

BUSINESS CONDITIONS

A REVIEW OF 1943

Released for Publication in *The Afternoon Papers* of February 1, 1944

FEDERAL RESERVE BANK OF ST. LOUIS



COURTESY FRISCO LINES

INDUSTRY AND EMPLOYMENT

THE year 1943 saw the Eighth District economy complete the job of converting its industrial plant to war production, rise to an all-time peak in manufacturing output, and begin its reconversion to peacetime activity. Whereas 1942 had been a year devoted largely to construction of new facilities and enlargement and retooling of established plants, 1943 was one of all-out production effort. By mid-year, the new industrial plant of this area was virtually complete and only isolated portions scattered throughout the district remained to be finished. By the close of the year, many of the major war plants were operating below capacity and some were already in process of turning out peacetime materials.

From the inception of the defense-war program through August, 1943, the Eighth District received major facility awards totaling \$1.9 billion in value, or more than 6 per cent of all such awards in the United States. Approximately two-thirds of this volume went for new industrial facilities and the balance for military construction and equipment. At the beginning of the program much of the new awards went to the smaller towns or rural areas and resulted in the relative industrialization of such sections as Arkansas, western Kentucky and Tennessee, and northern Mississippi. Over the entire period the four major industrial centers of this district, St. Louis, Louisville, Memphis, and Evansville, received but 53 per cent of the new facility awards and about one-sixth of this was for military establishments.

As the conversion movement progressed, however, and as established industry turned more and more to war output, the industrial areas of the district received an ever-growing proportion of the supply orders. Through February, 1943, the total value of major supply orders (those of \$50,000 or more exclusive of food contracts) let in the district was \$1.8 billion, of which 83 per cent went to the four manufacturing centers. In the next seven months the volume of supply orders more than doubled and of the additional \$1.9 billion the major cities received 92 per cent. Probably this proportion would be even greater were food contracts and smaller supply awards included. This swing back to the industrial centers which has characterized the district economy has been possibly even more pronounced on a national scale.

The doubling of supply order volume in the seven months from March through September, 1943, is also indicative of the extent to which district industry was geared to war production in 1943. Not

only did the large explosives, aircraft and other munitions plants increase their output phenomenally in the year, but hundreds of smaller factories produced thousands of items that went directly for military purposes. In 1939 the total value of manufacturing output in the district was \$2.4 billion. In seven months of 1943 major supply awards amounted to three-fourths as much even when food contracts were excluded, and the processing of foodstuffs is the district's most important manufacturing activity.

By the end of 1943 the district began to feel the first effects of reconversion. Since about one-half by value of all new industrial facilities in the district were for manufacture of ammunition and explosives, recent cutbacks in production of these items react strongly on district war industry and are resulting in sizable employment shifts. In November, St. Louis ammunition plants began a gradual release of 10,000 workers and early in January a major explosives plant was shut down completely. While actual reductions in employment have not occurred on any appreciable scale at other district munitions plants, most of them are well below their forecast peaks in workers and probably will never attain them. In addition to these changes in programs, curtailment of output of tanks, destroyer-escorts, attack planes, gliders and aluminum has affected the area. While many of these contracts were replaced by others for invasion craft, trucks, transport planes and other munitions, the offset was far from complete.

Indicative of the pronounced rise to peak production and the relative stabilization of industrial activity at an exceptionally high level, gains in consumption of industrial power from a year earlier narrowed significantly as 1943 advanced. At major district cities industrial electricity consumed in January, 1943, was 57 per cent more than in January, 1942. In June, the increase from a year earlier was but 19 per cent and in December was only 7 per cent. For the entire year 1943, the increase over 1942 was 27 per cent.

Coal output at district mines increased 6 per cent in 1943 despite numerous labor difficulties which retarded mine operations. Oil production in the district was down from 1942, mostly due to decreased output at Illinois fields. Other mining activity in this area was maintained at record-breaking levels. District lumber production in 1943 was considerably below 1942 output with major reasons for curtailed output being manpower shortages and inadequate supplies of trucks and tires.

RETAIL AND WHOLESALE TRADE

The dollar volume of retail trade in the Eighth Federal Reserve District continued to expand during 1943 despite the exceptionally high levels reached in 1942 which prompted some observers to forecast a decline for 1943. The heavy flow of consumer purchasing power resulting largely from huge Government expenditures created a considerable demand for all varieties of goods. Since many durable items, such as refrigerators, electric irons, washing machines and certain types of furniture, were not available in any volume during most of the year, consumer demand focused most sharply upon the "soft" lines of merchandise, particularly women's and children's clothing, "soft" house furnishings and luxury items, such as jewelry. A shift in buying habits became more apparent during the year as buyers in general demanded better quality merchandise. At department stores, for example, the main store portions showed greater percentage gains over the year than did the basement stores.

The dollar increase in retail sales during 1943 reflected, to some extent, increased prices, although the price gains were not as marked this year as last. During most of 1943 the official price indexes registered very little change but by up-grading within classes of merchandise, elimination of special sales and concentration upon higher priced goods, the over-all level of prices at most stores was somewhat higher than in 1942.

While the level of trade in 1943 was exceptionally high, breaking all records in dollar volume, the year was not characterized by numerous pronounced waves of "scare buying" such as were in evidence late in 1941 and throughout 1942. Only in February, 1943, did the movement of trade reflect any particular pressure by consumers to obtain goods because they feared future shortages.

At department stores in this district the gain in dollar volume of trade in 1943 over 1942 was 13 per cent, in contrast to an 11 per cent rise the previous year and a 21 per cent increase in 1941. During the past year the greatest percentage gains in department store trade occurred in Evansville, Springfield, Fort Smith, Little Rock and Memphis, in that order. At St. Louis the gain from a year earlier was but 7 per cent and in Louisville it was 13 per cent.

Despite greatly reduced inventories, furniture store sales during the year were up considerably over 1942. During the first four months of 1943 sales averaged about the same as in 1942. In the next four months, however, sales gains over 1942 averaged more than 20 per cent. In the final four

months volume was slightly under that of 1942. For the year as a whole, despite consumer choice being seriously limited, sales were about 10 per cent more than in 1942. The restricted range of consumer choice apparently had little effect on volume, and buyers purchased what merchants had to offer.

Sales at men's furnishing stores in the district were 4 per cent above 1942. As a result of shoe rationing early in 1943, sales at district shoe stores were down 10 per cent compared with 1942. Sales of high-priced shoes, however, increased during the year as consumer preference shifted from lower to higher quality merchandise.

Inventories at most district retail stores were considerably below the previous year's level. Stocks at department stores averaged 14 per cent lower in 1943 than in 1942. Sales volume was maintained, however, by a turnover of inventory appreciably higher than in 1942. Stock turnover in 1943 amounted to 4.73 compared with 3.63 in 1942. Inventories at furniture stores at the close of 1943 were down 27 per cent compared with a year earlier. Shoe store inventories registered a decrease of 19 per cent on December 31 compared with the same date a year earlier.

Increased funds and the continuance of relatively strict credit terms boosted collection ratios of department and furniture stores considerably in 1943. For the first half of the year collections on open book accounts at department stores averaged some 13 per cent more than in the same period of 1942 when such accounts were uncontrolled. For the last half of the year the collection ratio was but 2 to 3 points higher than in the comparable period a year earlier. Collections on instalment accounts averaged about 35 per cent in 1943 as compared with about 25 per cent in 1942. At furniture stores collections also improved substantially and ratios increased both because of this and lower volume of receivables.

Reflecting the increasing difficulty of obtaining consumer goods, volume of wholesale trade during 1943 did not register as pronounced an increase as retail trade. Stocks at wholesale houses were down relatively more during 1943 than retail store inventories. In almost every month during the first eight months of the year stocks were more than 30 per cent under the corresponding month a year ago. During the latter part of the year, however, the inventory position improved and at the end of December wholesale stocks were 5 per cent below a year ago.

BANKING AND FINANCE

Eighth District banking during 1943 was characterized by three major developments—deposit growth, investment expansion, and loan contraction or, at best, maintenance of loan volume—all continuations of trends that have been in evidence since the beginning of the war. For the most part the larger city banks fared better than the more rural institutions since their acquisition of earning assets relative to deposit growth was greater. In the cities, loan volume held up better as war production borrowing under Regulation V increased. The city banks also maintained a more fully invested position. At rural banks loans fell off as the strong cash position of the farmer substantially curtailed credit demand. The rural banks also for the most part did not take full advantage of investment opportunities for their surplus funds.

The growth in deposits during the year was considerable, although somewhat less percentage-wise than in 1942. At 24 reporting member banks in this district demand deposits adjusted at the close of December, 1943, were almost \$1 billion, up \$125 million in the year or about 14 per cent. In the previous year the increase at these banks had been \$109 million or 17 per cent. Virtually all of the demand deposit growth in 1943 occurred in the last half of the year. Time deposits increased about \$30 million or 15 per cent in the year. The much greater use of War Loan accounts in payment for Government securities caused the level of U. S. Government deposits at the close of 1943 to be \$65 million greater than a year earlier and these accounts were well below their peak at year's end since the last major financing occurred early last fall.

The relative growth in demand deposits at major district cities during 1943 was not uniform. Evansville and Louisville banks recorded gains of 34 per cent and 27 per cent, respectively, as these war-busy cities and their inflated populations received particularly heavy Government payments. The rise at St. Louis banks was but 7 per cent. Memphis banks increased their private demand deposits 20 per cent and at Little Rock the gain was 14 per cent.

Commercial, industrial, and agricultural loans at reporting member banks on December 29, 1943, were 1 per cent more than at the end of 1942. During the twelve-month period ending June 30, 1943, however, these loans declined 19 per cent, indicating that average loan volume during 1943 was considerably less than in 1942. During the latter period, commercial, industrial, and agricultural loans decreased at all reporting cities, but in the latter part

of 1943 increases at St. Louis and Evansville brought the total on December 29 to a level slightly above that a year earlier. Loans to brokers and other loans to carry securities increased appreciably during 1943, totaling at the end of the year 66 per cent and 38 per cent higher, respectively, compared with levels at the close of 1942. Declines of security loans at Evansville and Memphis during the period were offset by large increases at Little Rock, Louisville, and St. Louis. Real estate loans on December 29, 1943, were off 1 per cent from loans on the comparable date in 1942, declines having occurred in all reporting cities except St. Louis where real estate activity is relatively greater.

The investment holdings of reporting member banks increased 31 per cent during 1943. Unlike the World War I period when deposit expansion reflected primarily increased loan volume, the upturn in deposits during the present war results from the pronounced gains in Government security holdings. Since deposit growth is founded on investments rather than loans, there probably will be no sizable decline in over-all deposit levels after the war unless the level of the Government debt is reduced. Reporting bank holdings of Government bonds rose \$162 million in the year just past, while note portfolios gained \$36 million and certificate holdings were up \$74 million. Bank Treasury bill accounts were off almost 50 per cent from a year ago, as the more fully invested city banks utilized bills throughout the year to adjust their reserve positions.

Total member bank reserves in December, 1943, were about equal to those a year earlier but excess reserves had dropped by about half, as required reserves increased. During the year the volume of required reserves varied considerably as funds were transferred from private deposits to War Loan accounts and vice versa during and after the major financings.

The drain on member bank reserve funds caused by heavy increases in money in circulation and Treasury transactions was largely offset during the year by Federal Reserve operations in the money market. There was some bank borrowing in 1943 by several of the larger banks, but for the most part reserve strain was eased by selling securities to the Reserve banks. Since the fixed buying rate on Treasury bills plus the repurchase provision on such bills was attractive to banks, the major transactions were in bills. Virtually all use of bills to adjust reserves so far has been confined to the large city banks, and of those mostly to St. Louis banks.

AGRICULTURE

Despite unfavorable weather and other difficulties Eighth District farmers had a successful year in 1943. Crop production was off about one-tenth in volume from 1942, but this decline was largely offset by greatly increased production of livestock. As a result of this and of higher prices, agricultural income in the district broke all records. The gain for this area, however, was smaller than for the nation as a whole.

Throughout most of 1943 weather and growing conditions were decidedly unfavorable for district crops. At the beginning of the year adverse weather retarded the development of winter wheat and various cover crops. A heavy freeze in early March severely damaged fruits and vegetables in the central and southern portions of the district and in the latter part of April more frost and severe freezes in many sections wrought considerable additional damage. Spring planting was carried on under generally favorable weather conditions in late March and early April, although it was handicapped in some areas by wet soil. Heavy rains in early May, however, seriously delayed planting and culminated in severe floods which overran much acreage in Arkansas, Missouri, Illinois, and Indiana. Some 4 million acres of district land were covered by water as the Mississippi, Missouri, Arkansas, White and Wabash Rivers all overflowed their banks. About half of this acreage was in crop lands, much of which had been plowed and planted. In addition to damage done directly by inundation, the very heavy rains badly washed higher ground. In early June a recurrence of floods covered much farm land in northern sections of the district and further delayed spring planting.

Despite these setbacks district farmers managed to plant most of their intended acreage. During late June and early July growing conditions improved and part of the earlier damage was counteracted. The latter part of July and August, however, brought abnormally high temperatures which led to drouth conditions in much of the district, especially the southern part. Although weevil infestation of cotton was kept to a minimum by the hot weather, pastures and other growing crops were retarded. The drouth was relieved by rains in September which benefited pastures and late maturing crops but was too late to materially offset earlier losses. Cotton and tobacco harvesting began in September and October and proceeded under relatively favorable working conditions. The corn harvest started slowly during October under ideal

harvesting conditions. In November, lack of moisture, although providing good harvesting weather, further cut yields of late maturing crops and reduced pastures considerably. Tobacco preparation was held back as a result of the dry weather, but December showers permitted resumption of stripping. During December harvesting in the Eighth District was practically completed.

Production of principal Eighth District field crops in 1943 was 10 per cent below 1942 output. From a value standpoint the most serious declines occurred in cotton, corn and hay. For the most part every district crop either decreased more in volume of output or increased less than the national average. For the entire United States the decline in total crop production from a year earlier was but 6 per cent.

Every major grain or feed crop except wheat and soybeans declined in output from 1942. The 18 per cent drop in cotton production resulted in a district crop of 3,205,000 bales, about equal to the average harvest in the 1932-41 period. About one-half of the total national decrease in cotton output was concentrated in this district with the most pronounced decline occurring in Arkansas mostly as a result of flood and drouth. Tobacco production was up appreciably in 1943 with a harvest of 266,252,000 pounds compared with 242,825,000 pounds in 1942 and 247,239,000 pounds during the ten-year period.

Much of the decrease in crop production in the Eighth District was offset by increased livestock production but the district gain was relatively less than the national. The 1943 Spring pig crop in Eighth District states was 19,790,000, an increase of 15 per cent over the 1942 Spring crop. Although the Fall pig crop was less than farmers' intentions, it was 6 per cent higher than the 1942 Fall crop. Production of cattle and lambs was also increased considerably compared with 1942.

The livestock feed situation in the Eighth District has been relatively worse than in the United States. In 1943, district production of principal feed grains per animal unit was approximately one-fifth less than in 1942. Drouth resulted in pastures appreciably below normal, thus accentuating the feed scarcity in the district.

Prices received by farmers in the United States during 1943 reached the highest level since 1920. On December 15 prices received by farmers stood at 197 per cent of the (1909-14) average, 11 per cent higher than for the same month of 1942. Average prices during 1943 were considerably higher than

1942 average prices. Prices received by farmers averaged 188 during 1943 compared with 157 in 1942, a gain of 20 per cent. Most of the rise was brought about by increases in the prices of fruit, truck crops, grains, poultry and dairy products. Average prices of fruit and truck crops in 1943 were 58 per cent and 45 per cent higher, respectively, than in 1942.

Prices of hogs at National Stock Yards in 1943 averaged higher than in 1942. Although hog prices increased during the third quarter of 1943, heavy marketing in the last quarter brought prices to support levels. Prices of Green River, one-sucker, and burley type tobacco in the current marketing year are up considerably from last season's level. With production greater than last year and with higher average prices, income from tobacco this season will be much above 1942-43 income. Cotton prices have not increased as much as prices of other agricultural commodities. In mid-July, 1943, the price of 15/16 middling at Memphis was 20.60c and only 4 per cent higher than a year earlier. By November 15, the price had fallen fully one cent to 19.60c, but a month later increased to 19.65c, or 10 points higher than on December 15, 1942.

Cumulative cash farm income in Eighth District states through November, 1943 amounted to \$3,303,298,000 compared with \$2,762,820,000 in 1942, an increase of 20 per cent. Although crop production last year was much below 1942 output, increased livestock production, plus higher prices, resulted in a substantial increase in income for the year. The states of Kentucky and Missouri showed the greatest increases in cash farm income with rises of 29 per cent and 23 per cent, respectively, over 1942.

Agricultural activity in the United States during 1943 was carried on with an average labor force 1 per cent fewer than 1942, and the lowest average in 35 years. The average number of agricultural workers employed during 1943 amounted to 10,263,000. The average number of family workers during 1943 was practically unchanged at 7,857,000, but the average number of hired workers declined from 2,542,000 in 1942 to 2,406,000 in 1943. Despite earlier reports of farm labor shortages in the nation and in the district, this factor does not appear to have resulted in any significant crop damage.

The only district restrictions on crop acreage during 1944 will be on burley and flue-cured types of tobacco. If farmers' intentions are carried out this year, crop production will exceed last year's output by a considerable margin. 1944 acreage goals for Eighth District states indicate considerable increases in corn, barley, sorghums, tame hay and other crops.

Since the last issue of this review the McIlroy Bank, Fayetteville, Arkansas, has become a member of the Federal Reserve System.

CASH FARM INCOME

(In thousands of dollars)	November		Cumulative for 11 months		
	1943	1942	1943	1942	1941
Arkansas.....	\$ 35,542	\$ 64,238	\$ 257,519	\$270,385	\$208,521
Illinois.....	113,146	86,189	1,049,710	855,673	618,540
Indiana.....	60,739	50,547	603,299	491,428	337,494
Kentucky.....	20,424	16,075	267,598	191,995	140,382
Mississippi.....	31,045	56,955	279,088	261,203	183,800
Missouri.....	74,563	54,235	594,434	481,798	348,720
Tennessee.....	29,656	34,005	251,650	210,338	160,644
Totals.....	365,115	362,244	3,303,298	2,762,820	1,998,101

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Dec., 1943	Nov., 1943	Dec., 1942	Dec., 1943	Nov., 1943	Dec., 1942
Cattle and Calves.....	125,341	170,164	110,236	50,658	74,992	49,711
Hogs.....	341,945	360,233	296,285	93,075	88,134	79,856
Horses and Mules.....	2,141	2,729	1,606	2,143	2,717	1,708
Sheep.....	57,724	84,181	63,392	3,210	9,744	6,615
Totals.....	527,151	617,307	471,519	149,086	175,587	137,890

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Dec., 1943	Nov., 1943	Dec., 1942	Dec., '43 comp. with Nov., '43	Dec., '42
All Commodities..	103.2	102.9	101.0	+ 0.3%	+ 2.2%
Farm Products..	121.8	121.4	113.8	+ 0.3	+ 7.0
Foods.....	105.6	105.8	104.3	- 0.2	+ 1.2
Other.....	97.6	97.4	95.9	+ 0.2	+ 1.8

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Dec. 15, 1943	Nov. 15, 1943	Sept. 15, 1942	Dec. 15 '43 comp. with Nov. 15, '43	Sept. 15, '42
United States.....	124.4	124.1	117.8	+ 0.2%	+ 5.6%
St. Louis.....	123.3	122.8	116.6	+ 0.4	+ 5.7
Memphis.....	127.7	*	119.3	*	+ 7.0

*Not available.

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Dec. 15, 1943	Nov. 15, 1943	Sept. 15, 1942	Dec. 15 '43 comp. with Nov. 15, '43	Sept. 15, '42
U. S. (51 cities)...	137.1	137.3	126.6	- 0.1%	+ 8.3%
St. Louis.....	139.3	138.7	126.7	+ 0.4	+ 9.9
Little Rock.....	135.5	134.5	129.2	+ 0.7	+ 4.9
Louisville.....	134.0	134.2	124.2	- 0.1	+ 7.9
Memphis.....	144.5	143.9	129.7	+ 0.4	+ 11.4

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1943	1942	Cost 1943	1942	Number 1943	1942	Cost 1943	1942
Evansville.....	10	23	\$ 9	\$ 74	126	16	\$ 59	\$ 11
Little Rock.....	7	9	56	1	45	37	11	11
Louisville.....	34	34	131	65	20	28	23	16
Memphis.....	279	33	352	260	256	130	139	86
St. Louis.....	33	38	19	49	98	86	66	54
December Totals	363	137	567	449	545	317	298	178
November Totals	256	200	291	2,080	803	406	566	200

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Dec., '43	Nov., '43	Dec., '42	Dec., '43 comp. with Nov., '43	Dec., '42
Total 8th Dist. . .	\$ 1,416	\$ 1,667†	\$ 86,071†	- 15%	- 98%

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

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Custom-ers*	Dec., 1943	Nov., 1943	Dec., 1942	December, 1943 compared with Nov., 1943	Dec., 1942
		K.W.H.	K.W.H.	K.W.H.		
Evansville....	40	10,416	10,811	7,428†	- 4%	+ 40%
Little Rock...	35	2,878	2,807†	3,032	+ 3	- 5
Louisville....	82	17,194	17,801	16,077†	- 3	+ 7
Memphis.....	31	6,597	6,754	5,534	- 2	+ 19
Pine Bluff....	19	7,342	8,103	2,574	- 9	+ 185
St. Louis....	137	95,037	97,889	88,900†	- 3	+ 7
Totals.....	344	139,464	144,165	123,545	- 3	+ 13

*Selected industrial customers. †Revised.

DEPARTMENT STORES

	Net Sales		Stocks	Stock		
	December, 1943		on Hand	Turnover		
	12 mos.'43	12 mos.'43	Dec. 31,'43	Jan. 1, to	Dec. 31,	Dec. 31,
Ft. Smith, Ark.	+36%	+27%	+9%	4.22	3.58	
Little Rock, Ark.	+40	+25	-0-	4.58	4.07	
Quincy, Ill.	+26	+17	.....	.....	.....
Evansville, Ind.	+22	+28	.....	.....	.....
Louisville, Ky.	+25	+13	-3	5.82	3.99	
St. Louis, Mo.	+23	+7	-10	4.52	3.48	
Springfield, Mo.	+43	+28	+21	4.15	2.88	
Memphis, Tenn.	+41†	+24†	+1†	5.01†	3.64†	
*All other cities.	+39	+6	+17	4.37	3.81	
8th F. R. Dist.	+29†	+13†	-5†	4.73†	3.63†	

†Preliminary.

*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: December, 1943—26; November, 1943—25; December, 1942—26.

Outstanding orders of reporting stores at the end of December, 1943, were 81 per cent greater than on the corresponding date a year ago.

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

	Instalment Accounts		Excl. Instal. Accounts	
	1943†	1942	1943	1942
Fort Smith...%	67%		43%	73%
Little Rock...33	63		41	68
Louisville...34	65		42†	69†
Memphis...57†	64†			

†Preliminary.

INDEXES OF DEPARTMENT STORE SALES AND STOCKS
8th Federal Reserve District (1923-1925 average = 100)

	Dec.,	Nov.,	Oct.,	Dec.,
	1943†	1943	1943	1942
Sales (daily average), Unadjusted.....	225	183	156	212
Sales (daily average), Seasonally adjusted..	136	157	138	129
Stocks, Unadjusted.....	89	109	113	94
Stocks, Seasonally adjusted.....	95	98	101	101

†Preliminary.

SPECIALTY STORES

	Net Sales		Stocks	Stock		
	December, 1943		on Hand	Turnover		
	12 mos.'43	12 mos.'43	Dec. 31,'43	Jan. 1, to	Dec. 31,	Dec. 31,
Men's Furnishings	+40%	+2%	+4%	-25%	3.53	2.82
Boots and Shoes	+21	-16	-10	-19	8.64	7.85

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

Men's Furnishings.....	61%
Boots and Shoes.....	52%

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	December, 1943		December 31, 1943		of Collections	
	12 mos.'43	12 mos.'43	Dec. 31,'43	Dec. 31,'42	Dec., '43	Dec., '42
St. Louis Area ¹ .	+7.4%	-7.6%	-12.1%	-39.0%	42.8%	38.7%
St. Louis.....	+2.9	-6.1	-12.1	-39.0	43.9	38.8
Alton.....	+22.8	-19.7	.....	.....	38.8	38.4
Louisville Area ² .	+45.9	-6.1	-2.1	-20.9	32.0	24.3
Louisville....	+53.7	-6.0	-8.7	-32.1	31.5	24.4
New Albany....	+26.9	-6.6	+8.8	+2.4	33.0	24.1
Memphis.....	+35.9	-18.5	-13.0	-48.5	26.2	22.0
Little Rock....	+12.0	-30.3	*	*	29.2	26.1
Pine Bluff....	+3.5	-16.7	*	*	33.6	32.7
8th Dist. Totals ³ .	+21.5	-12.5	-5.9	-27.2	36.5	30.6

*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, Fort Smith, Arkansas; Quincy, Illinois; Evansville, Indiana; Henderson, Hopkinsville, Owensboro, Paducah, Kentucky; Columbus, Greenville, Starkville, Mississippi; Hannibal, Springfield, Missouri; and Dyersburg, Tennessee.

PERCENTAGE DISTRIBUTION OF SALES

	Dec., '43	Nov., '43	Dec., '42
	Cash Sales.....	26%	21%	23%
Credit Sales.....	74	79	77
Total Sales.....	100	100	100

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

First nine days						
Dec., '43	Nov., '43	Dec., '42	Jan., '44	Jan., '43	12 mos.'43	12 mos.'42
155,864	163,121	152,234	41,929	38,143	1,816,895	1,713,982

Source: Terminal Railroad Association of St. Louis.

WHOLESALE

Lines of Commodities	Net Sales		Stocks
	December, 1943		Dec. 31, 1943
	12 mos.'43	12 mos.'42	comp. with Dec. 31, 1942
Automotive Supplies.....	+8%	+31%%
Boots and Shoes.....	-25	+43	....
Drugs and Chemicals.....	-1	+13	....
Dry Goods.....	-6	0-	+2
Electrical Supplies.....	-5	+5	....
Furniture.....	-44	-55	....
Groceries.....	-4	+19	+7
Hardware.....	+3	+21	-2
Plumbing Supplies.....	+8	-5	....
Tobacco and its Products.....	-7	+22	....
Miscellaneous.....	-2	+8	-16
Total all lines*.....	-5	+8	-5

*Includes certain lines not listed above.

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	Dec., '43	Nov., '43	Dec., '42	Dec., '43	Dec., '42
	Number.....	1	5	12	-80%	-92%
Liabilities.....	\$ 1,000	\$ 42,000	\$122,000	-98	-99

Source: Dun and Bradstreet.

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

(In thousands of dollars)	Change from		
	Jan. 19, 1944	Dec. 15, 1943	Jan. 20, 1943
Industrial advances under Sec. 13b.....	\$ .....	.....	7
Other advances and rediscounts.....	5,010	-2,890	+4,920
U. S. securities.....	497,209	-5,067	+212,429
Total earning assets.....	502,219	-7,957	+217,342
Total reserves.....	755,475	+40,917	+34,633
Total deposits.....	546,019	+19,400	+30,508
F. R. notes in circulation.....	725,014	+20,909	+213,824
Industrial commitments under Sec. 13b..	316	-21	-1,317

PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS

(In thousands of dollars)	Change from		
	Jan. 19, 1944	Dec. 22, 1943	Jan. 20, 1943
Total loans and investments.....	\$1,563,946	+22,841	+227,452
Commercial, industrial, agricultural loans*	249,941	+8,612	+1,897
Loans to brokers and dealers in securities.	5,530	-936	+2,227
Other loans to purchase and carry securities	22,591	+9,700	+13,269
Real estate loans.....	63,423	-643	-899
Loans to banks.....	1,599	-655	+1,274
Other loans.....	64,412	-7,899	+1,496
Total loans.....	407,496	+9,045	+16,272
Treasury bills.....	76,871	+25,553	-43,085
Certificates of indebtedness.....	262,742	+1,827	+75,777
Treasury notes.....	145,233	+1,787	+38,060
U. S. bonds.....	518,160	+5,407	+145,203
Obligations guaranteed by U. S. Govt..	43,867	+9,540	+8,653
Other securities.....	109,577	+1,414	+13,428
Total investments.....	1,156,450	+31,886	+211,180
Balances with domestic banks.....	115,066	+278	+20,881
Demand deposits—adjusted**.....	954,532	+25,638	+106,716
Time deposits.....	222,851	+6,415	+29,448
U. S. Government deposits.....	160,360	+20,884	+66,797
Interbank deposits.....	558,195	+39,052	-11,998
Borrowings.....	5,000	-9,500	+5,000

*Includes open market paper.

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

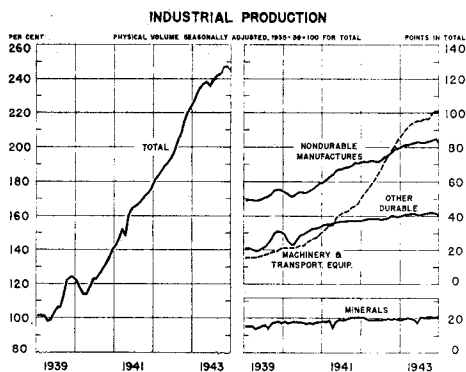
Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 75% of the resources of all member banks in this district.

DEBITS TO INDIVIDUAL ACCOUNTS

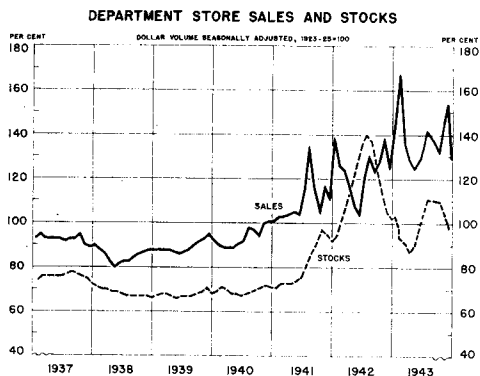
(In thousands of dollars)	Dec., 1943	Nov., 1943	Dec., 1942	Dec., '43	Dec., '42
	El Dorado, Ark.....	\$ 11,182	\$ 8,931	\$ 12,936	+25%	-14%
Fort Smith, Ark.....	22,117	20,691	21,627	+7	+2
Helena, Ark.....	5,267	5,187	5,180	+2	+2
Little Rock, Ark.....	78,979	66,151	80,565	+19	-2
Pine Bluff, Ark.....	17,585	18,254	20,434	-4	-14
Texarkana, Ark.-Tex.	21,321	17,326	17,264	+23	+23
Alton, Ill.....	15,355	12,547	13,076	+22	+17
E.St.L.-Nat.S.Y., Ill..	89,475	88,924	76,528	+1	+17
Quincy, Ill.....	18,499	16,169	13,588	+14	+36
Evansville, Ind.....	116,014	101,239	68,626	+15	+69
Louisville, Ky.....	375,209	329,723	328,855	+14	+14
Owensboro, Ky.....	16,387	12,661	15,915	+29	+3
Paducah, Ky.....	8,286	7,382	9,195	+12	-10
Greenville, Miss.....	13,253	10,935	12,414	+21	+7
Cape Girardeau, Mo..	5,751	4,800	4,776	+20	+20
Hannibal, Mo.....	4,859	4,028	4,277	+21	+14
Jefferson City, Mo....	18,348	20,064	26,445	-9	-31
St. Louis, Mo.....	1,067,295	985,751	1,026,146	+8	+4
Sedalia, Mo.....	6,120	5,309	4,878	+15	+25
Springfield, Mo.....	29,245	28,238	24,952	+4	+17
Jackson, Tenn.....	11,276	10,181	9,515	+11	+19
Memphis, Tenn.....	280,851	269,991	267,949	+4	+5
Totals.....	2,232,674	2,044,482	2,065,171	+9	+8

NATIONAL SUMMARY OF CONDITIONS

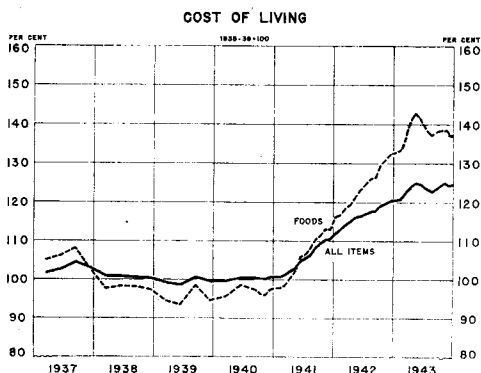
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



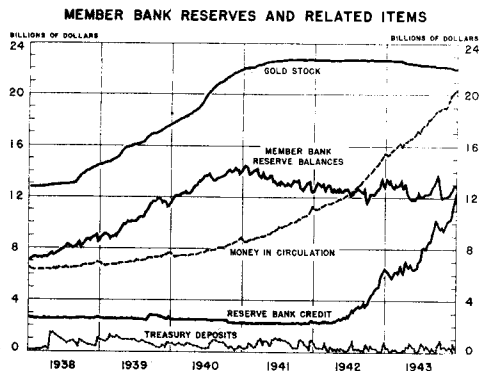
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for December, 1943.



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



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



Wednesday figures, latest shown are for January 19, 1944.

Industrial activity declined slightly in December from the record levels reached in preceding months. Prices of commodities at retail showed little change and distribution was maintained in large volume.

Industrial production—The Board's seasonally adjusted index of industrial production, which had been at 247 per cent of the 1935-39 average in October and November, declined to 245 in December, reflecting largely decreases in output of steel and chemicals.

Steel production dropped 6 per cent in December to the same rate as in December, 1942. Output for the year, however, totaled 88.9 million tons, which was 2.8 million tons larger than the year before. Activity in the transportation equipment and machinery industries was maintained in December at a high level. The number of aircraft accepted during the month was slightly larger than in November and was at approximately the average monthly rate scheduled for 1944. The average weight of planes to be produced, however, will continue to increase. Deliveries of merchant vessels in December were the largest on record, bringing the total for the year to 19,238,626 deadweight tons, as compared with 8,089,732 tons in 1942. Lumber production in the last two months of 1943 was above the level of a year ago in contrast to the first 10 months of 1943 when output averaged 10 per cent below the same period in 1942.

Activity in the chemical industry declined 5 per cent in December, reflecting a large reduction in output of small arms ammunition in accordance with plans of the armed forces. Cotton consumption declined further in December to a level 13 per cent below December, 1942. Newsprint consumption declined seasonally. Further restrictions on its use, as well as on the use of printing paper in books and magazines, were made effective January 1, 1944, owing to inadequate supplies of pulpwood. Output in the petroleum refining and rubber products industries increased further.

Crude petroleum production showed little change in December and output of coal was restored to a high level. Bituminous coal production for the year exceeded 1942 output by 1.6 per cent. Iron ore production continued to decline seasonally in December and output for the year was approximately 4 per cent below 1942.

The value of construction contracts awarded in December, according to reports of the F. W. Dodge Corporation, was greater than in recent months, reflecting mainly increased Federal awards for manufacturing and other nonresidential buildings.

Distribution—December department store sales were slightly larger than a year ago and combined with November sales were 11 per cent larger than in the corresponding months last year. For the year 1943 total value of sales reached a new peak—about 12 per cent larger than 1942 and 55 per cent larger than 1939. Sales during the first two weeks of January were about the same as last year.

Railway freight traffic in December and the first part of January was unusually heavy for this season. For 1943 total freight carloadings were about the same as in 1942. Shipments of grain and livestock averaged about 20 per cent above 1942, while loadings of ore, forest products, and less-than-carload-lot freight averaged 8 per cent lower.

Commodity prices—Wholesale prices of agricultural and industrial commodities showed little change from the middle of December to the middle of January and the general index of the Bureau of Labor Statistics remained at 103 per cent of the 1926 average.

Retail food prices declined slightly from mid-November to mid-December, while other groups of cost-of-living items increased and the total index advanced .2 to 124.4 per cent of the 1935-39 average.

Bank credit—During the latter part of December and the first two weeks of January excess reserves at all member banks were maintained at an average level close to 1.1 billion dollars. Purchases of Government securities by the Federal Reserve Banks offset the effect on reserves of increases in nonmember deposits at the Reserve Banks and the increase in currency in circulation. The System portfolio of Government securities increased by 900 million dollars in the five weeks ending January 19. After allowance for expected seasonal movements, currency in circulation increased less in December than in November but there was little post-Christmas return flow.

Loans and investments of reporting member banks in 101 leading cities, which had been decreasing steadily since late October, declined by an additional 620 million dollars during the five weeks ended January 19. A large part of the decline reflected sales of Government securities, principally Treasury bills, to the Federal Reserve Banks. Holdings of United States Government securities were reduced by 370 million dollars. Total loans declined by 230 million dollars, representing reductions in loans to banks, in commercial and industrial loans, and in "other" loans, mainly instalment credit. Adjusted demand deposits, which had increased sharply from the middle of October to the middle of December, declined somewhat over the year-end, but increased again in the first half of January. United States Government deposits at banks continued to decline.