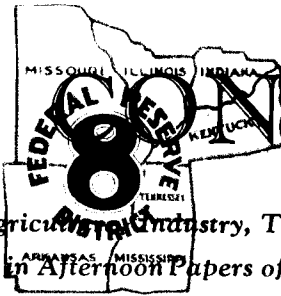


BUSINESS



CONDITIONS

Monthly Review of Agricultural Industry, Trade and Finance
Released for Publication in Afternoon Papers of November 3, 1943

FEDERAL RESERVE BANK OF ST. LOUIS



COURTESY J. I. CASE COMPANY

GENERAL INDUSTRIAL SITUATION

STRONGLY influenced by war planning decisions made on a national scale and by fluctuations normally attendant upon close to capacity operations, manufacturing output in the Eighth Federal Reserve District declined slightly in September, but was at a level well above a year earlier. An additional, but minor, factor in the decline was the Labor Day holiday, as some plants closed to observe it. As has been stated previously in this Review, it becomes increasingly difficult to produce more goods as the level of production reaches an abnormally high plane because with practically full utilization of equipment, materials, and labor in every month, a relatively minor disturbance may curtail any possible month to month gain, or conceivably may result in an actual decline in output. Any further gain in total industrial output will come as a result of: (1) increased capacity in the form of new plant and equipment, or, (2) an increase in the manufacturing labor force, or, (3) increased efficiency or productivity of the labor force.

Since the new plant and equipment for war manufacture in this district is now virtually complete, there will be no striking additional gains in total productive capacity after the close of this year. The labor force is rather fully employed, and the addition of new workers probably will lift total output only in small degree, although shifts of workers may well increase the proportion of total production that is for war purposes. The productive efficiency of the labor force could increase considerably as workers become better trained and as operations

become more standardized. Any such increase is likely to be curtailed, however, in large measure by the rather continuous changes in schedules and specifications that are evidently necessary in the war production program.

Reflecting the difficulty of increasing industrial output above the extremely high level now obtained, the Federal Reserve revised index of industrial production, adjusted for seasonal variation, in September stood at 243 per cent of the 1935-39 average, having gained 1 point in the month. Approximately 70 per cent of total industrial output, as measured by the index, is now for war. Production of durable goods, which are primarily for war at present, gained 2 points during September, while non-durable goods output held steady.

In this district, consumption of industrial electricity at major cities in September was off 3 per cent from August, but was 18 per cent above September, 1942. Output of steel ingots and castings increased slightly in the month, while production of industrial alcohol was in slightly smaller volume than in August. September shoe production in the district, according to preliminary reports was down slightly from August, but was 7 per cent above a year earlier.

Output of coal at Eighth District mines in September was 5 per cent less than in August, but 6 per cent more than in September, 1942. Lumber production at district mills during September fell off slightly from August levels and continued below output in the comparable period last year.

DISTRICT SURVEY

MANUFACTURING

Iron and Steel—In the St. Louis area, production of steel ingots and castings during September was in slightly greater volume than in August. The rate of ingot operations during September averaged about 100 per cent of capacity as compared with 97 per cent in August. During the first part of October, however, a recurrence of industrial disputes in the steel industry in this section curtailed output.

It is anticipated that a considerable addition to steel making capacity will begin production within the coming month in the St. Louis district. These additional furnaces will increase the demand for scrap appreciably. During the past month, scrap collection and processing has been in better volume than throughout the summer, and quality of scrap received at mills and foundries is generally higher. The increase in volume, however, is not judged

sufficient to maintain capacity operations of the old plus the new furnaces.

Shoes—Shoe production in the Eighth District in September, according to preliminary estimates, declined 3 per cent from August, but was 7 per cent above September, 1942. Final August figures on shoe output in the district totaled 6,890,000 pairs as compared with 6,882,000 pairs last year. For the first nine months of 1943, however, production of shoes in this area was 4 per cent below output in the comparable period last year. In only three months this year has shoe production exceeded that of the corresponding month a year ago. Reports from throughout this area indicate that shoe factories generally are suffering from labor, material, and machinery shortages with all three factors sharing almost equally in responsibility for the decline in output from a year earlier.

Whiskey — At the end of September, 49 of the 60 Kentucky distilleries were in operation producing industrial alcohol, one less than a month earlier and seven less than a year ago. Continued drouth in various sections of Kentucky is reported as the major cause for reduced operations since many of the plants outside Louisville depend entirely on natural sources of water supply. A considerable amount of water is necessary for production.

Stocks of bourbon whiskey, while still large, are being generally rationed by distributors to retailers because of anticipation that whiskey production will not be resumed for some time in the future. Trade sources indicate that a shortage is developing in new brands of blended whiskey which have been placed on the market in recent months in an effort to relieve the situation.

Miscellaneous Manufacturing — Production of chemicals in district plants was maintained at extremely high levels during September, with virtually all the production going for war or vital civilian purposes. Output of munitions at district ordnance plants was at about the same level as a month earlier as program changes and production cut-backs in some items were offset by increased output in other lines. Food processing plants increased their activity considerably as produce flowed to canning and dehydrating factories, and as the run of live-stock gained in volume. Increased livestock slaughter in the St. Louis area recently brought an appeal from some packing plants for soldier workers.

RETAIL AND WHOLESALE TRADE

The dollar volume of department store trade in the Eighth District in September was 19 per cent greater than August, and 14 per cent above a year ago. The gain in the past month was somewhat less than seasonal, although the earlier mailing date for packages abroad this year was expected to bring an exceptionally high volume of sales in September. As compared with a month ago, September sales in major Eighth District cities showed a rather uniform gain. Measured against 1942, Fort Smith, Arkansas, and Springfield, Missouri, registered the most impressive rises, with relatively small gains coming in the larger cities of St. Louis and Louisville. In view of the fact that both Fort Smith and Springfield are not war industry centers, their gains from a year ago are particularly striking.

The increase in sales from September, 1942, is attributable primarily to the gain in men's and women's wearing apparel sales. Women's clothing sales in September, 1943, at major department stores in the district, were about 22 per cent greater in dollar volume than a year earlier, while men's

wear sales were up about 16 per cent. At St. Louis, women's apparel store sales in September, 1943, were up 33 per cent from a year earlier. Household furniture sales at department stores in September, 1943, were only 2 per cent above their volume of a year earlier, reflecting primarily shortages of durable items such as ice boxes, stoves, etc. Sales at Eighth District furniture stores in September were up 5 per cent from a year earlier, and were 4 per cent above August.

Department store stocks were unchanged in September from August but were 6 per cent below a year ago. Increases in inventories of women's wear were more than offset by declines in virtually all other lines. Furniture store stocks in September were 24 per cent below September, 1942.

Collection ratios at department and furniture stores in the district in September showed marked improvement over a year ago. Collections at department stores in September on open book receivables outstanding at the end of August ran 68 per cent as compared with 66 per cent a year ago. On instalment accounts the ratio improved strikingly, with that of September, 1943, equaling 36 per cent as against 24 per cent in September, 1942. Total collections at furniture stores this month averaged 28 per cent of all receivables outstanding, while a year ago the ratio was but 23 per cent.

Sales of wholesalers and jobbers in this district in September declined 3 per cent from August but were 1 per cent above a year ago. Wholesalers' stocks gained 2 per cent in the month but were 19 per cent below September, 1942.

COST OF LIVING

Between August 15 and September 15, the Bureau of Labor Statistics index of cost of living in the United States rose 0.4 per cent. For the first time since June this index failed to register a decrease. Food prices rose 0.1 per cent. At mid-September, the cost of living index stood at 123.9 per cent of the 1935-39 average, or 5.2 per cent above the level of a year earlier. National policy at present is directed toward bringing the cost of living back to the September, 1942, level.

Between September, 1942, and May, 1943, the cost of living in the United States rose 6.2 per cent. According to OPA, three-fifths of this increase was due to rising prices of fresh fruits and vegetables. A projected OPA program calls for reduction in price of eighteen foods, which alone accounted for a 4.4 per cent rise in living costs between September, 1942, and May, 1943. If they can be brought back to September, 1942 levels, and another 1 per cent cut off the index by more strict enforcement,

living costs will be less than 1 per cent above September, 1942. On October 14, OPA announced a change in retail price ceilings for thirteen fresh vegetables. The new ceilings will cut the cost of these food items as much as 30 and 50 per cent.

Cost of living in St. Louis on September 15 was 0.1 per cent less than a month earlier but 5.1 per cent above a year ago. In Memphis, which is not covered by the monthly index, living costs rose 7.6 per cent in the year. Rising food costs in these cities accounted for most of the gain in over-all cost of living. Cost of food in Louisville and Memphis increased 0.1 per cent in the past month, but St. Louis food costs dropped 0.8 per cent while the decline in Little Rock was 1.9 per cent. Compared with September, 1942, the gain in food costs in the district ranged from 14.3 per cent in Memphis to 4.5 per cent in Little Rock.

EMPLOYMENT

The over-all supply of labor in the district continues to be adequate to meet demand although certain localities are experiencing various degrees of labor shortage. There are, of course, numerous instances of critical shortages of certain highly skilled workers in both industry and agriculture, but such shortages are national in scope and probably cannot be relieved appreciably regardless of the number of available workers that are at hand in the district. In general, industrial demand for labor is being met, with transfer of workers from non-essential lines and recruitment from without the normal labor force. There are, however, some lines of manufacturing activity where it has proved very difficult to secure the number of workers necessary for sustained high operations. It is estimated that non-agricultural employment in this district in July, the latest month for which figures are available, totaled 2,574,000, or 2 per cent more than in July, 1942, but 2 per cent less than the peak reached in December, 1942. Agricultural labor supply in this area has been generally adequate so far this year, although scattered localities report difficulties in obtaining necessary help.

AGRICULTURE

General Conditions—Drouth, which had been rather general over the southern portion of the district throughout July and August, was relieved by rainfall in the first and third weeks of September. The rain aided in preparing soil for fall plowing and benefited pastures and some late maturing crops. Such crops as late corn, sweet potatoes, dark tobacco, and some vegetables for processing were aided, but cotton, which was being harvested before September, was somewhat reduced in grade by the moisture.

In general, the precipitation came too late in the season to help materially the district crop outlook for this year. While prospects for eight major district field crops improved slightly as a somewhat better outlook for corn, hay, tobacco, and potatoes more than offset the decline indicated for rice and cotton, 1943 indicated production of these crops on October 1 was 11 per cent lower than their 1942 harvest. In the district, only the 1943 wheat and tobacco crops of the eight major ones, will exceed their 1942 production. Fruit and vegetable production in the district this year is considerably less than in 1942.

Even with higher prices than obtained last year, district income from crops in the present marketing year may not exceed that received in the 1942-43 season, inasmuch as total output is off so much. Livestock income this year, however, will be appreciably higher as a result of record production and increased prices. For the first eight months of this year, cash farm income in Eighth District states totaled \$2,135 million as against \$1,621 million in the comparable period in 1942. Major marketing operations normally do not take place until after September in this district, however, and it is expected that farm income in the final four months of 1943 will not register the pronounced gains from a year earlier that occurred in the first eight months of the year.

Cotton—According to the October 1 estimate of the U. S. Department of Agriculture, cotton prospects in the Eighth District declined 2 per cent in the month of September. The indicated 1943 crop now stands at 3,219,000 bales as compared with a production of 3,922,000 bales in 1942. Three of the four Eighth District major cotton producing states registered decreased prospects in September, but most of the damage to the cotton crop in the district had been done prior to September 1, by abnormally high temperatures and lack of rain. The rainfall in September damaged the crop further by causing some seed germination in the boll, and cutting to some extent the grade and quality of the crop. Up to September 1, cotton picked in the district was of excellent quality although somewhat shorter in staple than is usual. The district cotton crop this year developed from two to three weeks earlier than normally. Up to October 1, ginnings in Eighth District states totaled 1,150,000 bales, or 31 per cent of the crop as compared with 590,000 bales, or 13 per cent of the crop in 1942. Approximately half of the total United States crop had been ginned by October 1.

Mill demand for cotton is not exceptionally strong

at present, and there is little forward buying from shippers by mills. Reports from various sections of the district indicate a strong tendency on the part of the farmers to hold cotton, and there is no great movement into the loan, although loan rates are appreciably higher than last year, and in some cases are not much below mill offering prices to shippers.

Fruits and Vegetables—In this district, declines from the 1942 harvest have been much more pronounced than in the nation. Late spring frosts and excessive rain plus abnormal summer drouth resulted in large declines in yield on acreage that was badly cut by flood. Output of snap beans and tomatoes for processing in district states is indicated at 38 and 33 per cent less, respectively, than in 1942. Production of apples is estimated at 12 per cent below a year ago. Both the peach and pear crops have yielded less than half of last year's production.

Grains and Feed Crops—September weather proved generally favorable for the late development of such cereal and feed crops as remained unharvested in this district, and with the exception of rice and soybeans, prospects of most district crops improved measureably in the month. According to U. S. Department of Agriculture, wheat and oats production estimates for the Eighth District on October 1 were unchanged from September 1, and were 28,695,000 bushels and 65,861,000 bushels, respectively. Wheat production this year is 23 per cent greater than 1942 but 48 per cent below the ten-year (1932-41) average, while the oat crop is 14 per cent off from 1942 but up 40 per cent from average. Corn prospects rose 3 per cent in the month, and the 1943 district harvest is now indicated at 354,280,000 bushels which is 39,000 bushels less than in 1942 but 51,000 bushels more than ten-year average output. Hay prospects improved 5 per cent during September, and are estimated at 7,901,000 tons as compared with 9,327,000 tons last year and 6,229,000 tons on the average in the 1932-41 period. Output of sorghums is indicated at slightly above the September 1 estimate but is expected to be off about 23 per cent from 1942. Rice prospects dropped 4 per cent in the month, and the crop is now estimated at 12,690,000 bushels, or 6 per cent less than the 1942 yield of 13,515,000 bushels. Soybeans are indicated at some 2 per cent less than in 1942.

Livestock—Receipts of livestock at St. Louis in September were 2 per cent above August and 3 per cent above September, 1942. Increases of 34,000 and 4,000 head, respectively, in cattle and hog receipts were offset by a drop of 24,000 head in sheep receipts in the month. As compared with September,

1942, both cattle and sheep receipts were off fractionally, but hog receipts were up 19,000 head.

In the first week of October, hog receipts fell sharply at St. Louis, although marketings of the spring pig crop normally begin at that time. Trade sources attributed the decline largely to the live hog ceilings that went into effect on October 4, although reports from most outside markets and from other parts of the district indicate that marketings increased after October 1. Movement to market at St. Louis increased considerably in the two weeks ending October 23. The OPA ceiling on hogs is \$14.75 per cwt. (Chicago basis) and varies according to the normal differentials between Chicago and other major markets.

In an effort to increase slaughter, the War Food Administration suspended all livestock slaughter quota limitations from September 1 to October 31, and all inventory restrictions on slaughterers until further notice. September federally inspected slaughter of cattle and calves, hogs, and sheep and lambs was up slightly from a year ago at twelve major stations in the United States. At St. Louis, however, inspected hog slaughter was off 3 per cent from September, 1942, while cattle and sheep slaughter were both down fractionally.

Tobacco—Rainfall in the tobacco belt during September caused a surprising upturn of 6 per cent in crop prospects according to the U. S. Department of Agriculture. Production of all types of tobacco in the Eighth District this year is estimated at 267,040,000 pounds, or 10 per cent more than the 1942 crop of 242,243,000 pounds. During early October, scattered localities experienced a light frost, but apparently tobacco was very little damaged.

The rainfall delayed to some extent curing of that portion of the burley crop which had been harvested. Most of the burley now has been cut and housed, and by mid-October most early and middle cuttings of the crop were very well cured.

In the dark-fired tobacco region, harvesting of the crop was interrupted by rainfall in September, but clear weather stimulated harvesting in the early part of October, and by the middle of the month, only remnants of the crop remained in the fields. A portion of this type of tobacco has been cured and preliminary reports indicate color to be brown to dark-brown with mostly medium body.

About 85 per cent of the Green River crop had been cut by October 1, and by the middle of the month virtually all tobacco of this type had been harvested. The early tobacco is short in length and medium in body, but the later harvest seems to have good body and size.

BANKING AND FINANCE

The final results of the Third War Loan showed that \$18,943 million in securities were sold during the period of the drive. \$630 million of this amount was purchased by Government agencies and trust funds. About 75 per cent of the total amount of all securities sold consisted of the major issues of 7/8 per cent certificates, and 2 and 2½ per cent bonds. Sales of \$5,377 million to individuals exceeded the quota set for such sales by 8 per cent, while other investors bought 29 per cent more securities than their quota.

Every state contained in whole or in part in this district sold more securities than its over-all quota called for. Two states, Illinois and Missouri, failed to reach their quotas for total sales to individuals, and two states, Arkansas and Kentucky, did not make the quotas set for sales to other investors.

Reflecting primarily heavy purchases of securities during the drive, demand deposits adjusted at 24 reporting Eighth District banks declined about \$175 million from September 8 to October 6. During the same period, United States Government deposits, which are mostly held in the form of War Loan Account, rose about \$220 million. On October 6, these deposits in the 24 reporting banks totaled almost \$300 million to reach a new peak, \$80 million over the previous one attained at the close of the Second War Loan Drive. In the week ending October 13, demand deposits adjusted at these banks increased \$38 million, evidently reflecting the continued building up of balances by individuals and businesses, partly as a result of increased sales and partly due to creation of deposits through lending.

Total loans of weekly reporting banks in this district rose \$76 million in the period from September 8 to October 13. Most of the rise came in commercial, agricultural, and industrial loans as a result of increased utilization of commitments made under Regulation V loans. Loans to dealers and to others for the purpose of carrying securities rose about \$7 million in the period. "Other loans" increased about \$19 million. A considerable portion of these loans, plus some classified as commercial or industrial, probably were for the purpose of making income tax payments on September 15. Total investments at the reporting banks increased \$35 million from September 8 to October 13 as banks bought securities in the open market. Since payment for the 7/8 certificates and 2 per cent bonds offered to banks after the War Loan Drive closed was not made until October 15, the rise in investments resulting from this is not reflected in the statement of the 13th.

CASH FARM INCOME

(In thousands of dollars)	August		Cumulative for 8 months		
	1943	1942	1943	1942	1941
Arkansas.....	\$15,234	\$ 9,252	\$130,284	\$104,375	\$ 64,385
Illinois.....	99,110	77,148	722,743	572,285	412,782
Indiana.....	57,520	48,187	410,199	318,102	221,488
Kentucky.....	21,819	17,528	203,836	139,789	102,185
Mississippi.....	32,011	11,417	119,685	73,491	52,579
Missouri.....	54,175	45,421	389,395	297,166	209,602
Tennessee.....	15,956	13,222	159,357	115,734	83,631
Totals.....	295,825	222,175	2,135,499	1,621,392	1,146,652

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Sept., 1943	Aug., 1943	Sept., 1942	Sept., 1943	Aug., 1943	Sept., 1942
Cattle and Calves.....	187,654	154,937	189,494	105,931	84,301	95,204
Hogs.....	332,290	228,385	213,200	78,875	85,193	38,741
Horses and Mules.....	3,450	3,675	2,260	3,412	3,655	2,251
Sheep.....	109,468	135,444	112,647	22,987	41,323	32,849
Totals.....	532,862	522,441	517,601	211,205	214,472	169,045

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Sept., 1943	Aug., 1943	Sept., 1942	Sept., '43 comp. with Aug., '43	Sept., '42
All Commodities..	103.1	103.1	99.6	- 0 - %	+ 3.5%
Farm Products..	123.6	123.5	107.8	+ 0.1	+14.7
Foods.....	105.0	105.8	102.4	+ 0.8	+ 2.5
Other.....	97.2	97.1	95.5	+ 0.1	+ 1.8

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Sept. 15, 1943	Aug. 15, 1943	Sept. 15, 1942	Sept. 15, '43 comp. with Aug. 15, '43	Sept. 15, '42
United States.....	123.9	123.4	117.8	+ 0.4%	+ 5.2%
St. Louis.....	122.6	122.7	116.6	- 0.1	+ 5.1
Memphis.....	128.4	*	119.3	*	+ 7.6

*Not available.

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Sept. 16, 1943	Aug. 17, 1943	Sept. 15, 1942	Sept. 16, '43 comp. with Aug. 17, '43	Sept. 15, '42
U. S. (51 cities)...	137.4	137.2	126.6	+ 0.1%	+ 8.5%
St. Louis.....	139.1	140.2	126.7	- 0.8	+ 9.8
Little Rock.....	135.0	137.6	129.2	- 1.9	+ 4.5
Louisville.....	134.9	134.7	124.2	+ 0.1	+ 8.6
Memphis.....	148.2	148.0	129.7	+ 0.1	+14.3

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	Aug., 1943	July, 1943	Aug., 1942	Aug., '43 comp. with July, '43	Aug., '42
Evansville.....	292.7	292.5	124.0	+ 0.1%	+136.0%
Louisville.....	131.8	130.7	104.6	+ 0.8	+ 26.0
Memphis.....	165.5	162.1	136.0	+ 2.1	+ 21.7
St. Louis.....	160.7	161.5	138.9	- 0.5	+ 15.7

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1943	1942	Cost 1943	1942	Number 1943	1942	Cost 1943	1942
Evansville.....	4*	52	\$ 10	\$ 171	214	62	\$ 54	\$ 21
Little Rock.....	13	12	2	3	107	93	22	24
Louisville.....	51	141	289	1,223	47	39	36	32
Memphis.....	63	60	10	62	456	271	260	88
St. Louis.....	73	127	59	171	172	158	93	56
Sept. Totals....	204	392	370	1,630	996	623	465	221
August Totals...	288	334	347	1,062	873	593	374	319

*Conversions.

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Sept., '43	Aug., '43	Sept., '42	Sept., '43 comp. with Aug., '43	Sept., '42
Total 8th Dist... \$	11,619	9,044	50,628	+ 28%	- 77%

Source: F. W. Dodge Corporation.

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Custom-ers*	Sept., 1943		Sept., 1942		September, 1943 compared with Sept., 1942	
		K.W.H.	K.W.H.	K.W.H.	K.W.H.	Aug., 1943	Sept., 1942
Evansville....	40	10,864	11,223	5,457**	— 3%	+ 99%	
Little Rock...	35	3,269	3,037	2,087**	+ 8	+ 57	
Louisville....	82	17,558	17,092	16,112	+ 3	+ 9	
Memphis.....	31	5,901	6,343	5,452	- 7	+ 8	
Pine Bluff....	20	7,200	6,433	1,785	+12	+303	
St. Louis.....	137	95,089	99,988**	87,470**	- 5	+ 9	
Totals.....	345	139,881	144,116**	118,363**	- 3	+ 18	

*Selected industrial customers. **Revised.

	DEPARTMENT STORES			Stock		
	Net Sales		Stocks on Hand	Turnover		
	September, 1943 compared with Aug., '43	9 mos. '43 to same period '42	Sept. 30, '43 comp. with Sept. 30, '42	Jan. 1 to Sept. 30, 1943	Sept. 30, 1942	
Ft. Smith, Ark.	+27%	+38%	+32%	+ 22%	2.79	2.27
Little Rock, Ark.	+29	+17	+31	+ 22	3.08	2.60
Quincy, Ill.	+20	+14	+17	....	....	....
Evansville, Ind.	+22	+15	+38	....	....	....
Louisville, Ky.	+18	+ 6	+16	- 19	3.92	2.53
St. Louis, Mo.	+17	+10	+ 7	- 11	3.10	2.34
Springfield, Mo.	+21	+40	+29	+ 8	2.88	1.85
Memphis, Tenn.	+18	+27	+30	- 0	3.34	2.24
*All other cities.	+18	+ 2	+ 9	+ 10	2.94	2.45
8th F. R. Dist.	+19	+14	+15	- 5	3.21	2.37

*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: September, 1943—25; August, 1943—26; September, 1942—25.

Outstanding orders of reporting stores at the end of September, 1943, were 148 per cent greater than on the corresponding date a year ago.

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

	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith... %	63%		Quincy... 31%	80%
Little Rock... 24	58		St. Louis... 39	72
Louisville... 34	65		Other cities... 31	65
Memphis... 44	64		8th F. R. Dist. 36	68

INDEXES OF DEPARTMENT STORE SALES AND STOCKS					
8th Federal Reserve District (1923-1925 average = 100)					
	Sept., 1943	Aug., 1943	July, 1942	Sept., 1942	
Sales (daily average), Unadjusted.....	151	122	108	131	
Sales (daily average), Seasonally adjusted...	142	163	156	122	
Stocks, Unadjusted.....	112	111	103	119	
Stocks, Seasonally adjusted.....	106	112	110	112	

	Net Sales		Stocks on Hand		Stock Turnover	
	September, 1943 compared with Aug., '43	9 mos. '43 to same period '42	Sept. 30, '43 comp. with Sept. 30, '42	Jan. 1 to Sept. 30, 1943	Sept. 30, 1942	
	Men's Furnishings	+71%	+24%	+ 5%	- 18%	2.37	1.92
Boots and Shoes..	+29	-20	- 8	- 24	6.29	5.44

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

Men's Furnishings.....48% Boots and Shoes.....50%

	Net Sales		Inventories		Ratio of Collections	
	September, 1943 compared with Aug., '43	Sept., '42	September 30, '43	Sept. 30, '42	Sept., '43	Sept., '42
	St. Louis Area ¹	+ 8.0%	+11.9%	- 3.3%	-17.7%	28.9%	23.7%
St. Louis.....	+ 8.5	+13.1	- 3.3	-17.7	28.6	23.5
Alton.....	- 2.6	-11.1	*	*	35.4	28.4
Louisville Area ²	- 4.4	- 6.0	+ 4.2	-33.2	23.3	18.2
Louisville.....	- 9.2	- 3.5	+ 3.1	-41.6	22.9	17.2
New Albany..	+25.0	-15.5	+ 7.6	+11.4	25.9	26.3
Memphis.....	+ 2.1	- 0	- 3.8	-35.7	24.6	17.8
Little Rock.....	-10.2	- 7.4	- 3.3	-22.6	28.1	22.7
Springfield.....	- 4.7	+ 7.6	*	*	21.2	22.7
8th Dist. Totals ³	+ 4.3	+ 4.5	- 1.2	-23.8	28.2	22.5

*Not shown separately due to insufficient coverage, but included in Eighth District totals.

¹Includes St. Louis, Missouri; East St. Louis, and Alton, Illinois.

²Includes Louisville, Kentucky; New Albany, and Jeffersonville, Indiana.

³In addition to above cities, includes stores in Blytheville, Pine Bluff, Arkansas; Evansville, Indiana; Henderson, Hopkinsville, Owensboro, Paducah, Kentucky; Columbus, Greenville, Greenwood, Starkville, Mississippi; Hannibal, Missouri; and Dyersburg, Tennessee.

	PERCENTAGE DISTRIBUTION OF SALES		
	Sept., '43	Aug., '43	Sept., '42
Cash Sales.....	17%	18%	15%
Credit Sales.....	83	82	85
Total Sales.....	100	100	100

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
First nine days						
Sept., '43	Aug., '43	Sept., '42	Oct., '43	9 mos. '43	9 mos. '42	
158,392	161,951	149,585	48,846	44,930	1,331,521	1,243,289

Source: Terminal Railroad Association of St. Louis.

	WHOLESALE		
	Lines of Commodities		Stocks
	Net Sales	Stocks	
Automotive Supplies.....	+ 8%	+ 1%%
Boots and Shoes.....	- 2	- 3	....
Drugs and Chemicals.....	+ 19	+ 15	....
Dry Goods.....	+ 8	+ 2	- 18
Electrical Supplies.....	+ 8	+ 3	- 28
Furniture.....	+ 7	- 8	....
Groceries.....	+ 5	+ 14	- 16
Hardware.....	+ 17	+ 17	- 15
Plumbing Supplies.....	+ 10	- 25	....
Tobacco and its Products.....	+ 9	+ 21	....
Miscellaneous.....	+ 7	+ 18	- 10
Total all lines*	+ 3	+ 1	- 19

*Includes certain lines not listed above.

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT					
	Sept., '43	Aug., '43	Sept., '42	Sept., '43 comp. with Aug., '43	Sept., '42
Number.....	1	3	15	- 67%	-93%
Liabilities.....	\$ 11,000	\$ 70,000	\$153,000	- 84	-83

Source: Dun and Bradstreet.

CHANGES IN PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS			
	Oct. 13, 1943	Sept. 15, 1943	Oct. 14, 1942
Industrial advances under Sec. 13b.....	\$ 62,787	+ 7,600	+ 1,805
Other advances and rediscounts.....	2,000	+ 21,342	+203,805
U. S. securities.....	382,562	+ 13,742	+205,548
Total earning assets.....	384,562	+ 28,463	+ 46,115
Total reserves.....	771,763	+ 20,757	+ 52,717
Total deposits.....	513,850	+ 20,164	+205,112
F. R. Notes in circulation.....	657,032	- 661	- 342
Industrial commitments under Sec. 13b..	937		

PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS			
	Oct. 13, 1943	Sept. 15, 1943	Oct. 14, 1942
Total loans and investments.....	\$1,552,801	+ 62,787	+399,964
Commercial, industrial, agricultural loans*	258,547	+ 31,463	+ 4
Loans to brokers and dealers in securities.	7,130	+ 1,971	+ 3,999
Other loans to purchase and carry securities	11,783	+ 3,166	+ 2,073
Real estate loans.....	64,634	- 213	+ 1,306
Loans to banks.....	4,085	+ 3,505	+ 3,177
Other loans.....	79,662	+ 13,218	+ 10,314
Total loans.....	425,841	+ 53,110	+ 20,873
Treasury bills.....	120,176	+ 10,896	+ 42,534
Certificates of Indebtedness.....	213,251	- 6,553	+ 73,604
Treasury notes.....	149,445	- 414	+ 79,465
U. S. bonds.....	496,982	+ 7,356	+192,615
Obligations guaranteed by U. S. Govt..	34,854	- 11	- 115
Other securities.....	112,252	- 1,597	- 9,012
Total investments.....	1,126,960	+ 9,677	+379,091
Balances with domestic banks.....	115,903	- 6,015	- 34,067
Demand deposits—adjusted**.....	856,846	- 64,383	+ 59,415
Time deposits.....	211,283	- 521	+ 22,070
U. S. Government deposits.....	297,362	+123,537	+273,465
Interbank deposits.....	510,031	+ 4,704	+ 4,488
Borrowings.....	.....	- 9,600	.....

*Includes open market paper.

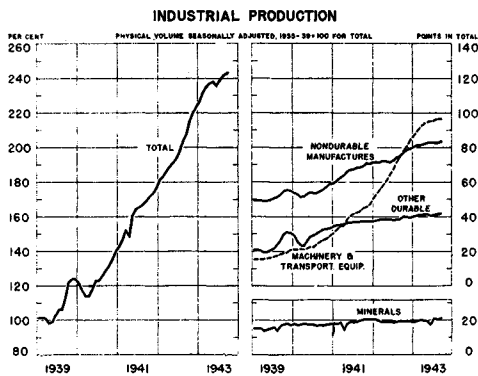
**Other than interbank and Government deposits, less cash items on hand or in process of collection.

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)	Sept., 1943	Aug., 1943	Sept., 1942	Sept., '43 comp. with Aug., '43	Sept., '42
El Dorado, Ark.....	\$ 12,147	\$ 9,666	\$ 10,361	+ 26%	+ 17%
Fort Smith, Ark.....	24,851	20,386	18,722	+ 22	+ 33
Helena, Ark.....	5,728	3,284	4,014	+ 74	+ 43
Little Rock, Ark.....	78,787	60,633	79,670	+ 30	- 1
Pine Bluff, Ark.....	21,820	13,004	23,995	+ 68	- 9
Texarkana, Ark.-Tex.	19,416	15,614	14,249	+ 24	+ 36
Alton, Ill.....	14,159	12,673	11,268	+ 12	+ 26
E.St.L.-Nat.S.Y., Ill..	84,123	75,067	79,124	+ 12	+ 6
Quincy, Ill.....	15,977	13,799	12,735	+ 16	+ 25
Evansville, Ind.....	104,933	88,702	65,451	+ 18	+ 60
Louisville, Ky.....	345,227	285,486	265,586	+ 21	+ 30
Owensboro, Ky.....	14,438	12,492	12,949	+ 16	+ 12
Paducah, Ky.....	7,453	7,013	8,702	+ 6	- 14
Greenville, Miss.....	12,806	6,446	8,270	+ 99	+ 55
Cape Girardeau, Mo..	5,854	4,694	4,546	+ 25	+ 29
Hannibal, Mo.....	4,825	3,828	4,137	+ 26	+ 17
Jefferson City, Mo....	25,063	22,863	25,364	+ 10	- 1
St. Louis, Mo.....	1,090,860	885,183	868,625	+ 23	+ 26
Sedalia, Mo.....	5,739	4,985	4,461	+ 15	+ 29
Springfield, Mo.....	31,314	26,623	25,540	+ 18	+ 23
Jackson, Tenn.....	10,949	7,566	8,180	+ 45	+ 34
Memphis, Tenn.....	291,119	183,242	231,662	+ 59	+ 26
Totals.....	2,227,588	1,763,249	1,787,611	+ 26	+ 25

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 September, 1943.

Industrial activity showed little change in September and in the first half of October. Distribution of commodities continued in large volume and prices remained steady.

Industrial production—Physical volume of industrial production as measured by the Board's seasonally adjusted index, as recently revised, was 243 per cent of the 1935-39 average in September, compared with 242 in August and 239 in July.

There were increases in output in the iron and steel and transportation equipment industries while activity in other durable goods industries showed little change or declined slightly. Open hearth and Bessemer steel production exceeded its previous peak level, reached in March of this year, and output of pig iron likewise established a new record. In the machinery industry as a whole activity was maintained at the level of recent months although there was some further curtailment of output of machine tools and machine tool accessories.

Total output of nondurable manufactures continued at the August level. Cotton consumption, which had been declining since May, rose 6 per cent from August to September, but was 9 per cent below the high level of a year ago. Shoe production was maintained at the level of recent months and was slightly larger than a year ago. The output of manufactured food products rose seasonally.

Petroleum refining continued to rise in September and was at a rate about double the 1935-39 average. The Board's index of this industry is substantially higher than the old index because greater weight is given to aviation gasoline and other special war products. Output in the chemical industry as a whole declined in August, as some further expansion in industrial chemicals was more than offset in the total by reductions elsewhere, reflecting readjustment of the war program. Newsprint consumption rose less than is usual at this season, in the face of increasing supply difficulties, and a further 5 per cent cut in permitted consumption of newsprint was ordered beginning October 1.

Crude petroleum production continued to rise in September, reflecting further improvement of transportation facilities for petroleum products. Output of crude petroleum in August and September exceeded the earlier peak reached in December, 1941 and January, 1942. Coal production continued at a high level.

In September the value of construction contracts awarded in 37 Eastern states was at about the same low level as in July, according to reports of the F. W. Dodge Corporation, and was considerably smaller than in August when there was a temporary increase because one exceptionally large contract was placed in that month.

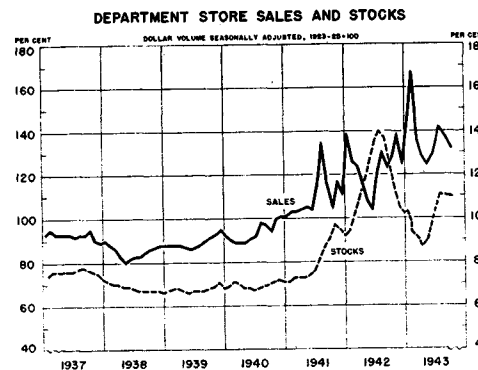
Distribution—Department store sales increased less than seasonally in September, following an unusually large volume of sales in July and August, and the Board's seasonally adjusted index declined from 142 to 131. During the first half of October sales showed a gain over September although usually there is some decline at this season.

Railroad freight traffic in September and the first part of October was maintained at the high level of previous months. Coal shipments exceeded the record movement of last July and loadings of grain and livestock were 10 per cent higher than a year ago.

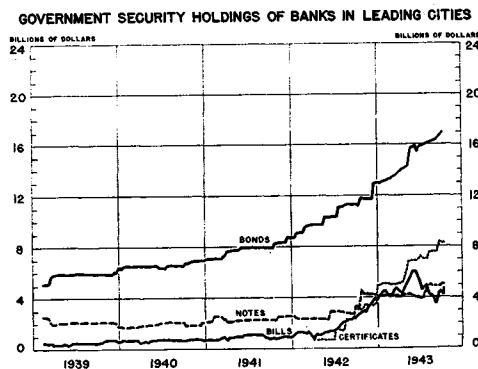
Commodity prices—Prices of grains advanced from the middle of September to the middle of October. Livestock prices were slightly lower, reflecting partly the establishment of Federal maximum prices for live hogs and sharply increased marketings of cattle. Wholesale prices of most other commodities continued to show little change.

Agriculture—Crop prospects showed little change during September, according to official reports. There was a further small improvement in prospects for the corn and potato crops, while the previous forecast for cotton production was lowered slightly. Aggregate crop production is expected to be 7 per cent below the peak volume of last season but higher than in any other previous year.

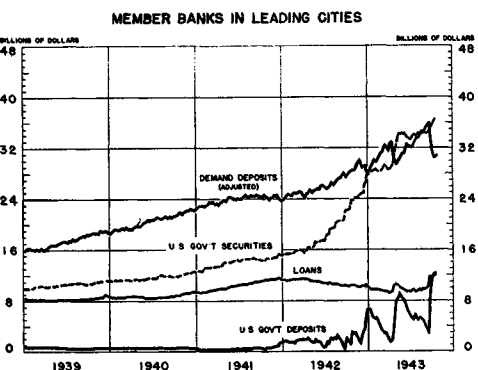
Bank credit—During the five weeks ending October 13, Government security holdings at reporting banks in 101 leading cities increased by about 2.5 billion dollars reflecting substantial open-market purchases during the Drive, and also, some purchases of bills on subscription from the Treasury. Loans showed a net increase of 2.2 billion dollars over the same period. Over two-thirds of the total amount represented loans to brokers, dealers, and customers for purchasing or carrying securities; in the last week of the period there were some declines, however, as repayments were made on the liquidation of the securities. Commercial loans, which have been increasing steadily since June, rose further by 540 million over the five weeks.



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



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures, latest shown are for October 13, 1943.



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 October 13, 1943.