BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication in Morning Papers of January 3, 1944

FEDERAL RESERVE BANK OF ST. LOUIS
The Smaller War Plants Corporation recently established a service to provide small manufacturers with technical advice in the solution of production problems. Sources used are Government agencies, trade associations, technical and scientific organizations, technical magazines and research laboratories of educational institutions and private industry.

The basic idea for such a service was originated in 1937 at the Liberty Bank, Buffalo, New York, which persuaded some 700 industrial and educational research laboratories in the United States and Europe to cooperate in solving technical problems that plagued small manufacturers whose resources were not large enough to maintain their own research organizations.

The plan operated as follows: The Liberty Bank told its customers of the service. A manufacturer who had a production problem submitted the details of his problem to the bank. Without disclosing the manufacturer's name, the problem was submitted to research organizations which were believed to be working in the field or to be capable of solving it. The replies were forwarded to the manufacturer who then on his own initiative could contact any or all of the research organizations which had supplied solutions. No charge was made by the bank for this service. In 1939, the Research Advisory Service, as it was called, was extended to a number of other banks who wished to participate and share the expenses of the service for the benefit of their customers.

The new Technical Advisory Service of the Smaller War Plants Corporation is an outgrowth of this Research Advisory Service. A technical advisory consultant is stationed in each Smaller War Plants Corporation region. For states included in whole or in part in this district, the regional offices of the Smaller War Plants Corporation are as follows:

- Tennessee and Mississippi: Fourth Region, 116 Chandler Building, Atlanta, Georgia.
- Kentucky: Fifth Region, 1717 Union Commerce Building, Cleveland, Ohio.
- Illinois and Indiana: Sixth Region, 226 West Jackson Blvd., Chicago, Illinois.
- Missouri and Arkansas: Seventh Region, 600 Interstate Building, Kansas City, Missouri; 915 Paul Brown Building, St. Louis, Missouri.

It is felt that there are many small manufacturers in this district who have production problems for which solutions are available. District banks may wish to bring this Technical Advisory Service to the attention of customers that may be in this position. Also the service should be valuable to small manufacturers in planning to reconvert their facilities to peace-time production.

**GENERAL INDUSTRIAL SITUATION**

For some months total output of manufacturing in this area has been relatively stable at an extremely high level. It seems likely that this high level will be maintained for the duration of the war despite projected cutbacks in certain parts of the war production program. Scheduled declines in output of ammunition, explosives, and other war goods should be offset by increased output in other armament items.

This district, however, because of its relatively high volume of ammunition and explosives production, may experience rather substantial shifts in employment between plants. The recently announced cutback in small arms ammunition production, for example, will lower employment at the major St. Louis plant about one-quarter. There appears to be more than sufficient demand from other plants engaged in war production to absorb all lay-offs, but there may be some temporary unemployment. It is reported that several of the explosives plants in this district are operating at below capacity.

Other declining programs in the district include aluminum manufacture and processing and war plane production. The largest aircraft factory in this area is currently retooling to utilize its facilities exclusively for the production of transport planes.

There is some indication that limited output of civilian durable goods may be resumed in the not too distant future. Already scheduled nationally is some production of electric irons, stoves, refrigerators and washing machines. While the volume of such goods manufactured during 1944 will be very small relative to pre-war output, it may well be that certain plants in this area will turn from all-out war production to some volume of civilian manufacture.

Industrial activity in this district during November was at about the same level as in October but well above the volume of a year earlier. Consumption of industrial electricity at major cities in the area was 4 per cent greater than in October and 19 per cent greater than in November, 1942.
from October is noteworthy inasmuch as November was a shorter month and contained the Thanksgiving holiday. Due to the addition of new steel ingot furnaces, output of steel was greater than both a month and a year ago. There is a possibility that the present high rate of operations will not be maintained in coming months as there seems to be some oversupply of steel ingots, and consequently high cost open hearths may go out of production for short intervals.

Production of coal at Eighth District mines in November was slightly greater than a month and a year earlier. Other mining activity was high, but oil production remained below that of 1942. Lumber output at area mills continues at a level well below a year ago due primarily to inability of sawmills to obtain necessary labor. Industrial alcohol output at whiskey distilleries in November was less than in October and November, 1942. Production in miscellaneous manufacturing lines such as chemicals, meat packing, etc., was up appreciably from both a month and a year ago.

**DISTRICT SURVEY**

**MANUFACTURING**

Iron and Steel—Due to production from two new furnaces put into operation early in November in the St. Louis area, steel output in the month was in greater volume than in October and in November, 1942. Steel ingot production in November averaged 103 per cent of capacity, compared with 99 per cent in October and 101 per cent last year, although unauthorized work stoppages in two steel plants in this district in the latter part of the month caused some delay in production. Total United States production of steel ingots during November was down slightly from the record high of the previous month.

Scrap inventories at steel mills and foundries in this area currently range from 10 to 30 days’ supply and while this is low by pre-war standards, it seems adequate to support production at present levels. The recent scrap drive in the St. Louis area brought in only 200 tons of metal, a strong indication that earlier drives had swept fairly clean.

**Shoes**—Estimated production of shoes in the Eighth District for November totaled 5.9 million pairs, 11 per cent under October but up 8 per cent from a year ago. Final figures for October production were 6,633,000 pairs, off 3 per cent and 2 per cent, respectively, from a month and a year earlier. Cumulative shoe production for the first ten months of 1943 totaled 68.7 million pairs, compared with 71.7 million pairs during the same period of 1942. A continued scarcity of labor, equipment, and certain types of leather are given as major factors for this year’s curtailed output.

Whiskey—At the close of November, 45 Kentucky distilleries were producing alcohol for the war program, compared with 49 in the previous month, and 58 in November, 1942. Scarcity of grains, relative to demand for feed, food and other purposes, coupled with an increase in war alcohol requirements for 1944, indicates little probability of resumption of whiskey production in the near future.

The Distilled Spirits Institute estimates that actual whiskey stocks on October 31 were only 303 million gallons if allowance is made for normal shrinkage during storage. If this stock were to be consumed at the high rate of 1942, the supply would be exhausted somewhere between eighteen months and three years, depending on the extent neutral spirits are available and used for blending.

**Miscellaneous manufacturing**—Increased livestock marketings at St. Louis, with hog volume at a record in November, brought the meat packing and slaughtering plants to an exceptionally high level of activity. Because of overtaxed facilities meat processors were forced to ask producers to hold shipments to an absolute minimum.

Munitions production continued in great volume despite cutbacks in small arms ammunition schedules. In the aircraft industry at St. Louis, revisions in production schedules are also planned and the largest plant in the district is retooling for output of transport planes. Chemical production in the district reached new heights during November with substantial increases over October and over the comparable period of 1942.

**OIL AND MINING**

Oil—Total oil well completions in major oil producing Eighth District states this year totaled 2,463 on November 27 compared with 2,317 for the same period last year. Drilling activity during October improved with the percentage of oil producing wells drilled up considerably over September. In October, the ratio of dry wells to total completions amounted to 39 per cent as compared to 46 per cent a month earlier. Preliminary figures indicate that drilling activity during November declined somewhat but that the proportion of oil producing wells drilled remained about the same.

Production of oil in Eighth District states is not proceeding at certified rates. According to reports, the major reason for the failure to achieve production goals is the lack of incentive to drill because of high costs relative to the fixed price of oil.
Mining — As mining activities were restored to normal, coal production in the Eighth District during November increased 3 per cent over October and was 4 per cent above production in November, 1942. Large shipments of bauxite from Arkansas continued during the month. Zinc production in northern Arkansas, however, reached the lowest level in twelve months. New veins have been discovered recently but they are not being mined at present. November production of manganese in Arkansas increased to 1,443 tons as mining conditions improved with favorable weather. Mining of fluor spar in the Kentucky field continues at a high level. During the past year production of metallurgical fluor spar in this field has exceeded that of any other area in the United States. Chemical fluor spar in Illinois is also being mined in large quantities.

EMPLOYMENT
Total employment in this district in November was little changed from October as the normal, seasonal decline in agriculture employment was offset by gains in non-agricultural lines, particularly in retail trade. Manufacturing employment held fairly stable with lay-offs from curtailed munitions lines generally being absorbed by other war producers still expanding output and employment.

The over-all district labor supply still seems to be adequate to meet all foreseeable demand, even though three district cities are rated as labor shortage areas. In these three cities, Evansville, Pine Bluff, and Louisville, supply cannot keep pace with demand and numerous factors make in-migration of additional workers difficult. While Louisville is still rated as a Group II city, a 48-hour work-week is now scheduled to go into effect January 1, 1944. The most pressing shortage in Louisville is in unskilled labor.

RETAIL TRADE
An expected upturn in department store trade in November lifted dollar volume of sales at district stores 10 per cent over October and 20 per cent above November, 1942. Cumulative sales for the first eleven months of 1943 were up 15 per cent as compared with the same period last year. While the increase in dollar volume of sales is due partly to price rises, physical volume of sales is also up substantially.

Buying during the month concentrated rather heavily upon jewelry, toys and other gift items such as men’s and boys’ wear but sales of other lines, particularly home furnishings, also increased appreciably, with most purchasing in soft goods or smaller furniture items. Furniture store sales in November, however, declined 4 per cent from October but were 1 per cent above November, 1942 sales. Sales of women’s wear at district department stores in November were up 5 per cent from October but were 28 per cent over November, 1942. Women’s apparel store sales in St. Louis were virtually unchanged in dollar volume from October but were 28 per cent greater than November, 1942.

AGRICULTURE
General Conditions — According to December 1 estimates, production volume of eight major field crops in the district is 10 per cent below 1942 output but 9 per cent above the 10 year (1932-41) average. The December estimate was slightly lower than last month’s because of cuts in the estimated output of wheat, corn, tobacco, potatoes and rice.

Harvesting in the district is practically complete. Heavy feeding of livestock began in parts of the district as pastures deteriorated. The blue grass regions in Kentucky experienced the driest November in 25 years, and, as a result, the growth of winter wheat and grass practically stopped. The development of fall crops was also held back in Missouri during November owing to drouth conditions.

Cash farm income in Eighth District states increased more than seasonally in October, bringing the cumulative total for the first ten months of this year to 2.9 million dollars, a gain of 22 per cent over income for the comparable period of 1942.

In Eighth District states, prices received by farmers followed the national trend. Declines ranged from one point in Mississippi to six points in Arkansas. Downturns in prices received for cotton, meat animals, corn and chickens, were general throughout the district, while price gains were fairly uniform for apples, milk, turkeys, eggs and hay.

Cotton — Cotton estimates in the Eighth District were revised upward on December 1 as a result primarily of increased output in the southern portion of the district. District cotton production for 1943 was placed at 3,205,000 bales, up slightly from November 1 estimates, but 18 per cent below 1942 output. Estimated declines for Missouri and Tennessee were more than offset by upward revisions in forecasts for Mississippi and Arkansas.

Demand for cotton this season has been appreciably lower than last year. Lack of mill incentive growing out of labor shortages, increased costs, lowered profit margins and peace rumors were the dominant factors which depressed cotton market activity during the past month. Spot cotton prices at Memphis during the latter part of November declined steadily and in the first week of December reached a level 50 points under the price of 19.60c
quoted on November 15. In the second week of December, however, earlier losses were fully recouped and by the middle of the month prices closed slightly above those for the same period a year ago.

Although AAA cotton quotas for 1944 have been suspended, cotton acreage next year will probably not be much greater than that planted this year as shortages of labor and equipment will have a tendency to keep the acreage down. The feed shortage has stimulated the demand for cottonseed meal and the removal of AAA acreage restrictions was in part an outgrowth of a desire to increase production of cottonseed. WFA has announced that the price of the 1943 output of cottonseed and cottonseed products will be supported in order to increase production of oil, meal and linters for war purposes.

**Grain and Feed Crops** — For the past several months the unprecedented demand for feed has dominated the grain situation. Prices of all grains have increased markedly from a year ago with Chicago wheat prices in November at the highest level in fifteen years. Although the supply of feed this year for the nation is of record proportions, regional shortages have been serious. Disappearance of feed grains other than corn, moreover, has been exceedingly large. Price relationships among the various grains have resulted in an unusually large utilization of wheat as feed and a relatively small farm to market movement of corn.

The feed situation in the Eighth District is somewhat less favorable than for the nation. Production of corn, oats, barley and all sorghums for grain per grain-consuming animal unit in Eighth District states is estimated to be approximately 16 per cent below 1942. Excluding Indiana and Illinois, states which are mostly outside the district, the decline from last year is estimated at 20 per cent, compared to a drop of 15 per cent for the nation as a whole. States showing greatest decreases in production of grain per grain-consuming animal unit are Arkansas and Tennessee with declines of 33 and 23 per cent, respectively. Pastures in the district this year have been below average, a condition which further tended to reduce the supply of grain available for feed. During November, Missouri and Kentucky experienced one of the worst winter droughts in years. However, despite the lower production of feed grains per animal unit this year, the supply should be adequate to take care of most needs for the current feeding season if this year’s crop and reserves are carefully and efficiently utilized.

**Livestock and Livestock Products** — Although marketings of cattle and sheep declined during November, an exceedingly heavy flow of hogs to market resulted in total receipts 14 per cent greater than October and 25 per cent above November, 1942. Cumulative receipts through November were up 5 per cent compared with a year ago. Hogs slaughtered under federal inspection increased 48 per cent, but slaughter of other animals, especially calves, declined. At the end of the month slaughterers were falling 2 and 3 days behind in their kill and storage facilities were practically filled.

Fluid milk production in the nation and Eighth District states is continuing at a lower level than in 1942. Since the Government has subsidized feed costs for the last quarter of this year, the immediate outlook is for an increase in production. However, continued scarcities of feed, particularly high protein concentrates, probably will tend to decrease production per cow.

**Tobacco** — The 1943 tobacco marketing season opened during the first week of December. Predominant influences prevailing during the first marketing week were smaller offerings, higher average prices and better quality than in the opening week in 1942. Offerings of burley tobacco in Kentucky and Tennessee for the week ending December 10 amounted to 43 million pounds compared to 52 million pounds for the comparable period in 1942. Volume of sales in the two states during the first week were comparatively light as a result of unfavorable conditions for preparing the tobacco for marketing. Dry weather during the latter part of November prevented stripping but light and scattered showers in early December enabled growers to prepare tobacco for market and sales should show a heavy increase. The average price for burley tobacco in Kentucky during the first marketing week was $46.51 per hundred pounds, and in Tennessee prices averaged $47.77, up $5.87 and $7.74, respectively, from average prices for the comparable week last year.

The Green River tobacco marketing season opened December 1. The general quality of marketings is much better this year than last, with price increases by grades ranging from $1.25 to $11.75 per 100 pounds over opening sales of last year. In the second week price advances continued. Although sales of Green River type tobacco in Kentucky during the initial marketing period amounted to only 1.5 per cent of the total crop, ideal stripping weather during the second week of December brought a much larger quantity of tobacco to market.

In the dark-fired region, cool, harsh weather during late November and early December resulted in discontinuance of curing operations by most farm-
ers. Favorable weather conditions during the second week of December, however, permitted handling and on the 10th of the month about 65 per cent of the crop had been taken down and placed in bulk.

COST OF LIVING

The cost of living in the United States during November reversed its upward trend. Between mid-October and mid-November, the BLS index for large cities in the United States declined 0.2 per cent but on the latter date was 5.4 per cent over the September, 1942 level. For a short time this summer the index declined somewhat as subsidies on certain foods and seasonal influences held down or reversed the trend of food costs. Subsequently, seasonal price rises in items of food plus advances in retail costs of clothing and other items largely offset the effect of the subsidy programs.

In St. Louis, the only district city covered by the monthly cost of living index, living costs moved up 0.2 per cent from October 15 to November 15 and on the latter date were 5.4 per cent above September, 1942. Changes in food costs in Eighth District cities in the past month ranged from —0.3 per cent in St. Louis and Memphis to +0.8 per cent in Little Rock.

BANKING AND FINANCE

In line with national trends, Eighth District member banks have been losing reserves in recent weeks primarily because of the continuous and strong movement of money into circulation and increases in required reserves resulting from shifts of funds from War Loan accounts to private deposits. U.S. Government deposits at 24 weekly reporting district member banks dropped $80 million in the four weeks ending December 15. Since income tax payments by individuals now are largely on a current basis receipts on the December 15 tax date were not as large as formerly. Consequently the Treasury continued to draw heavily on funds to its credit in banks.

To adjust their reserve positions, many large city banks, which are now relatively fully invested, sold Treasury bills to the Federal Reserve Bank. In the four week period, bill holdings of the 24 reporting banks declined $34 million, with most of the decrease coming at St. Louis banks. Certificate holdings also dropped slightly in the month. A decrease in the note account was more than offset by increased holdings of bonds. Loan volume decreased $5 million but was $11 million over the comparable date last year.

Since the last issue of this Review, The Kirkwood Bank, Kirkwood, Missouri, has become a member of the Federal Reserve System.

CASH FARM INCOME

(In thousands of dollars)

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<tr>
<th></th>
<th>October</th>
<th>Cumulative for 10 months</th>
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<tbody>
<tr>
<td>Arkansas</td>
<td>$56,670</td>
<td>$85,511</td>
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<tr>
<td>Illinois</td>
<td>128,230</td>
<td>128,435</td>
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<tr>
<td>Indiana</td>
<td>65,367</td>
<td>66,183</td>
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<tr>
<td>Kentucky</td>
<td>21,437</td>
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<tr>
<td>Mississippi</td>
<td>74,715</td>
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<td>Missouri</td>
<td>70,640</td>
<td>74,204</td>
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<tr>
<td>Tennessee</td>
<td>38,814</td>
<td>34,795</td>
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<td>Totals</td>
<td>455,894</td>
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RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

Receipts

<table>
<thead>
<tr>
<th></th>
<th>Nov., 1943</th>
<th>Oct., 1943</th>
<th>Nov., 1943</th>
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<tbody>
<tr>
<td>Cattle and Calves</td>
<td>179,164</td>
<td>195,218</td>
<td>154,937</td>
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<tr>
<td>Hogs</td>
<td>460,523</td>
<td>457,425</td>
<td>273,411</td>
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<tr>
<td>Horses and Mules</td>
<td>2,729</td>
<td>3,641</td>
<td>3,220</td>
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<tr>
<td>Sheep</td>
<td>84,181</td>
<td>87,444</td>
<td>62,557</td>
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<td>Totals</td>
<td>617,307</td>
<td>543,728</td>
<td>495,015</td>
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WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1935=100)

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<thead>
<tr>
<th></th>
<th>Nov., 1943</th>
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<tbody>
<tr>
<td>All Commodities</td>
<td>102.9</td>
<td>101.0</td>
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<tr>
<td>Farm Products</td>
<td>121.4</td>
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<tr>
<td>Foods</td>
<td>105.8</td>
<td>105.9</td>
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<tr>
<td>Other</td>
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<tr>
<td>United States</td>
<td>124.1</td>
<td>124.4</td>
</tr>
<tr>
<td>St. Louis</td>
<td>122.8</td>
<td>122.6</td>
</tr>
<tr>
<td>U. S. (51 cities)</td>
<td>137.3</td>
<td>138.2</td>
</tr>
<tr>
<td>St. Louis</td>
<td>138.7</td>
<td>139.1</td>
</tr>
<tr>
<td>Little Rock</td>
<td>134.5</td>
<td>134.9</td>
</tr>
<tr>
<td>Memphis</td>
<td>143.9</td>
<td>144.4</td>
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INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (October, 1943=100)

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<tr>
<td>Evansville</td>
<td>306.6</td>
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<td>Louisville</td>
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<td>Memphis</td>
<td>171.8</td>
<td>165.1</td>
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<td>St. Louis</td>
<td>161.1</td>
<td>159.3</td>
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<tr>
<td>Preliminary</td>
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BUILDING PERMITS

(Building permits in thousands)

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<tr>
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<tbody>
<tr>
<td>Evansville</td>
<td>22</td>
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<tr>
<td>Little Rock</td>
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<tr>
<td>Louisville</td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td>Memphis</td>
<td>56</td>
<td>34</td>
</tr>
<tr>
<td>St. Louis</td>
<td>56</td>
<td>34</td>
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<tr>
<td>November Totals</td>
<td>256</td>
<td>291</td>
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<tr>
<td>October Totals</td>
<td>466</td>
<td>405</td>
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VALUE CONSTRUCTION CONTRACTS LET

(Total 8th Dist.) $1,949,000 $2,818,000

CONSUMPTION OF ELECTRICITY

(K.W.-H. in thousands)

<table>
<thead>
<tr>
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<th>October, 1943</th>
<th>Nov., 1943</th>
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<tr>
<td>Evansville</td>
<td>10,831</td>
<td>10,472</td>
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<td>Little Rock</td>
<td>21,853</td>
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<td>Louisville</td>
<td>82,180</td>
<td>17,857</td>
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<td>Memphis</td>
<td>67,784</td>
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<tr>
<td>Pine Bluff</td>
<td>20,810</td>
<td>2,702</td>
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<tr>
<td>St. Louis</td>
<td>123,176</td>
<td>94,920</td>
</tr>
<tr>
<td>Totals</td>
<td>341,211</td>
<td>139,359</td>
</tr>
</tbody>
</table>

*Selected industrial customers. **Revised.
Memphis, Tenn.
Springfield, Mo.
8th F. R. Dist., +10
St. Louis, Mo...
Louisville, Ky.

were 109 per cent greater than on the corresponding date a year ago.

Boots and Shoes. —
Arkansas; Evansville, Indiana; Henderson, Hopkinsville, 
Pine Bluff, Ark.; Alton, East St. Louis, 
163,121 166,389 154,554 48,490 44,912 1,661,031 1,561,748
Source: Terminal Railroad Association of St. Louis.

269,991 311,573
20,064 19,338
32,914 32,437
7,960
5,309 5,510

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163,121 166,389 154,554 48,490 44,912 1,661,031 1,561,748
Source: Terminal Railroad Association of St. Louis.
Industrial activity was maintained at a high level in November and the early part of December. Value of retail sales during the Christmas buying season has been larger than last year’s record sales.

**Industrial production**—Industrial production in November was at 247 per cent of the 1935-39 average, the same as in October and 2 points higher than in September according to the Board’s seasonally adjusted index. Further increases in munitions production in November were offset in the total index by smaller output of coal and steel.

The reduction in steel output from the high October rate was small and reflected partly a decline in war orders for some types of steel products. Activity in the machinery and transportation equipment industries continued to rise in November. The Board’s machinery index, which had been stable from April to August, advanced 5 per cent in the past 3 months as a result of increases in output of electrical equipment and other machinery, which includes aircraft engines.

Total output of nondurable goods in November continued at the level of recent months. Activity in wooden mills showed little change as increased production of civilian fabrics, resulting from the lifting of restrictions on the use of wool, offset reduced output of military fabrics. Production of manufactured food products continued at a high level. Federally inspected meat production in November was one-fourth larger than a year ago. Newspaper consumption in November declined to a level 15 per cent below the same month last year. Output in the rubber products and petroleum refining industries continued to increase.

Coal production increased sharply in the latter part of November but for the month as a whole bituminous coal output was down 9 per cent from October and anthracite 19 per cent. In the early part of December output of bituminous coal was at the highest rate in many years.

**Distribution**—Notwithstanding a reduced selection of merchandise department store sales in November were about 10 per cent greater than the large volume of sales in November, 1942, and in the first three weeks of December sales were about the same as a year ago. Value of department store stocks at the end of October was reported to be 9 per cent smaller than a year ago and it is estimated that, contrary to the usual seasonal movement, stocks declined in November.

Freight carloadings were maintained in large volume in November and in the first half of December. Loadings of coal during the four weeks ending December 11 were at the highest rate in many years, following a sharp drop in the first half of November. Shipments of grain and livestock were in unusually large volume for this time of year.

**Commodity prices**—Grain prices continued to advance from mid-November to mid-December and reached levels more than one-fourth higher than a year ago. Wholesale prices of other farm and food products showed little change, while prices of various industrial commodities, including coal, were increased somewhat.

The cost of living, which had increased 0.4 per cent in October, declined 0.2 per cent in November, according to the Bureau of Labor Statistics index.

**Bank credit**—Excess reserves at all member banks fluctuated around one billion dollars in November and December, maintaining an average level slightly below that which prevailed during the previous month. During the five weeks ending December 26, reserve funds were absorbed by a pre-holiday rise in money in circulation of about 800 million dollars, and required reserves continued to increase as Treasury expenditures transferred funds from Government accounts to private deposits. Needed reserves were supplied to member banks through an increase of 1.7 billion dollars in Government security holdings at the Reserve Banks. Additions to Treasury bill holdings accounted for the larger part of the increase, but certificate holdings also rose substantially.

During November and the first half of December, loans and investments at reporting member banks in 101 leading cities declined by around 2 1/2 billion dollars, after increasing by 6 1/2 billion in September and October. Holdings of all types of Government securities decreased. Bill holdings, mainly because of sales to the Reserve Banks, showed the largest decline. Loans for purchasing or carrying securities continued to decline over the period.