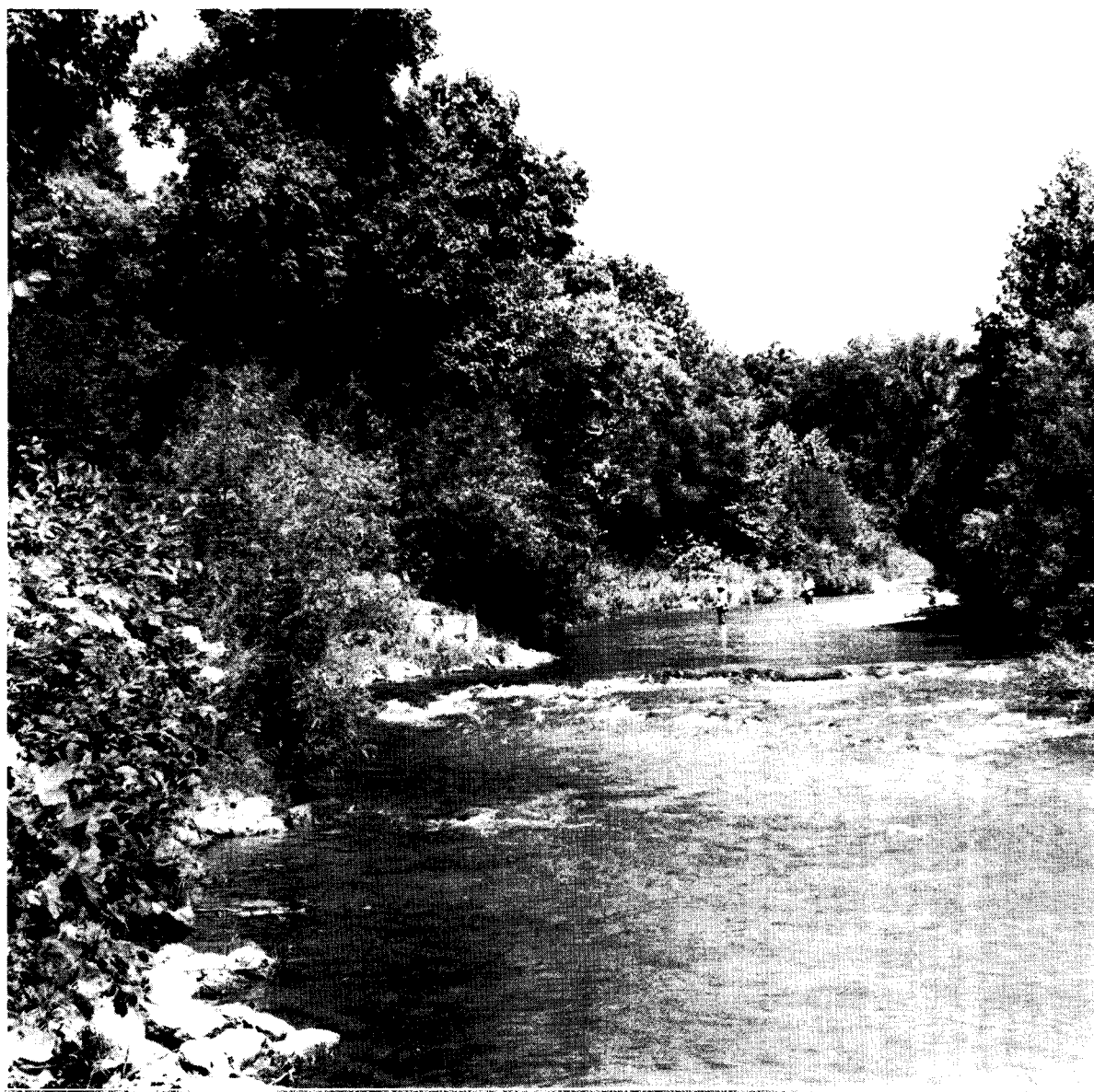


BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance

Released for Publication in Morning Papers of September 1, 1943

FEDERAL RESERVE BANK OF ST. LOUIS



Ozark Stream

C. E. TOWNSEND PHOTO

THIRD WAR LOAN DRIVE

ON SEPTEMBER 9, the Treasury will open the largest financing operation ever to be undertaken in this or any other country. The drive has as its goal \$15 billion in sales of Government securities to individuals, corporations, insurance companies, savings banks, and other investors (excepting banks receiving demand deposits). The \$15 billion goal for the Third War Loan Drive is \$7 billion more than the goal for non-bank investors in the Second War Loan Drive last April, and \$2.5 billion more than was actually subscribed by them in April.

The first essential of sound war financing is to obtain as much as possible from individual, corporate, and institutional savings, and as little as possible from the expansion of bank credit. Emphasis during

the drive will be placed primarily on sales of securities to individuals for the purpose of absorbing funds that might otherwise be used to bid up prices of the diminishing supply of consumer goods.

State War Finance Committees will conduct the drive. The securities offered are of essentially the same types sold in the Second War Loan and will consist of Series E, F, and G savings bonds, Series C savings notes, 2½ per cent bonds of 1964-69, 2 per cent bonds of 1951-53, and ¾ per cent certificates of indebtedness of September 1, 1944. All of the last three types of securities are dated September 15, 1943. Shortly after the drive terminates, a 2 per cent bond and a ¾ per cent certificate of indebtedness will be offered for subscription to commercial banks for their own account.

RECENT DEVELOPMENTS IN DEPARTMENT STORE TRADE

Dollar volume of department store sales in the Eighth Federal Reserve District in the first seven months of 1943 was 17 per cent larger than in the corresponding period of 1942. Sales in July, 1943, were up 22 per cent from July, 1942, but were down seasonally 17 per cent from June. As measured against 1942 performance, sales in the first seven months of this year showed much greater than average percentage gains in the major cities of Evansville, Little Rock, and Memphis. Part of the increase in dollar volume of sales is due to a rise in prices resulting from curtailment of lower priced lines which necessitates purchases of higher priced goods.

With the increase of consumer purchasing power and the decrease in stocks of consumer durable goods, department store buying has tended to be more and more concentrated in the so-called soft lines of merchandise. For some time this bank has collected monthly figures on sales and stocks by departments from 17 of the largest department stores in the district. These figures throw considerable light on the present state of consumer demand for department store goods.

The table below shows the distribution of sales by major departmental divisions in the first half of 1943, and a comparison of sales volume in that period with the first half of 1942. Also shown is the comparison of stocks at the end of June in both years.

Of the total dollar volume of sales reported by the 17 stores, 99 per cent is accounted for by sales of merchandise, and about one-sixth of all merchandise is sold in basement departments. Total sales in the first half of 1943 were 18 per cent greater

than in the comparable period of 1942.

It is apparent that the most important division is the women's and misses' group of departments which produces at present 45 per cent of the dollar volume of all department store sales. As compared with the first six months of 1942, sales of women's and misses' goods in the first half of 1943 were up 33 per cent. Sales of women's wear are increasing faster than other items handled by department stores and are assuming greater relative importance. This trend seems very likely to continue for the balance of the war period. Sales of virtually every department included in the women's and misses' group were from one-quarter to one-half greater in dollar volume in 1943 than in 1942. In two divisions, however, foundation garments and hosiery, sales in 1943 were only slightly greater than in 1942.

The second most important division in sales volume is the house-furnishings group which accounts for 19 per cent of total sales. In the first half of 1943, sales of house-furnishings at department stores showed no change from the corresponding period in 1942, due almost entirely to the very pronounced drop in sales volume of refrigerators and other household appliances, manufacture of which either has been stopped completely or seriously curtailed. Gains in dollar volume of sales of such items as draperies, curtains, linens, domestics, and lamps, averaged about 20 per cent. Sales of major furniture items such as living-room, dining-room, and bedroom suites, etc., were virtually identical in both periods. In sharp contrast to department store experience, furniture store sales in the district in the first half of 1943 were up about 10 per cent from

the comparable period in 1942, even though most furniture stores concentrate their sales in the more durable items and have not had any great volume in soft goods lines.

Sales of basement store items were 12 per cent greater in the first six months of 1943 than in the comparable period in 1942. Sales increases varied roughly from 10 to 16 per cent in all basement departments except for shoes where sales fell off 3 per cent. Increased purchasing power evidently is bringing new buyers to the main store divisions instead of to the basement store sections. While basement store sales have gained in volume the percentage rise is smaller than that for the main store and the dollar increase is only one-eighth that of the main store.

Men's and boys' wear sales accounted for about 11 per cent of total department store sales, and in the first half of 1943 gained 10 per cent over the comparable period in 1942. Sales of men's clothing declined 9 per cent, reflecting primarily the decline in the civilian male population due to growth of the armed forces and uncertainty as to the future on the part of civilians of draft age. All other divisions in the men's and boys' sections showed sizable percentage gains as compared with a year earlier.

Sales of the other three divisions, piece goods, small wares, and miscellaneous items, account for approximately one-fifth of the total. Dollar sales of small wares in the first six months of 1943 rose 21

per cent over first half 1942 performance. Sales of piece goods increased 47 per cent and sales of miscellaneous items gained 24 per cent. Items included in these divisions which registered decreases in sales volume in the first part of 1943 were sporting goods, cameras, tires and auto accessories, groceries, art needlework, etc.

Department store stocks at retail prices at the close of June, 1943, were 18 per cent less than they were a year earlier, reflecting shortages of civilian goods caused by war activity. Of 65 separate departments for which figures are available, only 12 showed increased stocks. Most departments showed sizeable declines percentage-wise from a year earlier. Notable exceptions to the decline were women's dresses, coats, suits, furs, and jewelry. The other items which show percentage increases in stock volume have relatively small dollar volume and the increases are of no particular significance.

Distribution of Department Store Sales and Comparison of Sales and Stocks by Major Departments

ITEM	Percent of total sales*	SALES	STOCKS
		First half '43 comp. with '42	June 30,'43 comp. with June 30,'42
Total Sales.....	100.0%	+18%	-18%
Main Store.....	82.6	+20	-18
Women's and Girls' Wear..	45.2	+33	-11
Men's and Boys' Wear....	11.3	+10	-15
Household Furnishings....	19.2	- 0 -	-27
Piece Goods.....	4.6	+47	- 8
Small Wares.....	11.0	+21	-16
Miscellaneous.....	4.5	+24	-29
Basement Store.....	16.2	+12	-20

*In first six months, 1943.

GENERAL INDUSTRIAL SITUATION

In July, industrial production in the United States continued to hold at a level some 22 per cent above pre-war production. The seasonally adjusted Federal Reserve index of industrial production in July was 205 per cent of the 1935-39 average, having failed to advance to any extent for the sixth straight month. Neither durable nor non-durable goods output expanded appreciably in July.

While the industrial plant in the United States is turning out a phenomenal volume of goods, the leveling off of output is creating increasing concern since production schedules for this year anticipate a steady rise in output of war goods. In June, the War Production Board's index of munitions output stood at 580 (November, 1941 = 100), and again did not come up to the scheduled level. Munitions production for the last half of this year will have to average 30 per cent more than average output in the first half to meet the goals set for 1943.

The major factor retarding the rise in production at present is manpower shortage. In an attempt to meet manpower demand, the War Manpower Com-

mission at mid-August issued its most stringent order to date when it announced a program planned to hold essential workers on war jobs, to assure a transfer of workers to war industry, and to supply men to the armed forces without cutting war production. The list of non-essential activities was enlarged considerably, making draft-age men employed in such lines liable for induction in the very near future unless they shift to war industry.

In this district, industrial activity in July was off slightly from June, although it was greater than a year earlier. Consumption of industrial electric power in the major cities of the district declined fractionally from June, but was 19 per cent above July, 1942. District output of steel also was down slightly in the month. Lumber production at district mills was about the same as a month earlier and continued at a level below a year ago. Industrial alcohol output in July was greater than in June and in July, 1942. Coal production in district mines was up 44 per cent and 18 per cent, respectively, over a month and a year ago. The increase

over June was due primarily to the abnormally low production of that month resulting from the coal strike. July shoe production, according to preliminary reports, declined 7 per cent from June and was 11 per cent less than July, 1942. Output of war goods apparently failed to register any appreciable advance in the past month. Activity in miscellaneous manufacturing lines also did not increase.

July construction activity in the district was down considerably from both a month and a year ago, reflecting the tapering off of the industrial and military construction program. The War Production Board in June reported that 80 per cent of the Government financed war facilities program had been completed by June 30. Virtually all construction of such facilities in this district has been completed. Volume of construction contract awards in July was 16 per cent below June and 92 per cent below July, 1942.

DISTRICT SURVEY

MANUFACTURING

Steel—Output of steel ingots and castings in this district during July was in somewhat lesser volume than in June, due partially to shut-downs of furnaces for repair and partially to labor difficulties. Steel ingot production during the month was at an average rate of 97.6 per cent of capacity. In the United States, production of steel ingots in July totaled 7,376,000 tons as compared with 7,027,000 tons in June and 7,145,000 tons in July, 1942.

The scrap situation in the St. Louis district is becoming more stringent. Supplies are not flowing into the yards in adequate volume and yard labor is insufficient to process rapidly such scrap as is received. While mill and foundry inventories have not shortened to any great extent, there is some fear that unless stocks can be built up in the next two or three months, the mills will enter the winter period with stock piles at a minimum for sustained operations. Since additional furnace capacity is expected to come into production in this district by fall, relatively more scrap will be needed in coming months than was the case a year earlier.

Whiskey—At the close of July, all but three of the 60 Kentucky distilleries were in operation, an increase of four from the previous month. All distilleries are working on industrial alcohol. Most alcohol production is now from wheat due to the continued shortage of corn.

There have been persistent rumors in recent weeks that a sufficient backlog of alcohol has been accumulated by the Government and that limited production of whiskey may be authorized shortly. With

Primary distribution continued in heavy volume during July. Carloadings of all railroads operating in the district in the five weeks ended July 31 were up 12 per cent over the previous five weeks and were 3 per cent greater than the corresponding period a year earlier. Actual ton miles moved by the roads in the first six months this year have been about one-fifth more than in the corresponding period in 1942. Loads interchanged for twenty-five railroads at St. Louis in July were up 10 per cent from a month and a year earlier. In Louisville loads interchanged in July were 5 per cent more than in June, but 5 per cent less than in July, 1942. Movement of water-borne freight continues to be relatively light. For the first six months of 1943, tonnage moved on the Mississippi River between St. Louis and New Orleans by the Federal Barge Lines was down 19 per cent from the corresponding period a year ago.

the Caribbean shipping situation considerably eased, trade sources believe that sufficient molasses may be imported to permit production of industrial alcohol from molasses and sugar rather than from grain. If such a situation develops, there is a possibility that the small distilling units now producing high wines, which have to be processed by other plants into 190 proof alcohol, may be allowed to discontinue high wine production and resume whiskey production, assuming that feed requirements do not absorb the grain necessary for output of whiskey.

AGRICULTURE

General Conditions—The national outlook for food production in 1943 has improved considerably since spring, so that the Department of Agriculture now estimates that total food production this year will be 4 per cent greater than last year and 31 per cent above the 1935-39 average. The increase in food production is attributable to a rise in livestock production of 10 per cent over 1942. Food crop output is expected to be 10 per cent less than last year because of lowered yields.

In this district, agricultural crop production will be considerably below last year. Output of seven major field crops on August 1 was estimated at 7 per cent below 1942 production. Fruit and vegetable output is down sharply with many regions reporting truck crop production of less than 50 per cent of normal. Livestock output is up considerably, but the increase in the district is decidedly less than the national average.

In general, weather in the district throughout this year has been unfavorable. The very wet spring,

followed by disastrous floods, held back the planting season for some crops and destroyed large acreages of certain other crops that had already been set out. This was followed by abnormally high temperatures which have led to drouth conditions over a good portion of the district, especially in the south. Scattered showers in early August brought temporary relief, but crops need more rainfall.

With crop production down and increased livestock output not up to the national average, farm income in Eighth District states for the balance of this year is not expected to register the sharp gains as compared with a year earlier that were evident in late 1942 and early 1943. In June, cash farm income in Eighth District states totaled \$254 million, up 25 per cent over June, 1942. Cash income for the first half of this year ran 32 per cent above the corresponding period last year.

Farm prices in the United States on July 15 were 2 points below June 15, but 34 points above July, 1942. The decline from a month ago was due primarily to drops in prices of meat animals, fruits, and vegetables. The parity index declined 2 points to 114 at mid-July, as the index of prices paid by farmers continued to advance. In this district, farm price decreases were evident in the past month in the northern sections, due primarily to declining livestock prices. In the southern regions, prices remained mostly steady.

Cotton—According to the first 1943 production estimate of the U. S. Department of Agriculture, made as of August 1, cotton production in the Eighth District this year will total 3,617,000 bales, or 8 per cent less than the 1942 harvest of 3,922,000 bales. Mississippi is the only Eighth District state where 1943 cotton output is expected to be greater than in 1942. The decline in cotton production is due primarily to decreased yield per acre, but acreage in cultivation this year is down from last year.

During the past month, very hot, dry weather throughout much of the district injured the growing crop. Acreage condition on August 1 in virtually every region was considerably below condition on the comparable date in 1942. Weevil infestation has been held to a minimum by the hot weather, but rain is definitely needed for the final growing stages of the crop. There have been some complaints of labor shortages, but such reports seem to be localized and there appears to be no over-all labor shortage in this district's cotton belt.

On August 5, the 1943 Cotton Loan Program of the Commodity Credit Corporation was announced. The loan rate is based on 90 per cent of parity price

as of August 1, 1943. Parity price of 7/8 middling cotton was 20.46c per pound on that date and the loan rate is 18.41c per pound. Last year the average loan rate was 17.02c per pound. The farm price of cotton on July 15 averaged 19.60c per pound, or 96 per cent of parity as compared with 98 per cent of parity, both a month and a year ago.

Grain and Feed Crops—Although production of grain and feed crops in the United States on August 1 was indicated to be up from the July 1 estimate, Eighth District production prospects declined appreciably in the past month due to the excessively dry, hot weather which produced drouth conditions generally throughout the district. Rain is needed in virtually every section, as the showers of early August provided only temporary relief.

According to the August 1 estimates of the U. S. Department of Agriculture, production of corn in the Eighth District in 1943 will total 324,502,000 bushels. The August 1 estimate was 17 per cent below the 1942 harvest. Production of winter wheat in the district on August 1 was estimated at 28,695,000 bushels which is 23 per cent above the exceptionally low harvest of last year. Output of oats is placed at 66,968,000 bushels, 12 per cent below 1942 production. Tame hay is indicated at 8,124,000 tons as compared with 9,327,000 tons produced in 1942.

Livestock—Receipts of livestock at National Stock Yards in July were up 13 per cent over June and 22 per cent over a year ago. Cattle receipts were 20,000 head greater in July than June and were but 10,000 less than in July of last year. Reports from livestock raising sections indicate that cattle marketings in coming months will increase more than normally due in part to fears of feed shortage. Hog marketings were down 50,000 in the month but were almost 80,000 greater than a year earlier. Sheep and lamb receipts increased 95,000 head in the past month and were 30,000 head above July of last year. Livestock shipments were 55 per cent greater than a month earlier and 40 per cent above the corresponding month last year. Although civilian meat supply at retail outlets has not increased appreciably in recent weeks, slaughter of Federally inspected livestock at St. Louis in July was up 11 per cent over June, and was 12 per cent above a year earlier.

The feed situation remains quite stringent with relatively little corn on the market, although the War Food Administration has succeeded in bringing some corn out. Demand for processed feeds continues at extremely high levels with supply unable to keep pace.

Tobacco—The Eighth District tobacco crop is estimated by the U. S. Department of Agriculture on August 1 at 260,496,000 pounds for all types. This is 8 per cent greater than the 242,243,000 pounds harvested last year, and 5 per cent above the ten-year (1932-41) average of 247,239,000 pounds.

Reports from the burley area state that the crop continues to be irregular in growth and development. Plants which were set out early have shown good growth and are maturing rapidly with good quality in prospect. Later plantings, however, are irregular and some damage by field fire has been reported. The hot, dry weather during July contributed to the spotted condition of the crop, but rains in early August caused some improvement.

In the dark-fired section, the crop is making satisfactory progress over the entire belt, although the western district appears to have a more uniform growth than the eastern section. General rainfall in early August proved helpful to the crop. Medium and early plants will be topped soon.

Approximately one-third of the Green River crop was reported as topped by mid-August with cutting expected to begin shortly. This tobacco growing section received badly needed showers during August, but hot winds and sunshine counteracted to a large extent the benefit received from the rain. The crop is badly in need of moisture.

COST OF LIVING

Cost of living in the United States declined 0.8 per cent in the month ending July 15, according to the Bureau of Labor Statistics index. At mid-July, the index stood at 123.8 per cent of the 1935-39 average, only 5.1 per cent above the September, 1942 level, which is the stated goal toward which the present rollback-subsidy program aims. Retail food prices dropped 2 per cent to account for all of the decline in the index as other components either held stable or increased slightly. The rollback of meat prices and seasonally lower vegetable prices were the major factors in the drop in food costs.

In St. Louis, the only Eighth District city covered by the monthly index, living costs declined 0.4 per cent between June 15 and July 15. On the latter date, the St. Louis index was 5.6 per cent above the September 1942, level.

Food cost decreases in the past month in the four Eighth District cities whose figures are reported monthly ranged from 0.4 per cent in Memphis to 3.5 per cent in Little Rock. As compared with September, 1942, food costs on July 13 were up 13.9 per cent in Memphis for the greatest gain over that month.

CASH FARM INCOME

(In thousands of dollars)	June		Cumulative for 6 months		
	1943	1942	1943	1942	1941
Arkansas.....	\$12,673	\$ 9,993	\$101,598	\$ 83,997	\$ 49,594
Illinois.....	88,183	73,146	526,811	417,455	281,495
Indiana.....	48,732	41,081	297,311	227,836	147,244
Kentucky.....	21,811	15,381	157,680	103,802	74,440
Mississippi.....	9,808	9,090	80,615	55,658	39,757
Missouri.....	52,539	40,646	275,371	205,000	136,992
Tennessee.....	20,295	13,908	124,096	87,307	61,453
Totals.....	254,041	203,245	1,563,482	1,181,055	790,975

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	July, 1943	June, 1943	July, 1942	July, 1943	June, 1943	July, 1942
Cattle and Calves.....	107,999	87,474	117,581	60,840	50,766	52,210
Hogs.....	281,271	331,699	201,706	100,843	80,989	60,436
Horses and Mules.....	2,687	2,982	1,334	2,676	2,918	1,293
Sheep.....	159,188	65,011	129,399	67,208	14,545	51,440
Totals.....	551,145	487,166	450,020	231,567	149,218	165,379

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	July, 1943	June, 1943	July, 1942	July, '43 comp. with June, '43	comp. with July, '42
All Commodities..	103.2	103.8	98.7	— 0.6%	+ 4.6%
Farm Products..	125.0	126.2	105.3	— 1.0	+ 18.7
Foods.....	107.2	109.6	99.2	— 2.2	+ 8.1
Other.....	96.9	96.8	95.7	+ 0.1	+ 1.3

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	July 15, 1943	June 15, 1943	Sept. 15, 1942	July 15, '43 comp. with June 15, '43	comp. with Sept. 15, '42
United States.....	123.8	124.8	117.8	— 0.8%	+ 5.1%
St. Louis.....	123.1	123.6	116.6	— 0.4	+ 5.6

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	July 13, 1943	June 15, 1943	Sept. 15, 1942	July 13, '43 comp. with June 15, '43	comp. with Sept. 15, '42
U. S. (51 cities)...	139.0	141.9	126.6	— 2.0%	+ 9.8%
St. Louis.....	141.6	143.5*	126.7	— 1.3	+ 11.8
Little Rock.....	135.2	140.1*	129.2	— 3.5	+ 4.6
Louisville.....	134.9	139.5	124.2	— 3.3	+ 8.6
Memphis.....	147.7	148.3	129.7	— 0.4	+ 13.9

*Revised.

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	June, 1943	May, 1943	June, 1942	June, '43 comp. with May, '43	comp. with June, '42
Evansville.....	231.9	231.7	79.3	+ 0.1%	+ 192.4%
Louisville.....	128.6	128.1	102.3	+ 0.4	+ 25.7
Memphis.....	157.8	152.6	123.5	+ 3.4	+ 27.8
St. Louis.....	159.1	154.2	135.4	+ 3.2	+ 17.5

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1943	Cost 1942	Number 1943	Cost 1942	Number 1943	Cost 1943	Number 1942	Cost 1942
Evansville.....	6	2	\$ 21	\$ 4	280	83	\$116	\$ 57
Little Rock.....	18	22	4	21	128	71	23	19
Louisville.....	48	22	95	188	36	53	12	18
Memphis.....	100	88	150	171	378	81	128	121
St. Louis.....	100	122	189	133	143	162	96	74
July Totals.....	272	256	459	517	965	450	375	289
June Totals.....	229	395	342	1,803	1,102	618	291	527

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	July, '43	June, '43	July, '42	July, '43 comp. with June, '43	comp. with July, '42
Total 8th Dist....	\$ 8,547	\$ 10,172*	\$102,656	— 16%	— 92%

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

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	July, 1943	June, 1943	July, 1942	July, 1943 compared with June, 1943	July, 1942 compared with July, 1942
Evansville....	40	11,073	10,618	4,757	+ 4%	+ 133%
Little Rock...	35	2,932	2,916	2,991	+ 1	+ 2
Louisville.....	82	16,749	15,621	15,969	+ 7	+ 5
Memphis.....	31	6,208	6,130	5,165	+ 1	+ 20
Pine Bluff.....	20	5,350	6,682	946	— 20	+ 466
St. Louis.....	134	94,327	95,171	84,762	— 1	+ 11
Totals.....	342	136,639	137,138	114,590	- 0 -	+ 19

*Selected industrial customers.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

First nine days						
July, '43	June, '43	July, '42	Aug., '43	Aug., '42	7 mos. '43	7 mos. '42
160,326	145,625	145,930	46,642	42,570	1,011,178	943,295

Source: Terminal Railroad Association of St. Louis.

WHOLESALE				
Lines of Commodities		Net Sales		Stocks
Data furnished by Bureau of Census, U. S. Dept. of Commerce.		July, 1943 compared with June, '43	July, '42	July 31, 1943 comp. with July 31, 1942
Automotive Supplies.....	+ 5%	— 5%%%
Drugs and Chemicals.....	— 0	+ 8	....	....
Dry Goods.....	— 6	+ 4	— 29	....
Electrical Supplies.....	+ 11	— 15	....	....
Furniture.....	— 32	— 4	....	....
Groceries.....	+ 8	+ 9	— 13	....
Hardware.....	— 3	— 14	— 23	....
Machinery, Equipment and Supplies..	+ 11	+ 1	— 17	....
Plumbing Supplies.....	— 20	— 24	....	....
Tobacco and its Products.....	+ 2	+ 10	....	....
Miscellaneous.....	+ 2	— 1	— 28	....
Total all lines*.....	— 1	+ 1	— 24	....

*Includes certain lines not listed above.

DEPARTMENT STORES				
		Net Sales	Stocks on Hand	Stock Turnover
		July, 1943 compared with June, '43	July 31, '43 comp. with July 31, '42	Jan. 1, to July 31, 1943 1942
Ft. Smith, Ark.	— 9%	+ 44%	+ 33%	+ 5%
Little Rock, Ark.	— 10	+ 29	+ 38	+ 22
Quincy, Ill.	— 21	+ 34	+ 18	....
Evansville, Ind.	— 15	+ 41	+ 46	....
Louisville, Ky.	— 21	+ 18	— 29	3.14
St. Louis, Mo.	— 20	+ 15	— 22	2.45
Springfield, Mo.	— 5	+ 43	— 28	2.32
Memphis, Tenn.	— 11	+ 33	— 32	2.61
*All other cities	— 9	+ 17	+ 4	2.35
8th F. R. Dist.	— 17	+ 22	+ 13	2.55

*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: July, 1943—26; June, 1943—26; July, 1942—26.

Outstanding orders of reporting stores at the end of July, 1943, were 245 per cent greater than on the corresponding date a year ago.

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

Instalment Accounts		Excl. Instal. Accounts	Instalment Accounts		Excl. Instal. Accounts
Fort Smith...%	62%	Quincy.....	40%	77%	
Little Rock... 25	57	St. Louis....	35	74	
Louisville... 32	63	Other cities..	29	65	
Memphis.... 40	59	8th F. R. Dist.	33	68	

INDEXES OF DEPARTMENT STORE SALES AND STOCKS				
8th Federal Reserve District (1923-1925 average = 100)				
	July, 1943	June, 1943	May, 1943	July, 1942
Sales (daily average), Unadjusted.....	108	132	129	87
Sales (daily average), Seasonally adjusted... 156	143	129	126	
Stocks, Unadjusted.....	103	94	95	121
Stocks, Seasonally adjusted.....	110	98	94	128

SPECIALTY STORES				
		Net Sales	Stocks on Hand	Stock Turnover
		July, 1943 compared with June, '43	July 31, '43 comp. with July 31, '42	Jan. 1, to July 31, 1943 1942
Men's Furnishings.....	— 48%	— 5%	+ 4%	— 25%
Boots and Shoes.....	— 37	— 16	— 4	— 5
				2.00 1.65
				5.09 4.32

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

Men's Furnishings.....	61%	Boots and Shoes.....	52%
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CHANGES IN PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS				
		Change from		
(In thousands of dollars)		Aug. 18, 1943	July 21, 1943	Aug. 19, 1942
Industrial advances under Sec. 13b.....	\$	.....	.....	14
Other advances and rediscounts.....		2,425	+ 875	+ 2,235
U. S. securities.....		374,319	+ 14,213	+ 202,788
Total earning assets.....		376,744	+ 15,088	+ 205,009
Total reserves.....		697,862	— 19,546	+ 55,687
Total deposits.....		467,612	— 22,142	+ 51,199
F. R. Notes in circulation.....		611,173	+ 18,823	+ 218,182
Industrial commitments under Sec. 13b..		1,768	+ 151	+ 721

FEDERAL RESERVE OPERATIONS DURING JULY, 1943				
(Incl. Louisville, Memphis, Little Rock branches)		Pieces	Amounts	
Checks (cash items) handled.....		6,433,657	\$2,387,360,327	
Collections (non-cash items) handled.....		114,033	55,218,951	
Transfers of funds.....		5,405	559,077,506	
Currency received and counted.....		13,001,626	56,193,989	
Coin received and counted.....		13,666,544	1,371,410	
Rediscounts, advances and commitments....		36	118,100,000	
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.		754,444	451,239,498	
Coupons clipped from securities in custody...		11,015	.....

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 % to 1 1/2 % per annum
(b) On remaining portion—No charge to financing institution. Federal Reserve Bank will retain interest collected from borrower.	
Advances to established industrial or commercial businesses under section 13b.....	{ 2 1/2 % to 5 % per annum
Commitments to established industrial or commercial businesses under section 13b.....	10% to 25% of the loan rate charged borrower with a minimum rate of 3/4 % per annum.
Commitments to member banks, nonmember banks, and other financing institutions, under section 13b.....	10% to 25% of the loan rate charged borrower with minimum rate of 3/4 % per annum provided: that no commitment will be given on loan on which borrower is charged over 5% per annum.

PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS

(In thousands of dollars)		Aug. 18, 1943	July 21, 1943	Change from Aug. 19, 1942
Total loans and investments.....	\$1,450,833	+ 16,120	+ 375,154	
Commercial, industrial, agricultural loans*	209,331	+ 4,826	— 26,493	
Loans to brokers and dealers in securities.	4,100	— 383	+ 797	
Other loans to purchase and carry securities	8,489	— 544	+ 1,236	
Real estate loans.....	65,917	+ 137	+ 4,138	
Loans to banks.....	310	— 28	+ 437	
Other loans.....	59,944	+ 2,385	— 7,909	
Total loans.....	348,091	+ 6,119	+ 31,140	
Treasury bills.....	103,898	— 10,281	+ 34,245	
Certificates of indebtedness.....	225,138	+ 8,793	+ 115,520	
Treasury notes.....	148,764	+ 2,363	+ 86,284	
U. S. bonds.....	477,795	+ 8,865	+ 179,777	
Obligations guaranteed by U. S. Govt..	32,495	+ 888	+ 2,955	
Other securities.....	114,652	+ 627	+ 6,577	
Total investments.....	1,102,742	+ 10,001	+ 406,294	
Balances with domestic banks.....	114,620	+ 1,485	— 36,568	
Demand deposits—adjusted**.....	941,623	+ 31,095	+ 197,494	
Time deposits.....	209,957	+ 3,800	+ 25,099	
U. S. Government deposits.....	131,504	+ 19,029	+ 80,789	
Interbank deposits.....	480,070	— 10,881	+ 44,325	
Borrowings.....	2,275	+ 775	+ 2,275	

*Includes open market paper.

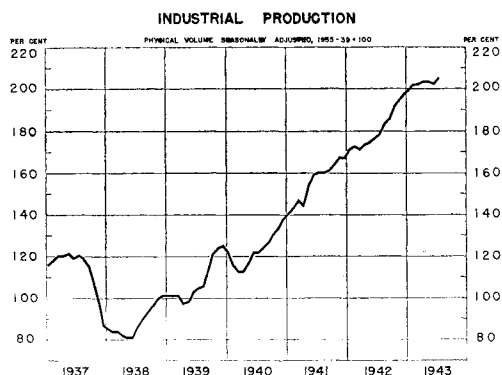
**Other than interbank and Government deposits, less cash items on hand or in process of collection.

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.

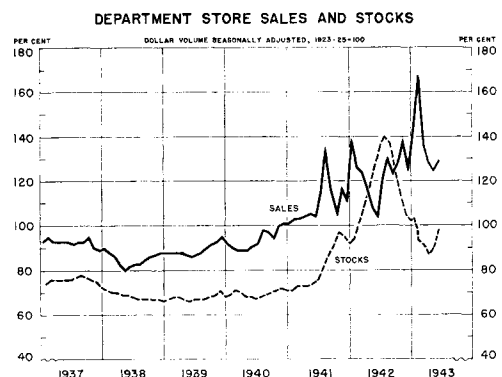
DEBITS TO INDIVIDUAL ACCOUNTS					
(In thousands of dollars)		July, 1943	June, 1943	July, 1942	July, '43 comp. with June, '43 July, '42
El Dorado, Ark.....	\$	11,232	\$ 9,765	\$ 9,079	+ 4%
Fort Smith, Ark.....		20,229	19,430	17,369	+ 4
Helena, Ark.....		3,458	3,279	2,908	+ 5
Little Rock, Ark.....		63,540	62,091	62,026	+ 2
Pine Bluff, Ark.....		13,721	14,013	21,491	— 2
Texarkana, Ark.-Tex.		15,058	15,599	17,150	— 3
Alton, Ill.....		12,663	12,382	12,472	+ 2
E. St. L.-Nat. S. Y., Ill..		75,962	75,604	71,783	— 0
Quincy, Ill.....		15,523	15,844	12,450	— 2
Evansville, Ind.....		87,918	81,449	62,005	+ 8
Louisville, Ky.....		320,605	328,918	274,791	+ 3
Owensboro, Ky.....		14,660	13,451	11,016	+ 9
Paducah, Ky.....		7,156	8,368	8,174	— 14
Greenville, Miss.....		6,518	6,632	5,858	— 2
Cape Girardeau, Mo..		4,594	4,845	4,055	+ 5
Hannibal, Mo.....		4,207	4,118	3,773	+ 2
Jefferson City, Mo..		18,771	16,277	16,223	+ 15
St. Louis, Mo.....		906,089	952,285	815,764	— 5
Sedalia, Mo.....		4,818	5,744	4,027	+ 16
Springfield, Mo.....		26,995	29,068	24,036	+ 7
Jackson, Tenn.....		7,978	8,032	6,585	— 1
Memphis, Tenn.....		207,083	228,785	184,824	— 9
Totals.....		1,848,778	1,916,979	1,647,859	— 4

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT				
		July, '43	June, '43	July, '42
Number.....	5	4	19	+ 25%
Liabilities.....	\$ 49,000	\$132,000	\$176,000	— 74%
Source: Dun and Bradstreet.				— 72

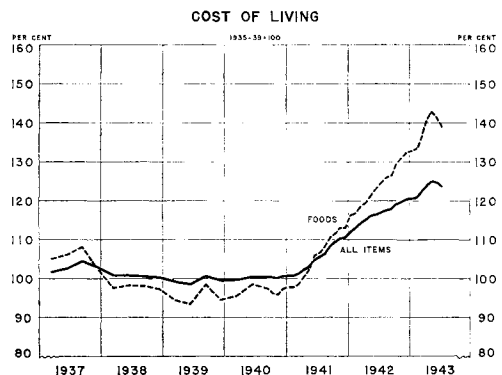
(Completed August 25, 1943)



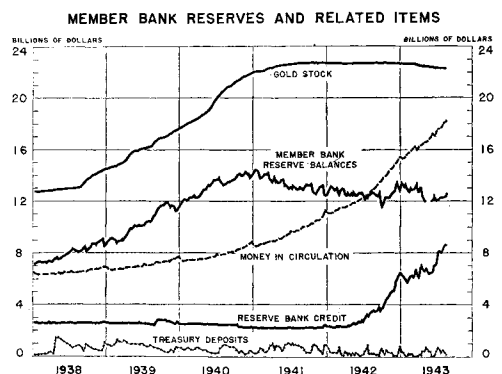
Federal Reserve index. Monthly figures, latest shown is for July, 1943.



Federal Reserve indexes. Monthly figures, latest shown are for June, 1943.



Bureau of Labor Statistics' indexes. Last month in each calendar quarter through September, 1940, monthly thereafter. Mid-month figures, latest shown are for July, 1943.



Wednesday figures, latest shown are for August 18, 1943.

NATIONAL SUMMARY OF CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Industrial production advanced to a new high level in July following a slight decline in June, both of the changes reflecting chiefly fluctuations in coal production. Maximum food prices were reduced recently with a consequent slight decline in cost of living in July. Retail sales continued in large volume.

Industrial production—Industrial activity increased in July, reflecting a large rise in mineral production. Output at coal mines advanced sharply from the reduced level in June, production of crude petroleum increased, and iron ore shipments reached the highest monthly rate on record.

In manufacturing industries, output of most durable products and chemicals continued to increase in July, reflecting chiefly a further rise in production of munitions. At meat packing plants and cigarette factories production was also larger in July. Output of leather and textile products had shown small decreases in June and further declines occurred in July. Activity in most other nondurable goods industries showed little change from June to July.

The decline in the value of construction contracts awarded continued during July, according to reports of the F. W. Dodge Corporation. Most of the decline is accounted for by a drop in awards for publicly-financed industrial facilities and for public works and utilities.

Distribution—Value of retail sales declined less than seasonally in July and continued substantially larger than a year ago. During the first six months of this year sales had averaged about 12 per cent larger than in the corresponding period of 1942 and in July the increase was somewhat greater. The higher level of sales this year as compared with last year reflects for the most part price increases. In the first half of August sales at department stores increased by about the usual seasonal amount.

Freight carloadings rose sharply in July and were maintained at a high level during the first half of August. Total loadings were 10 per cent higher than the previous month owing to the largest volume of coal transported in many years and shipments of grain and livestock showed a considerable increase over June.

Commodity prices—The general level of wholesale commodity prices showed little change in July and the early part of August.

The cost of living declined somewhat from June 15 to July 15, according to Bureau of Labor Statistics data. Food prices declined by 2 per cent as a result of reductions in maximum prices for meats and seasonal declines in prices of fresh vegetables from earlier high levels.

Agriculture—General crop prospects improved somewhat during July according to Department of Agriculture reports. Forecasts for the corn and wheat crops were raised 6 per cent. Production expected for corn and other feed grains, however, is 10 per cent less than last year and for wheat is 15 per cent less than the large crop of 1942. Milk production in July was as large as the same period a year ago, while output of most other livestock products was greater.

Bank credit—The average level of excessive reserves at all member banks, which had been about 1.5 billion dollars in mid-July, declined to 1.2 billion in the latter part of the month and continued at that level during the first two weeks of August. There was some further decrease of excess reserves at reserve city banks, but most of the decline occurred at country banks, where there had previously been little change. Two factors were principally responsible for the decline in excess reserves: an increase in deposits subject to reserve requirements, as funds expended by the Treasury from war loan accounts returned to the banks in other accounts; and a growth of over 500 million dollars in money circulation. During the four weeks ending August 18 additional reserve funds were supplied to member banks by an increase of 580 million dollars in Reserve Bank holdings of Government securities, principally Treasury bills bought with option to repurchase.

During the four weeks ending August 11, member banks in 101 leading cities increased their holdings of Government securities other than Treasury bills by almost 800 million dollars. Of this amount, 570 million represented allotments to banks of new certificates of indebtedness issued in early August. Bill holdings declined as member banks made sales to adjust their reserve positions. Commercial loans increased somewhat over the four week period, but other loans declined.