, and then recovered in the second week of June as coal production was resumed.

**Commodity prices**—Prices of farm products, particularly fruits and vegetables, advanced during May and the early part of June, while wholesale prices of most other commodities showed little change.

Retail food prices showed further advances from the middle of April to the middle of May. On June 10 maximum prices for butter were reduced by 10 per cent and on the 21st of the month retail prices of meats were similarly reduced, with Federal subsidy payments being made to processors.

**Agriculture**—Prospects for major crops, according to the Department of Agriculture, declined during May while output of livestock products continued in large volume, as compared with earlier years. Indications are that acreage of crops may not be much below last year but that yields per acre will be reduced from the unusually high level of last season.

**Bank Credit**—Excess reserves at all member banks declined from 2 billion dollars in early May to 1.5 billion in the latter part of the month and remained at that general level through the first half of June. As the Treasury expended funds out of war loan accounts which require no reserves, the volume of deposits subject to reserve requirements increased and the level of required reserves rose by 600 million dollars in the four weeks ending June 16, while continued growth of money in circulation resulted in a drain on bank reserves of 400 million dollars. These reserve needs were met in part by Treasury expenditures from balances at the Reserve Banks and in part by Federal Reserve purchases of Treasury bills. Reserve Banks continued to reduce their holdings of Treasury bonds and notes in response to a market demand for these issues.

During the four weeks ending June 16, Treasury bill holdings at member banks in 101 leading cities fluctuated widely, reflecting primarily sales and repurchases on option account by New York City banks in adjusting their reserve positions. Holding of bonds and notes declined somewhat while certificate holdings increased. Loans to brokers and dealers in securities declined sharply during the period, as repayments were made on funds advanced for purchasing or carrying Government securities during the April War Loan Drive. Commercial loans continued to decline.

Government security prices advanced during May following the close of the Second War Loan Drive, but in the early part of June there were small declines.