BUSINESS CONDITIONS

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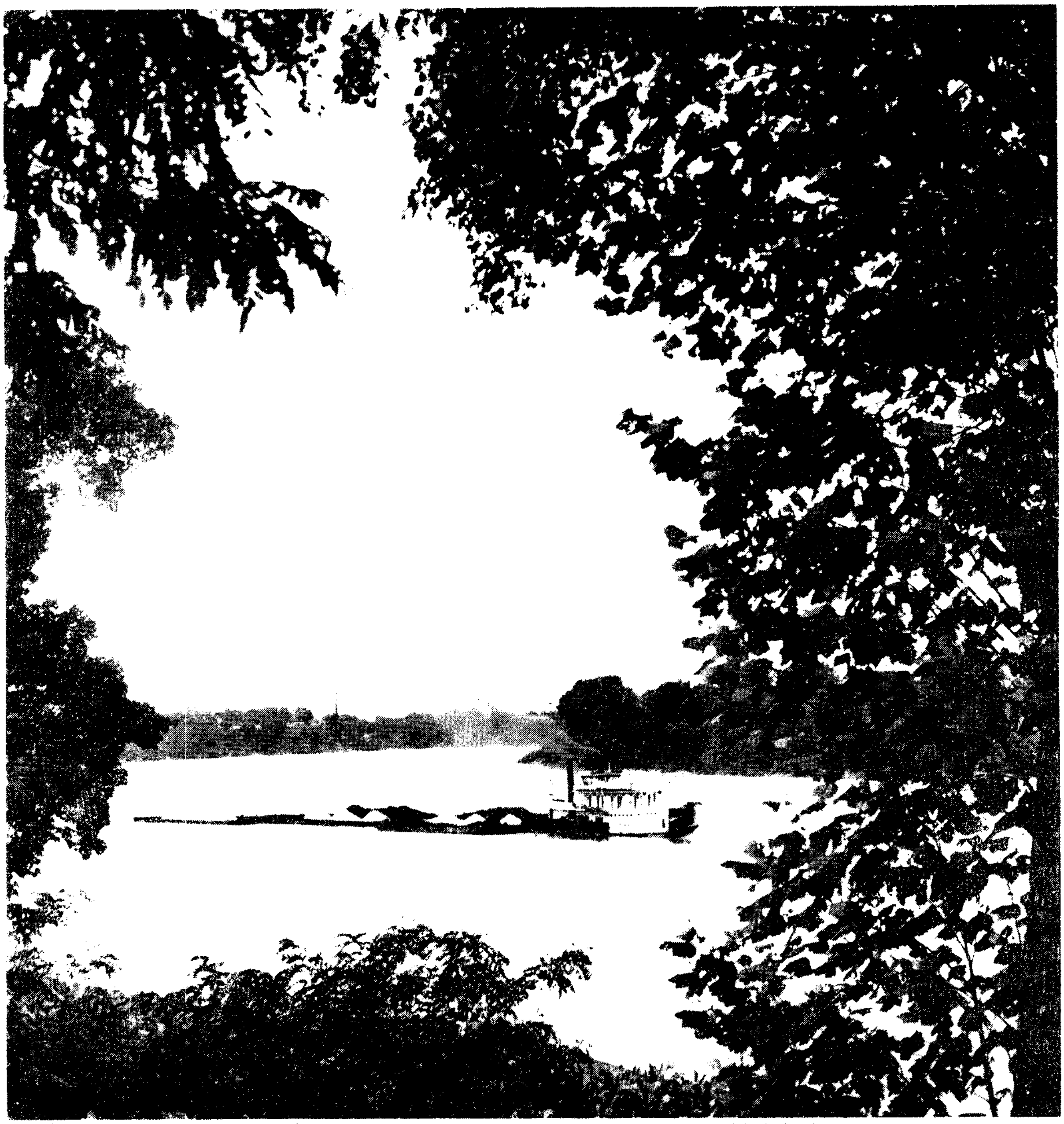
FEDERAL RESERVE BANK OF ST. LOUIS



J. H. DONAHUE PHOTO

Beautiful Ohio

GENERAL INDUSTRIAL SITUATION

THERE are indications that the peak in industrial output in this nation is being approached. For the past three months output of munitions in the United States has been at a level approximately 5½ times that in our last peacetime month. In April the War Production Board's index of munitions production (November, 1941 = 100) reached 563. In May it remained at the same level. While aircraft production rose 5 per cent and fighting ships built increased 2 per cent, ground ordnance dropped 3 per cent and miscellaneous munitions fell 7 per cent. Even merchant shipbuilding was off 4 per cent. The final report for June is not yet available but preliminary indications are that output did not increase appreciably over May. Inasmuch as war production this year is scheduled to rise steadily month after month it is evident that stability actually means that the program is falling more and more behind schedule. The major factor in the sidewise movement of munitions manufacture is stated to be changes in types of needed war materials so that an upward movement of the index may be expected in coming months as the new types become more standardized.

Since gains in total industrial production for some time have been the result solely of expanding war output which has more than offset declining civilian goods manufacture, the stabilizing of war production has leveled off the Board of Governors index of industrial production. For the past three months the seasonally adjusted index has remained at 203 per cent of the 1935-39 average. Output of durable goods rose slightly in the past month, non-durables manufacture remained steady, and production of minerals declined due largely to the coal strike.

Despite the lack of gain in munitions output in June, Treasury expenditures for war in that month rose 4 per cent over May to reach $7.7 billion or an average daily rate of close to $296 million. Presumably the rise in expenditures reflects an expanding army and navy, increased purchases of non-munition supplies, and advances to manufacturers. During fiscal 1943 the Government spent more than $75 billion for war purposes, or 2.7 times as much as in fiscal 1942.

In this district industrial activity in June was maintained at about the same level as in May but was well above the comparable month a year ago. Output of war materials was indicated to be up slightly from a month earlier, despite lay-offs at some ordnance plants due primarily to shifts in national programming. Over-all employment at war plants continued to gain, largely at the expense of less-essential industry. This is in contrast to reports from other sections that munitions manufacturers are losing labor as a result of inductions and a back-to-the-farm movement. Consumption of industrial electric power at major Eighth District cities was up 8 per cent over May and was 24 per cent greater than a year ago.

In June, production of steel was maintained at slightly above rated capacity. Industrial alcohol output declined slightly with one less distillery in operation.

Output of lumber at district mills was slightly less than in May and continued below the level of a year earlier. Coal production declined 19 per cent in the month due mostly to the coal strike which shut down most mines for a short period, and was 15 per cent below June, 1942.

Movement of freight in the district in June was in appreciably smaller volume than in May, partly as a result of the coal strike, but also reflecting the later movement of crops this year. Carloadings of all railroads operating in the district for the four weeks ending June 26 were 4 per cent less than in May, and in Louisville were down 8 per cent. As compared with a year ago, carloadings were down 8 per cent. Loads interchanged at St. Louis were down 3 per cent in the year and at Louisville, down 9 per cent. The drop in carloadings from June, 1942, overstates the actual decline in the volume of freight movement in the two periods, however, since cars are loaded much more heavily now and travel longer distances.

Construction activity in the district continued to decline in June. Dollar value of construction contracts awarded was down 23 per cent from May and was 90 per cent below a year ago. Building permits in the major cities of the district dropped 38 per cent in the month and were 73 per cent below June, 1942.

DETAILED SURVEY OF DISTRICT

COST OF LIVING

After showing pronounced increases for the past three months, the index of the cost of living in June showed little change from May and there are indications of a continued levelling off since that time. The current levelling off of the rise in the cost of living is due in part to the Government's program of rollbacks of retail prices on meats and butter and to seasonal declines in prices of certain fresh vegetables and fruits. The June index does not reflect the rollback of meat prices which went into effect toward the end of the month.

The major factor in the increase in the cost of living in recent months has been rising food costs, but in June the cost of food in the United States declined 0.8 per cent. While application of rollbacks and subsidies for certain food items should result in at least a temporary stabilization of the cost of living index at approximately May or June levels, the high level of consumer income continues to exert pressure against retail prices.

According to the latest estimates of the Department of Commerce, income payments to individuals are running at an annual rate of $134 billion. This represents an increase of 26.5 per cent from the corresponding period of last year. The major factor continuing to increase consumer incomes is the rise in wages and salaries. As compared with September, 1939, the cost of living has advanced 24.1 per cent. Since January, 1941, the base date for calculating wage increases under the "Little Steel" formula, the cost of living has increased 23.9 per cent, and since September, 1942, has risen by 5.9 per cent. From September, 1939, to May, 1943, average hourly earnings in manufacturing have increased 51.8 per cent and from January, 1941, the increase has amounted to 39.5 per cent. Even since September, 1942, the date of the stabilization order, the rise in hourly earnings has amounted to 6.8 per cent, reflecting higher wages that have been authorized, higher pay resulting from more overtime, and upgrading that has been going on throughout industry. Since September, 1942, average weekly earnings have increased 14.0 per cent. The increase in average weekly earnings has amounted to 80.0 per cent since the outbreak of war and 61.7 per cent since January, 1941.

In St. Louis the index of living costs in June was 0.4 per cent lower than in May and 22.7 per cent above January, 1941. In Memphis, which is covered only quarterly by the index, cost of living advanced 27.1 per cent between December, 1940 and June, 1943.

Food costs in all Eighth District cities declined slightly in the month ending at mid-June. The largest decrease in the month, 1.4 per cent, was in Louisville, while St. Louis registered a drop of only 1.0 per cent. As measured against a year ago, food costs in Memphis were up 19.5 per cent to lead all district cities in percentage rise.

MANUFACTURING

Steel—Production of steel ingots and castings in the St. Louis district continued slightly above rated capacity for the month ending July 12. While some furnaces in other sections were forced down by the third coal strike, mills and foundries in this district appear to have been little affected and inventories of coking coal were generally maintained at about normal levels.

Scrap movement in the St. Louis area during the past month has been in somewhat better volume than in the preceding month, but labor shortages in scrap yards still retard, to some extent, the processing of collected scrap. Mill and foundry scrap inventories are, however, considerably longer than they were in the comparable period last year, running approximately three weeks supply on the average. Pig iron supply in the district continues to be in adequate volume. Blast furnaces in the St. Louis area are supplying considerable hot metal to neighboring mills.

According to the American Iron and Steel Institute, ingot production in June in the United States was 7,027,000 tons, down more than 500,000 tons from May output and but slightly above production in June, 1942. The June tonnage was the smallest since June, 1942, except for the short month of February. In the first half of this year, steel ingot output totaled 43,867,000 tons. In the comparable period in 1942, it was 42,536,000 tons. The gain for the second quarter of 1943 over 1942 was, however, considerably smaller than the first quarter gain.

Whiskey — On June 30, 53 of the 60 Kentucky distilleries were in operation, one less than a month earlier, but four more than were in production a year ago. All distilleries continue to produce alcohol for the government program. On July 10, the War Production Board prohibited the use of corn in the manufacture of distilled spirits and high wines in order to conserve corn stocks. Inasmuch as most liquor producers were already using wheat rather than corn, the actual saving of corn is expected to be small.

Demand for whiskey continues very strong with scarcity of available bottled goods reported. Dealers and distributors continue to ration the amount of whiskey available for distribution in order to retain customers and to maintain advertised brands.

RETAIL TRADE

Department store sales in the Eighth District in June rose 4 per cent over May and were 29 per cent above June, 1942. Part of the gain from a year ago reflects higher prices in the form of more expensive lines of merchandise handled, but most of the increase results from the heavy pressure of increasing consumer income. Sales increases from last June in the war-busy cities of Evansville, Memphis, and Little Rock were almost matched by gains in other, less industrially active Eighth District cities. St. Louis and Louisville registered the smallest rises as compared with a year ago among the major cities. In the first six months of 1943 district department store sales were 16 per cent above the corresponding period in 1942.

The strongest consumer demand for goods has come in the clothing field, particularly in women's apparel. At department stores, increases over a year ago in women's clothing were 47 per cent while at apparel stores June sales were 41 per cent greater than in June, 1942. Fears of rationing of clothing items probably contributed in some measure to the gain in sales. However, the War Production Board announced at mid-July that it hoped that no rationing of clothing would be necessary for the duration of the war. To prevent rationing W. P. B. asked for greater production of textiles, orderly and adequate distribution, and consumer cooperation in buying only to fill needs.

Sales at reporting furniture stores in the district in June dropped 5 per cent from May levels but were 30 per cent above a year ago. At department stores, sales of house furnishings declined 2 per cent in the month but were 20 per cent above a year earlier.

Both department and furniture stores stocks in June were well below levels of June, 1942, as merchandise shortages plus heavy consumer purchases kept inventory levels relatively low. Furniture store stocks dropped 5 per cent from May to June and department store stocks decreased 1 per cent in the month.

AGRICULTURE

General Farming Conditions — During June and early July in most sections of the Eighth District weather was generally favorable for crop development and cultivation. Much of the damage wrought by the cold, wet spring and the May floods has been counteracted but crop prospects are still considerably below what they were a year ago. Only scattered small areas in the district are rated as having good to excellent prospects and almost as much territory is listed as being poor or very poor. The outlook for most of the district is only fair.

Total United States crop acreage on July 1, 1943, was about 2 per cent more than was harvested last year, and the Department of Agriculture estimates that crop production this year should be 14 per cent above the ten-year (1932-41) average. This is considerably less than the record production of last year which was 26 per cent above the average. In the Eighth District, acreage planted to ten major crops is about 3 per cent greater than 1942 harvested acreage. Production in the district, however, of eight major crops is estimated at present as 9 per cent below a year ago.

Farm employment in the United States on July 1 totaled almost 12 million, a drop of 2 per cent from a year ago, according to the U. S. Department of Agriculture. On June 1, farm wage rates were up 37 per cent from a year ago and stood at 251 per cent of the 1910-14 average. A survey made by the Department of Agriculture indicates that on the average, farm operators were working about 13 hours per day on June 1. The number of women working on farms at mid-1943 was 27 per cent of total farm employment as compared with only 14 per cent fifteen months earlier. In Eighth District states the number of women working on farms varied from 20 per cent of the total in Illinois to 36 per cent in Arkansas. Last year the range in the district was from 8 to 18 per cent. Considerably more children under 14 were working in the fields in 1943 than a year earlier. As compared with the United States average of 13 per cent of all farm employment, the range in Eighth District states was from 8 per cent of the total in Illinois and Indiana to 24 per cent in Mississippi. Reports from various sections of the district indicate that some soldiers are being used for farm work and that a sizable number of war prisoners may be utilized in the harvest period. With these aids plus some workers recruited through the land army program, it is anticipated that there will be no general farm labor shortage in this district during 1943 although some localities are faced with shortages at present.

Agricultural prices in the United States rose 3 points in the month ending June 15, with price increases in grains, poultry, eggs, fruits and vegetables more than offsetting declines in dairy product and meat animal prices. The parity index at mid-June was 116 per cent as costs of goods bought by farmers rose less rapidly than did farm prices. In Eighth District states farm prices were generally steady to higher in June. In the northern sections declining livestock and dairy product prices caused a general decrease in the price index, but in the south average prices were higher.

Cash farm income in Eighth District states in May totaled $288,267,000 or 41 per cent above income in May, 1942. For the first five months of this year, cash farm income in this district ran 34 per cent above the comparable period last year.

Cotton — In its first report for 1943, the U. S. Department of Agriculture estimates cotton acreage in cultivation on July 1 in the United States at 21,995,000 as compared with 23,302,000 in 1942 and the ten-year (1932-41) average of 29,508,000. The decrease in acreage from a year ago is almost 6 per cent. The lessened acreage has resulted in the recent abandonment of cotton marketing quotas this year.

In Eighth District cotton states, acreage in cultivation on July 1 totaled 5,495,000, 2 per cent less than the 5,610,000 in 1942. The ten-year average acreage in district states totals 6,754,000. Mississippi is the only state in the nation that shows an increase in cultivated acreage from a year ago. Most of this increase is in the Delta counties which specialize in long staple cotton. Decreases from a year ago in other Eighth District states were as follows: Tennessee, 1 per cent; Arkansas, 5 per cent; Missouri, 12 per cent.

On the whole, the cotton crop in the district is reported as being in good condition and generally on time. Some localities, particularly in Arkansas and Missouri, which were badly flooded, report the crop somewhat spotted and relatively late. Over most of the district, however, stands are good, plants are healthy, and fields are well cultivated. Thus, at present, good yields appear in prospect.

Activity was quite slow on the Memphis Spot Market throughout late June and early July. Mill inquiries were light and continued to be concentrated in the better grades and longer staples. Prices of cotton were steady. That of 15/16 middling cotton ranged from 20.60c per pound to 21.05c per pound between June 16 and July 15, closing on the latter date at 20.60c per pound. A year ago, the range was from 18.70c per pound to 20.10c per pound.

Fruits and Vegetables — More favorable weather during June and early July improved the outlook for fruits and vegetables in most parts of the Eighth District. However, due to losses already suffered from the adverse weather of early spring, it is anticipated that output of most fruit and truck crops will be less than in 1942. For the United States, deciduous fruit output in 1943 is estimated at 12 per cent less than in 1942, while truck crop production for the fresh market is expected to be off 11 per cent. Acreage of vegetables for processing is up slightly.

Grain and Feed Crops—In the first 1943 estimate of the Department of Agriculture, Eighth District output of corn this year is indicated at 327,490,000 bushels as compared with 392,856,000 bushels in 1942 and the ten-year (1932-41) average of 303,227,000 bushels. The decline in production of corn is due to an indicated drop in yield. Corn acreage in the district is some 6 per cent above a year ago. Output of winter wheat in this area in 1943 is estimated at 28,773,000 bushels, up 23 per cent from the 23,358,000 bushels harvested last year, but down 48 per cent from the ten-year average of 55,021,000 bushels. Illinois, Indiana, and Missouri winter wheat production in 1943 is indicated to be much greater than the poor harvest of last year. District oat production is estimated at 73,032,000 bushels in 1943. This is 4 per cent under the 76,402,000 bushels produced last year, but 55 per cent above the ten-year average of 47,016,000 bushels. Tame hay production is expected to be 8,559,000 tons as compared with 9,327,000 tons in 1942 and the ten-year average of 6,229,000 tons.

The rice crop in Arkansas is indicated at 14,040,000 bushels, up 4 per cent from last year's production and 63 per cent from the ten-year average harvest. The rice crop is developing well and yields are expected to be above those of 1942. Stands are good and insect damage has been relatively light. More rainfall would be beneficial, however.

Livestock — Livestock production in the United States is at an all time high. The spring pig crop numbers 74 million, or 22 per cent more than a year ago. The number of sows farrowed for the fall crop is 25 per cent greater than last year despite War Food Administration advice to increase fall farrowings only 15 per cent. The U. S. Department of Agriculture estimates that the total 1943 pig crop will be 127 million head, or 21 per cent greater than last year. In Eighth District states the spring pig crop was but 15 per cent greater than last year's while the increase over last year in farrowing for fall was 21 per cent. Cattle numbers in the United States are also at an all time high with close to 80 million head on farms at present.

Receipts of cattle and calves at National Stock Yards in June increased 4 per cent over May but were 29 per cent less than a year earlier. June hog receipts were up 13 and 22 per cent, respectively, over a month and a year ago. The increase in marketings probably is due in large part to the growing seriousness of the feed situation.

Federal inspected slaughter in St. Louis in June although up from May was 8 per cent less than a year ago. Inspected hog slaughter was up 10 per cent over the year but this gain was more than offset by a 48 per cent decline in cattle and calf killings and a 37 per cent drop in lamb slaughter. Livestock prices declined during the month to relieve somewhat the squeeze on slaughterers' processing margins. Average hog prices at East St. Louis between June 16 and July 15 ranged from $13.38 per cwt. to $14.14 per cwt., closing on the latter date at $13.78 per cwt.

Tobacco—According to the U. S. Department of Agriculture, production of all types of tobacco in the Eighth District in 1943 is estimated at 267,154,000 pounds, 10 per cent above the 1942 harvest of 242,243,000 pounds. Burley tobacco acreage in the district is up about 15 per cent this year, while most other types grown in the district show acreage increases of between 4 and 5 per cent.

EMPLOYMENT

Non-agricultural employment in the Eighth District, after declining seasonally in the first part of the year, has for the past three months registered gains and is approaching again the peak of last December. Major war plants in the district and those industries that are primarily engaged in war manufacture are increasing employment rather steadily from month to month on the average, although there have been instances of employment drops at certain ordnance plants as the program of military supplies changes. Much of the gain in overall employment in war industries continues to be offset by declines in less essential work. According to estimates derived from the most recent figures of the Bureau of Labor Statistics, non-agricultural employment in the Eighth District in April was 2,571,000 as compared with 2,620,000 last December and 2,042,000 in June, 1940, at the start of the defense program.

BANKING AND FINANCE

Demand for bank credit in the Eighth District in June continued the decline which has been evident since our entry into the war. In agricultural communities the decrease has been particularly pronounced and reflects the very strong cash position of the farmer arising from good 1942 crops and high farm prices. At 24 reporting member banks located in the major cities of the district, total loan volume dropped less than 1 per cent between June 16 and July 14 with a decline of 2 per cent occurring in commercial, industrial, and agricultural loans. Security loans and other loans showed a rise in the month. As measured against a year ago, total loan volume was off 13 per cent with virtually all of the decline due to decreasing commercial, industrial, and agricultural loans.

Investments at reporting member banks rose 2 per cent in the month and were more than double the volume of a year earlier. All types of direct obligations of the U. S. Government were held in considerably greater volume than a year earlier.

CASH FARM INCOME

(In thousands of dollars)	May 1943	May 1942	Cumulative for 5 months 1943	1942	1941
Arkansas	$21,538	$19,700	$ 88,925	$ 74,004	$ 41,180
Illinois	97,563	72,505	438,628	344,309	230,003
Indiana	57,434	41,091	248,579	186,755	121,787
Kentucky	19,736	13,397	135,869	88,421	62,933
Mississippi	18,692	8,890	70,807	46,568	32,053
Missouri	52,347	35,870	222,832	164,354	109,688
Tennessee	20,957	13,402	103,801	73,399	50,144
Totals	288,267	204,855	1,309,441	977,810	647,788

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts June, 1943	May, 1943	June, 1942	Shipments June, 1943	May, 1943	June, 1942
Cattle and Calves	87,474	84,286	123,403	50,766	48,951	51,680
Hogs	331,699	293,250	271,147	80,989	64,331	53,592
Horses and Mules	2,982	2,042	1,706	2,918	2,014	1,478
Sheep	65,011	46,263	97,872	14,545	13,212	30,629
Totals	487,166	425,841	492,128	149,218	128,508	137,379

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	June, 1943	May, 1943	June, 1942	June,'43 comp. with May,'43	June,'43 comp. with June,'42
All Commodities	103.8	104.1	98.6	— 0.3%	+ 5.3%
Farm Products	126.2	125.7	104.4	+ 0.4	+20.9
Foods	109.6	110.5	99.3	— 0.8	+10.4
Other	96.8	96.7	95.6	+ 0.1	+ 1.3

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	June 15, 1943	May 15, 1943	Sept. 15, 1939	June 15,'43 comp. with May 15,'43	June 15,'43 comp. with Sept. 15,'39
United States	124.8	125.1	100.6	— 0.2%	+ 24.1%
St. Louis	123.6	124.1	100.4	— 0.4	+ 23.1
Memphis	127.0	*	100.4	.....	+ 26.5

*Not available.

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	June 15, 1943	May 11, 1943	June 15, 1942	June 15,'43 comp. with May 11,'43	June 15,'43 comp. with June 15,'42
U. S. (51 cities)	141.9	143.0	123.2	— 0.8%	+15.2%
St. Louis	143.3	144.7	125.9	— 1.0	+13.8
Little Rock	140.1	141.8	123.3	— 1.2	+13.6
Louisville	139.5	141.5	123.2	— 1.4	+13.2
Memphis	148.3	150.1	124.1	— 1.2	+19.5

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	May, 1943	Apr., 1943	May, 1942	May,'43 comp. with Apr.,'43	May,'43 comp. with May,'42
Evansville	230.8	225.1	78.1	+ 2.5%	+195.5%
Louisville	128.1	127.6	100.9	+ 0.4	+ 27.0
Memphis	152.6	150.4	120.2	+ 1.5	+ 27.0
St. Louis	154.2	151.9	132.0	+ 1.5	+ 16.8

BUILDING PERMITS

(Cost in thousands)	New Construction Number 1943	Number 1942	Cost 1943	Cost 1942	Repairs, etc. Number 1943	Number 1942	Cost 1943	Cost 1942
Evansville	9*	3	$ 22*	$ 5	448	112	$ 60	$ 45
Little Rock	18	10	7	9	114	96	16	30
Louisville	31	58	60	122	42	41	19	218
Memphis	113	142	200	129	321	177	98	82
St. Louis	58	182	53	1,538	177	192	98	152
June Totals	229*	395	342*	1,803	1,102	618	291	527
May "	327	413	743	950	1,160	763	280	384

*Includes conversions.

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	June,'43	May,'43	June,'42	June,'43 comp. with May,'43	June,'43 comp. with June,'42
Total 8th Dist.	$ 10,511	$ 13,705*	$101,687	— 23%	— 90%

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

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	June, 1943 K.W.H.	May, 1943 K.W.H.	June, 1942 K.W.H.	June, 1943 compared with May, 1943	June, 1943 compared with June, 1942
Evansville	40	10,618	10,281	3,807	+ 3%	+179%
Little Rock	35	2,469	2,122	2,944	+16	— 16
Louisville	82	15,621	15,549	16,037	-0-	— 3
Memphis	31	6,130	6,381	5,052	— 4	+ 21
Pine Bluff	20	6,682	6,477	811	+ 3	+724
St. Louis	134	95,171	86,236**	81,491**	+10	+ 17
Totals	342	136,691	127,046**	110,142**	+ 8	+ 24

*Selected industrial customers. **Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

June,'43	May,'43	June,'42	First nine days July,'43	First nine days July,'42	6 mos.,'43	6 mos.,'42
145,625	141,279	147,736	44,906	41,802	850,852	797,365

Source: Terminal Railroad Association of St. Louis.

WHOLESALING

Lines of Commodities	Net Sales		Stocks
Data furnished by Bureau of Census, U. S. Dept. of Commerce.	June, 1943 compared with May,'43	June,'42	June 30, 1943 comp. with June 30, 1942
Automotive Supplies	— 4%	— 9%	....%
Drugs and Chemicals	+ 4	+ 18	....
Dry Goods	+ 8	+ 25	—31
Electrical Supplies	— 14	— 47	—35
Furniture	+ 25	— 22	....
Groceries	+ 3	+ 15	—11
Hardware	+ 15	— 21	—24
Machinery, Equipment and Supplies	— 6	+ 27	—17
Plumbing Supplies	+ 23	— 20	....
Tobacco and its Products	+ 19	+ 16	....
Miscellaneous	+ 2	+ 22	—52
Total all lines*	+ 9	+ 2	—32

*Includes certain lines not listed above.

DEPARTMENT STORES

	Net Sales			Stocks on Hand	Stock Turnover	
	June, 1943 compared with May, 1943	June,'42	6 mos.'43 to same period '42	June 30,'43 comp. with June 30,'42	Jan. 1, to June 30, 1943	1942
Ft. Smith, Ark.	+13%	+41%	+31%	+ 4%	1.98	1.60
Little Rock, "	—10	+36	+40	+ 11	2.24	1.68
Quincy, Ill. ...	— 1P	+33P	+16P	— 9P	2.86P	2.37P
Evansville, Ind.	+ 4	+48	+47	.....	...	...
Louisville, Ky..	+ 4	+28	+18	— 36	2.78	1.79
St. Louis, Mo..	+12	+24	+ 7	— 32	2.16	1.62
Springfield, Mo.	— 6	+40	+26	— 27	2.06	1.22
Memphis, Tenn.	— 6	+41	+32	— 12	2.32	1.46
*All other cities	— 2	+13	+11	— 12	2.19	1.65
8th F. R. Dist.	+ 4P	+29P	+16P	— 24P	2.26P	1.62P

*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: June, 1943—26; May, 1943—25; June, 1942—26.

Outstanding orders of reporting stores at the end of June, 1943, were 259 per cent greater than on the corresponding date a year ago.

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

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith	..%	63%	St. Louis	33%	72%
Little Rock	19	57	Other cities	30	68
Louisville	32	63	8th F.R. Dist.	30P	67P
Memphis	37	58			

P—Preliminary figures.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

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

	June, 1943	May, 1943	April, 1943	June, 1942
Sales (daily average), Unadjusted	132	129	136	99
Sales (daily average), Seasonally adjusted	143	129	129	108
Stocks, Unadjusted	94	95	92	126
Stocks, Seasonally adjusted	98	94	90	132

SPECIALTY STORES

	Net Sales			Stocks on Hand	Stock Turnover	
	June, 1943 compared with May, 1943	June,'42	6 mos.'43 to same period '42	June 30,'43 comp. with June 30,'42	Jan. 1, to June 30, 1943	1942
Men's Furnishings	+20%	+25%	+ 5%	— 49%	1.82	1.52
Boots and Shoes..	+28	- 0 -	— 2	— 31	4.64	3.78

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

Men's Furnishings..........63% Boots and Shoes............53%

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

(In thousands of dollars)	July 14, 1943	Change from June 16, 1943	July 15, 1942
Industrial advances under Sec. 13b	$	....	— 8
Other advances and rediscounts	50	— 50	— 340
U. S. securities	354,472	— 35,135	+197,951
Total earning assets	354,522	— 35,185	+197,603
Total reserves	717,061	+ 91,247	+ 60,942
Total deposits	485,377	+ 35,887	+ 48,802
F. R. Notes in circulation	590,972	+ 17,450	+216,685
Industrial commitments under Sec. 13b..	1,617	— 202	— 580

FEDERAL RESERVE OPERATIONS DURING JUNE, 1943

(Incl. Louisville, Memphis, Little Rock branches)	Pieces	Amounts
Checks (cash items) handled	6,666,379	$2,541,273,044
Collections (non-cash items) handled	149,547	53,886,265
Transfers of funds	5,082	659,988,093
Currency received and counted	13,595,250	63,714,266
Coin received and counted	12,995,210	1,165,758
Rediscounts, advances and commitments	24	84,400,000
New issues, redemptions, and exchange of securities as fiscal agent of U. S. Govt., etc.	711,292	574,578,738
Coupons clipped from securities in custody	28,859	....

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)	July 14, 1943	Change from June 16, 1943	July 15, 1942
Total loans and investments	$1,439,459	+ 17,655	+398,608
Commercial, industrial, agricultural loans*	201,780	— 3,710	— 47,095
Loans to brokers and dealers in securities	4,664	+ 675	+ 966
Other loans to purchase and carry securities	10,150	+ 1,472	+ 369
Real estate loans	66,191	— 24	+ 5,461
Loans to banks	480	+ 155	+ 393
Other loans	59,273	+ 231	— 10,847
Total loans	342,538	— 1,201	— 50,753
Treasury bills	114,391	— 34,429	+ 48,812
Certificates of indebteness	219,634	+ 1,888	+150,078
Treasury notes	142,973	+ 33,382	+ 78,620
U. S. bonds	468,503	+ 21,153	+172,883
Obligations guaranteed by U. S. Govt..	35,671	+ 1,683	+ 1,847
Other securities	115,749	— 4,821	— 2,879
Total investments	1,096,921	+ 18,856	+449,361
Balances with domestic banks	116,300	— 3,381	— 33,318
Demand deposits—adjusted**	887,860	+ 38,409	+192,033
Time deposits	205,169	+ 4,038	+ 20,918
U. S. Government deposits	167,919	+ 8,568	+119,666
Interbank deposits	493,765	— 24,679	+ 51,308

*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)	June, 1943	May, 1943	June, 1942	June,'43 comp. with May,'43	June,'42
El Dorado,.....Ark.	$ 10,765	$ 11,709	$ 8,062	— 8%	+ 34%
Fort Smith,..... "	19,430	18,218	17,527	+ 7	+ 11
Helena,........ "	3,279	3,358	2,858	— 2	+ 15
Little Rock,.... "	62,091	65,140	61,211	— 5	+ 1
Pine Bluff,..... "	14,013	15,784	20,679	— 11	— 32
Texarkana, Ark.-Tex.	15,599	14,006	22,189	+ 11	— 30
Alton,..........Ill.	12,382	10,961	13,411	+ 13	— 8
E.St. L.-Nat.S.Y., "	75,604	70,718	76,234	+ 7	— 1
Quincy,......... "	15,844	14,225	13,904	+ 11	+ 14
Evansville,......Ind.	81,449	82,356	54,754	— 1	+ 49
Louisville,.......Ky.	328,918	294,555	275,181	+ 12	+ 20
Owensboro,..... "	13,451	11,881	10,117	+ 13	+ 33
Paducah,........ "	8,368	7,310	9,158	+ 14	— 9
Greenville,.....Miss.	6,632	7,367	5,610	— 10	+ 18
Cape Girardeau,..Mo.	4,845	3,942	4,251	+ 23	+ 14
Hannibal,........ "	4,118	3,655	3,870	+ 13	+ 6
Jefferson City,.... "	16,277	19,125	16,135	— 15	+ 1
St. Louis,........ "	952,285	1,118,965	876,519	— 15	+ 9
Sedalia,......... "	5,744	5,310	4,554	+ 8	+ 26
Springfield,...... "	29,068	28,696	23,832	+ 1	+ 22
Jackson,.......Tenn.	8,032	7,648	7,137	+ 5	+ 13
Memphis,...... "	228,785	216,749	189,951	+ 6	+ 20
Totals	1,916,979	2,031,678	1,717,144	— 6	+ 12

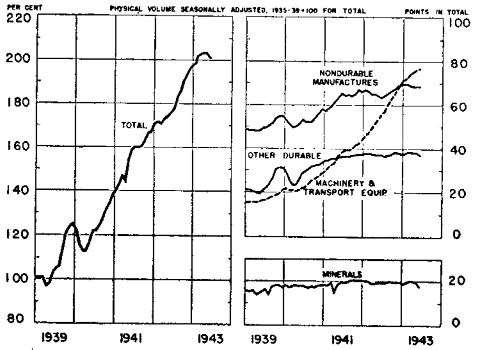
COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	June,'43	May,'43	June,'42	June,'43 comp. with May,'43	June,'42
Number	4	10	20	— 60%	—80%
Liabilities	$132,000	$ 62,000	$166,000	+113	—20

Source: Dun and Bradstreet.

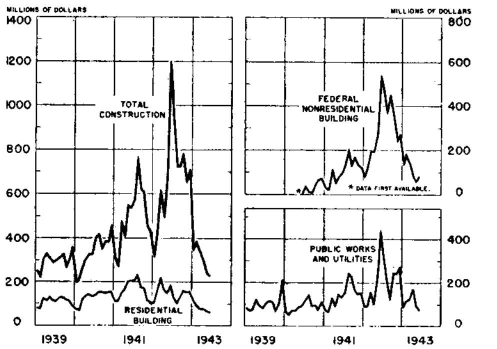
(Completed July 26, 1943)

INDUSTRIAL PRODUCTION



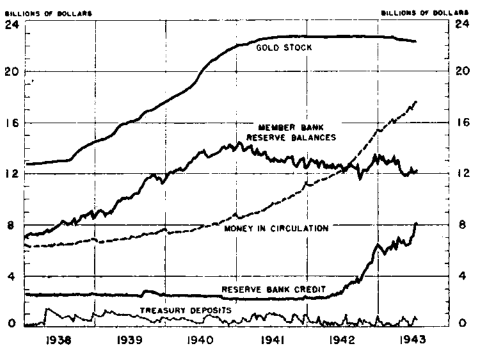
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for June, 1943.

CONSTRUCTION CONTRACTS AWARDED



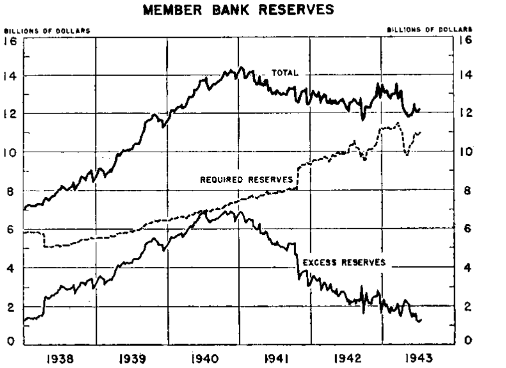
F. W. Dodge data for 37 Eastern states, total includes state and local government and private nonresidential building not shown separately. Monthly figures, latest shown are for June, 1943.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, latest shown are for July 14, 1943.

MEMBER BANK RESERVES



Breakdown between required and excess reserves partly estimated. Wednesday figures, latest shown are for July 14, 1943.

NATIONAL SUMMARY OF CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Manufacturing activity was maintained at a high level in June while mineral production declined reflecting mainly reduced output of coal. In the early part of July coal production was resumed in large volume. The value of retail trade continued large.

Industrial production—The Board's seasonally adjusted index of total industrial production declined slightly in June from the high level of other recent months. Activity continued to increase at plants producing war products in the chemical, rubber, and transportation equipment industries. These increases were more than offset by a sharp drop in coal production and a temporary reduction in output of coke, pig iron, and steel.

Finished aircraft production, in terms of airframe weight, was 3 per cent higher in June than in May. Delivery of supplies for the Army ground forces rose 1 per cent over May. Tonnage of cargo vessels delivered from merchant shipyards was not up to the record May level; it was, however, higher than in any other month.

In industries manufacturing nondurable goods output as a whole showed little change from May to June. Activity at cotton mills declined—consumption of 917,000 bales of cotton was 50,000 less than in June, 1942.

Output at coal mines in June was 30 per cent below May due to the work stoppages, but early in July both anthracite and bituminus coal production recovered to above the levels prevailing a year ago. Crude petroleum production was maintained in June and moved upward in July partly in anticipation of the completion of the pipeline from Texas to the East Coast. Lake shipments of iron ore in June were 6 per cent below the same month last year due to unfavorable weather conditions.

The volume of construction contracts awarded in June was about the same as in May. The value of awards in June was at the lowest level for this month since 1936, according to the F. W. Dodge Corporation.

Distribution—Value of consumer nondurable goods sold at retail was in near-record volume in June and the early part of July, while sales of durable goods, many of which are becoming increasingly scarce, were generally below previous peak levels.

Car loadings of revenue freight declined in June, reflecting the drop in coal shipments. Loadings of grain showed the usual increase at this season and the movement of most other commodities was maintained in large volume.

Commodity prices—Wholesale prices of most commodities showed little change in the early part of July, following a decline during June of 1 per cent in the general index. This decline reflected chiefly reductions ordered in maximum prices of butter and meat and seasonal decreases in prices of fresh fruits and vegetables.

Agriculture—Aggregate crop production this year is expected to be 10 per cent smaller than last year but 5 per cent above the average of the preceding 5 years, according to the July 1 official report. Of the major crops, production prospects for grains are the lowest compared with last season, while there are indications of considerably larger harvests for dry beans and peas, flaxseed, and potatoes. Output of livestock products has continued in larger volume than a year ago.

Bank credit—During June and the first three weeks of July there was an increase of about 1.4 billion dollars in Reserve Bank holdings of United States Government securities. Continued currency outflow, and increase in required reserves due to the growth of deposits, were reflected in the increased demand for Reserve Bank credit. The expansion in Reserve Bank credit was in the form of Treasury bills sold by member banks to the Federal Reserve Banks under options to repurchase. Holdings of bills showed wide fluctuations during the period as member banks adjusted their reserve positions through sales and repurchases. A large part of the Treasury bills came from New York City banks where excess reserves continued to be low. Total loans and investments of New York City banks have declined recently. Other reporting member banks have shown a continued growth in deposits and U. S. Government securities.

The quarterly report of customer rates at commercial banks for the middle of June showed a further rise in rates charged on loans by large banks throughout the country.