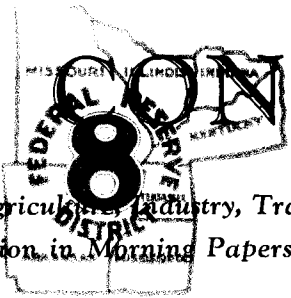


BUSINESS CONDITIONS



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

FEDERAL RESERVE BANK OF ST. LOUIS



CAUFIELD AND SHOOK PHOTO

GENERAL INDUSTRIAL SITUATION

THE rate of production decline evident in this district for the past several months apparently slowed down in May. Manufacturing employment continued to fall but the decline was slight. The decrease was due almost entirely to major war plant lay-offs which were not absorbed completely by other manufacturers. In St. Louis, for example, the large munitions producers in May, 1944 had 30,000 less workers than nine months earlier when war output in the city was at its peak. War plant employment at Evansville also has been curtailed sharply in recent months, with the percentage decline somewhat larger than in St. Louis. Activity in Louisville war industry is still very high, however, and some difficulty in securing workers is being experienced.

Despite the apparent halting of the decline in industrial activity in this region during May, it is not expected that production will reverse the trend of the past nine months and move upward in the future. Instead it is anticipated that the drop in output will be resumed. War activity in this district is not concentrated in programs scheduled for expansion, but rather in those which will be gradually contracted for the duration of the war. Such

activity as exists in electronics and electrical apparatus, chemicals (excluding small ammunition) artillery ammunition, and ship plates will probably increase. According to recent reports the tank program has also been revised upward which may have some effect on district industry. Gains in these lines, however, can hardly offset sharp curtailment in industries such as small arms ammunition manufacture, explosives production, and bauxite mining. The district aircraft and shipbuilding industries combined are not likely to increase very much from their present levels of activity which are substantially below those of last fall.

Reflecting the halting of the downward trend in industrial activity consumption of industrial electric power in the major cities of the district in May was up 9 per cent from April and 2 per cent from May, 1943. Part of the increase from a month ago was due to the longer work month in May. Steel and alcohol production were below last year's levels while shoe, chemicals, electrical equipment, and meat packing output were well above May, 1943. Lumber production was off and mining and petroleum activity in the aggregate was not as great as a year earlier.

DISTRICT SURVEY

MANUFACTURING

Iron and Steel—The level of activity in the steel industry in this area during May averaged considerably below the previous month and the corresponding month a year earlier. The rate of operations at ingot producing furnaces during May was 71 per cent of capacity as compared with 78 per cent in April. The decline in rate of production was attributable primarily to a strike which completely curtailed production for almost two weeks at a steel mill in the St. Louis area. It is estimated that 20,000 tons of finished steel were lost during the period of the strike. Strikes also occurred at the close of May and in early June at a large castings establishment in the St. Louis region and at some smaller plants.

Demand for basic and finished steel products continues strong despite the lessened tempo of certain munitions schedules. Recent reports that the tank production program will be expanded may bring an increase in steel activity in the region although current limiting factors of high cost furnaces, local shortages of skilled furnacemen, and necessary repairs to overworked open-hearths appear difficult to overcome. Labor troubles also are proving to be a

serious factor in curtailing output.

Shoes—Output of shoes at Eighth District factories in May was 8 per cent above April and 12 per cent above a year earlier. For the first five months of 1944 production was unchanged from last year's level. Material supply, although considerably eased in comparison with last winter, continues to be the major factor holding back shoe output. Lack of repair parts for shoe machinery and also difficulty in securing experienced labor curtails operations. With slackening of munitions production in this region, however, general labor supply is in much greater volume than in 1943.

Whiskey—On May 31 there were 51 Kentucky distilleries in operation, one less than a month earlier and three less than a year ago. Nine distilleries were not in production at the end of May. All operating units continue to produce alcohol for the war program.

On June 20, the War Production Board authorized one month of whiskey making. Up to this time WPB has refused all requests for whiskey production, but in view of a recent sharp downward revision in alcohol requirements for 1944 and 1945 resumption of whiskey output for the month of

August has been granted. On the basis of alcohol production so far this year total 1944 output should be 612 million gallons or only 2 million gallons short of requirements. Government alcohol stocks are about 80 million gallons at present.

Miscellaneous Manufacturing — Production of munitions in this district declined somewhat during May as revised national schedules further curtailed lines important in this area. Excluding small arms ammunition, chemicals output continued to expand as did electrical equipment lines. Meat packing activity remained at an unusually high level in May with federally inspected slaughter at St. Louis up considerably from both a month and a year earlier. Lumber output at district mills held at a point well below last year and the 1942 level, with most of the decline due to lowered production of soft woods.

OIL AND MINING

Oil — Through June 10, oil well completions in the Eighth District this year totaled 1,182 compared with 1,097 wells drilled in the comparable period of 1943. An outstanding development this year in district oil fields has been the rapid expansion of operations in Kentucky. In that state, oil well completions in established fields in the first 6 months of 1944 were about double those in the same period of last year. Of the 196 wildcat, or exploratory, wells completed in Eighth District states during the first half of this year, 129 were drilled in Kentucky, while 8 of the 16 new oil pools discovered during the same period were located in that state.

Daily average production of crude oil in Eighth District states during May was somewhat under April levels and about 8 per cent less than certified production goals. Production rates for June were raised slightly as PAW called for an increase in Arkansas output.

Mining — Production of coal at mines in Eighth District states during May declined 3 per cent from April output, but was at a level 9 per cent above production a year ago. An increase in Missouri output was more than offset by declines in other states. Production of fluorspar in Illinois and Kentucky continues at high levels, but mining of bauxite in Arkansas is well below a year ago due mostly to schedule changes in the war aluminum program.

EMPLOYMENT

In May the general level of employment in this area was not much changed from a month earlier. Manufacturing employment declined slightly, with a substantial decrease occurring at major war plants which was largely offset by increased employment

in less essential lines. A shift of workers from manufacturing to non-manufacturing lines continues to occur in this district and will probably be accentuated for the balance of the war period.

According to the latest WMC classification of labor markets three manufacturing centers in this district are rated as areas of current labor stringency which may experience labor shortages within the next six months. These are Louisville, Kentucky; Quincy, Illinois; and Pine Bluff, Arkansas. There are no current labor shortage areas in the district. Memphis and Milan, Tennessee, and Evansville, Indiana, are rated as areas which will have small labor reserves available in December even though employment is expected to expand over the next six months. All other rated district cities are classified as labor surplus areas with virtually no prospect of developing labor shortages.

AGRICULTURE

General Conditions — At the beginning of the planting season this year Eighth District agricultural conditions indicated that crop output again would be depressed. Prolonged rains retarded farm work and soil preparation, and severe floods during April and early May covered considerable land, some of which had been planted. With ideal weather prevailing during the last two weeks of May and in early June, however, farm work in the district progressed rapidly. At present it appears that the adverse conditions experienced earlier this year will not cause any great reduction in expected crop output although it has resulted in some changes in production plans. Oat acreage will be substantially less than farmers' intentions due to the delay in planting and indications are that much of the acreage intended for oats is being planted to corn and soybeans.

Prices received by farmers in the United States at mid-May averaged 194 per cent of the 1909-14 average, a decline of two points from mid-April but unchanged from May 15, 1943. Upturns in prices of feed grains, truck crops, oil-bearing crops, poultry, and eggs were more than offset by declines in prices of cotton, fruits, meat animals, and dairy products. Prices received by farmers in the Eighth District held steady in most states during the past month, but were down five points in Tennessee. Prices of corn, oats, sweet potatoes, chickens and eggs were generally higher while prices of cotton, eggs, dairy products and hay were somewhat lower.

Cash farm income in Eighth District states continues to show gains over a year earlier. Farmers

received \$256 million in April compared with \$270 million in March and \$247 million in April, 1943. Cash farm income in the first 4 months of 1944 was 15 per cent above income in the comparable period of 1943. With increased farm output in prospect and continued high farm prices, agricultural income in Eighth District states this year should exceed substantially the very large income received in 1943.

Cotton—Weather conditions in Eighth District cotton states this season through early May were extremely unfavorable with progress in planting greatly hindered as a result of overflows and prolonged wet soil which kept farmers out of fields. By mid-May, however, hot and dry weather throughout most of the district cotton-growing areas dried soil sufficiently to permit resumption of planting, and by the end of the month good progress had been made. Extensive floods and washing rains in April and early May made necessary much replanting, especially in Mississippi. Some bottom lands in the latter part of May continued too wet to plant, and indications are that other crops may be substituted for cotton in some localities. In the first week of June, seeding of cotton in Arkansas, Tennessee, and Missouri was mostly completed, but cotton planting in Mississippi was still fairly active. Ideal growing weather last month was favorable for plant development and germination, and in early June the condition of the cotton crop in most sections was reported as good, although plants in Arkansas were small with some stands spotted. Chopping of cotton made good progress during the latter part of May, and in early June was well advanced.

No official report regarding cotton acreage has yet been released, but trade sources indicate that the cotton crop in the United States is likely to be the smallest in 52 years. However, the Eighth District crop probably will be at least as large as last year's unusually small crop, which was reduced both as a result of flooding in May and early June and drouth during the summer months.

Fruits and Vegetables—Farm activity in Eighth District commercial vegetable areas was delayed early this spring because prolonged rains made planting impossible in many sections. In mid-May, however, good weather conditions resulted in rapid progress in planting of truck crops and in cultivating those which had been planted earlier. Marketings for many vegetables, however, will be considerably later than usual.

Late spring commercial Irish potatoes will be in considerably smaller supply due primarily to the delay in planting. Blight is rather general in Mis-

issippi potato fields and stands are spotted in Arkansas because of the wet spring. Prospects for snap beans made marked improvement in the latter part of May although much of the crop averages later than usual. Transplanting of tomatoes made good progress in the latter part of May and early June although the crop in some areas has not fully recovered from the effects of earlier unfavorable conditions.

Prospects for most fruits in Eighth District states are considerably better than at this time last year although conditions are extremely uneven throughout the district. Peach production will be up sharply this year with output on June 1 indicated at 6,445,000 bushels compared with 2,499,000 bushels produced in 1943. Sharp increases are reported for all Eighth District states. The volume of pear output will also be substantially greater than 1943 production. Conditions as of June 1 indicate a prospective harvest of 1,574,000 bushels compared with 902,000 bushels produced in 1942. The condition of apples in Eighth District states varies from below-average in Missouri and Tennessee to about average in Kentucky and Arkansas.

Grains and Feed Crops—The outlook for most major Eighth District grain crops is appreciably better than it was at this time last year. Despite prolonged wet weather in April and early May which retarded plantings of corn, oats, and soybeans, much of the field work for these crops was finished by early June as farmers worked very long hours to complete plantings. Growing weather last month was ideal in most sections of the district and crops made rapid progress.

Planting of corn in Indiana and Illinois during the first week of June was about three-fourths complete, although the grain was not yet up to good stands due to insufficient growing time. In Missouri 60 per cent of the corn had been planted up to June 1 with early seeded corn up to good stands. Plantings in bottom lands along the Mississippi river, however, were still considerably behind schedule due to excessive moisture. Seeding of corn has been completed in Kentucky, but some planting and replanting continues in Arkansas.

Indicated production of oats on June 1, was 209,632,000 bushels compared with 219,200,000 bushels in 1943, a decline of 4 per cent due entirely to decreased output in Missouri. In early June harvesting of oats was completed in Mississippi which had a record breaking crop, and was in full swing in Arkansas and Tennessee. In the northern part of the district the oat crop is beginning to ripen and

harvesting will be in progress soon. In Missouri stands are spotted and range from very poor to good, with some oats heading less than one foot high in a few southern fields.

Winter wheat made rapid progress during the past month and in early June much of the crop in Tennessee and Kentucky was ready for harvest. Output of winter wheat was indicated on June 1 to be 90,749,000 bushels compared with 86,787,000 bushels indicated on May 1 and 53,938,000 bushels produced in 1943. Increases from a year ago in wheat output range from 55 per cent in Illinois to 125 per cent in Mississippi.

Livestock and Livestock Products—Liquidation of livestock during May continued as feed supplies remained very short. It now appears that livestock numbers at the end of this year will be appreciably less than a year ago and will result in bringing the supply of livestock more closely in line with feed supplies. It is estimated that at the end of the present feeding year the carry-over of feed grains will be the smallest since 1937. At the end of May, WFA announced livestock goals for 1945 which indicate a sharp reduction in hogs, poultry, and cattle.

The supply of feed in Eighth District states during May continued in insufficient amounts to satisfy demand, but by early June a distinct moderation in demand for feed was evident as livestock numbers continued to be reduced and as pastures improved. The approaching market flow of new crop grains and a reduction in sales of hatchery chicks are also factors contributing to an easier feed market. Condition of pastures in Eighth District states on June 1 was good to excellent except in some areas along the Mississippi Valley and south-central Arkansas. Changes in condition from a month ago range from a decline of 1 point in Tennessee to an increase of 11 points in Indiana and Illinois and 13 points in Missouri.

Tobacco—Weather conditions during May were generally favorable for work in district tobacco fields. Transplanting of tobacco plants in Tennessee was in full swing during most of the month with early plantings in wet areas reported as making good progress. In the dry sections of Tennessee, however, progress was poor to fair. By mid-May some tobacco transplanting was underway in the dark-fired areas of Kentucky and in the latter part of the month transplanting of burley became general although progress in setting of plants was somewhat slow. By June 10 from 90 per cent to 100 per cent of the dark-fired, about 90 per cent of the Green River, and approximately 75 per cent of the one-

sucker tobacco crops had been transplanted. Washing rains in some sections of Kentucky necessitated resetting. The condition of tobacco in Kentucky was reported as fair to good although most plants are small. Young tobacco plants in the Green River district were infested with wire worms and in some instances entire fields were replaced.

Tobacco acreage this year will be considerably above 1943 acreage. No acreage estimate has been made thus far, but reports indicate that farmers intend to plant considerably more tobacco this year than last year. Burley acreage in Kentucky will be from 15 per cent to 20 per cent greater than in 1943. Although there is some labor shortage in a few areas, this has apparently not caused any serious threat to tobacco output. Tobacco seedlings are in abundant supply and adequate for the intended acreage.

RETAIL TRADE

Dollar sales in May at retail trade lines reporting to this bank were somewhat larger than in April and were up sharply from the level of May, 1943. The seasonally adjusted index of department store sales in May reached 197 per cent of the 1935-39 average, the peak so far this year. Much of the gain from a month earlier was seasonal, but the increases from a year ago apparently reflect a consumer buying wave much like those of August, 1941 and 1942 and February, 1943. The heavy purchasing in May lifted sales for the first five months of 1944 well above the level of the comparable period in 1943. At department stores the gain over a year ago was 10 per cent.

In this district department store sales in May totaled about \$15 million, up 11 per cent from April and 24 per cent over May, 1943. Men's furnishings stores registered gains of 14 per cent and 23 per cent, respectively, from a month and a year ago but were off 8 per cent in volume for the first five months of the year. District shoe store sales dropped slightly from the April level but were 39 per cent greater than in May, 1943. At St. Louis, women's apparel shops did one-third more business this May than last and maintained their high April volume. District furniture store sales increased only 4 per cent over a year earlier, but were 18 per cent greater than in April.

In May, department store sales gains from a year earlier in the various cities of the district were exceptionally uniform. An increase of 53 per cent at Fort Smith was the major departure above average. Below average gains occurred at two district cities. At Little Rock a 15 per cent rise in sales over the

very high 1943 level was noteworthy. The smallest gain was registered at Evansville where war activity has slackened considerably from its peak level.

With the exception of furniture and apparel stores, stocks at reporting stores were above last year's level. Department store inventories were up 6 per cent, men's furnishings shops, 23 per cent, and shoe stores, 7 per cent. Women's apparel shop inventories were off 2 per cent and furniture store stocks were down 22 per cent.

BANKING AND FINANCE

During the four weeks ending June 14 banking developments resulted in little change from the situation a month earlier. At city banks total loan volume held fairly stable while at rural banks the level moved up seasonally but the increase was not great. Total investments at both urban and rural banks were virtually unchanged from mid-May. Private demand deposits dropped somewhat at mid-June, reflecting payment for security purchases in the Fifth War Loan Drive while United States Government deposits rose from their pre-drive low as funds flowed into War Loan accounts.

It is expected that loan volume will slowly decline during the balance of this year. Commercial loans are currently below their last year's level and are declining generally, except during War Loan Drive periods. Other types of loans do not expand sufficiently to offset this decrease. In the cities demand for credit by business is again slackening as the large cash balances of most businesses make borrowing unnecessary, particularly with high collection ratios and goods shortages which prevent inventory increases. In agricultural sections the substantial liquid holdings of farmers has resulted in very little credit demand although normally at this time of year agricultural loans expand sharply.

Investment portfolios of banks will probably register smaller changes than in 1942 and 1943 if the Treasury policy of security sales to non-bank investors continues to be as successful in the future as in the past. Banks will be able to purchase Treasury bills almost without competition and if the amount of offerings increases as in the past can expand their bill holdings. Some securities are made available to banks in the various drives although the amounts are small. Most bank purchases in 1944 have been in the open market.

Since the last issue of this review the Bank of Urich, Urich, Missouri, and the Martin County Bank, Shoals, Indiana, have become members of the Federal Reserve System.

CASH FARM INCOME

(In thousands of dollars)	April		Cumulative for 4 months		
	1944	1943	1944	1943	1942
Arkansas.....	\$ 16,100	\$ 15,148	\$ 66,833	\$ 67,387	\$ 54,304
Illinois.....	91,077	87,354	391,220	341,065	271,804
Indiana.....	53,245	54,772	212,252	191,145	145,664
Kentucky.....	16,013	15,903	147,098	116,133	75,024
Mississippi.....	13,182	11,706	57,789	52,115	37,678
Missouri.....	48,948	44,710	202,983	170,485	128,484
Tennessee.....	17,645	17,531	98,937	82,844	59,997
Totals.....	256,210	247,124	1,177,112	1,021,174	772,955

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	May, 1944	Apr., 1944	May, 1943	May, 1944	Apr., 1944	May, 1943
Cattle and Calves.....	105,384	90,259	84,286	53,739	40,739	48,951
Hogs.....	349,735	311,514	293,250	49,125	63,331	64,331
Horses and Mules.....	1,914	2,906	2,042	1,907	2,956	2,014
Sheep.....	77,745	27,067	46,263	29,656	13,144	13,212
Totals.....	534,778	431,746	425,841	134,427	120,170	128,508

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	May, 1944	Apr., 1944	May, 1943	May, '44 comp. with Apr., '44	May, '43
All Commodities..	104.0	103.9	104.1	+ 0.1%	-- 0.1%
Farm Products..	122.9	123.2	125.7	-- 0.2	-- 2.2
Foods.....	105.0	104.9	110.5	+ 0.1	-- 5.0
Other.....	98.5	98.4	96.7	+ 0.1	+ 1.9

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	May 15, 1944	Apr. 15, 1944	Sept. 15, 1942	May 15, '44 comp. with Apr. 15, '44	Sept. 15, '42
United States.....	125.0	124.5	117.8	+ 0.4%	+ 6.1%
St. Louis.....	123.8	123.5	116.6	+ 0.2	+ 6.2

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	May 15, 1944	Apr. 15, 1944	Sept. 15, 1942	May 15, '44 comp. with Apr. 15, '44	Sept. 15, '42
U. S. (51 cities)...	135.5	134.6	126.6	+ 0.7%	+ 7.0%
St. Louis.....	137.8	137.4	126.7	+ 0.3	+ 8.8
Little Rock.....	133.9	132.9	129.2	+ 0.8	+ 3.6
Louisville.....	130.8	131.8	124.2	-- 0.8	+ 5.3
Memphis.....	143.0	141.3	129.7	+ 1.2	+ 10.3

INDEXES OF EMPLOYMENT IN MANUFACTURING INDUSTRIES BY METROPOLITAN AREAS

Bureau of Labor Statistics (1937=100)	Apr., 1944	Mar., 1944	Apr., 1943	Apr., '44 comp. with Mar., '44	Apr., '43
Evansville.....	258.3	257.7	283.9	+ 0.2%	-- 9.0%
Louisville.....	138.1	138.6	127.6	-- 0.4	+ 8.2
Memphis.....	181.9	182.5	150.4	-- 0.3	+ 20.9
St. Louis.....	136.4	145.5	151.9	-- 6.3	-- 10.2

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1944	Number 1943	Cost 1944	Cost 1943	Number 1944	Number 1943	Cost 1944	Cost 1943
Evansville.....	14	38	\$ 84	\$ 129	111	535	\$ 22	\$ 64
Little Rock.....	28	29	21	4	253	151	57	23
Louisville.....	59	81	99	290	60	38	50	12
Memphis.....	333	112	277	169	242	287	78	77
St. Louis.....	111	67	239	151	192	149	148	104
May Totals.....	545	327	720	743	858	1,160	355	280
April Totals.....	661	432	970	342	739	632	480	214

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	May, '44	Apr., '44	May, '43	May, '44 comp. with Apr., '44	May, '43
Total 8th Dist....	\$ 5,194	\$ 7,714*	\$ 13,705*	-- 33%	-- 62%

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

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Custom-ers*	May, 1944	Apr., 1944	May, 1943	May, 1944 compared with Apr., 1944	May, 1943
Evansville....	40	6,821	7,443	10,349†	-- 8%	-- 34%
Little Rock...	35	2,892	2,718	2,133†	+ 6	+ 36
Louisville....	82	16,780	16,114	15,549	+ 4	+ 8
Memphis.....	31	6,722	6,398	6,381	+ 5	+ 5
Pine Bluff....	19	7,841	6,681	6,477	+17	+ 21
St. Louis.....	138	89,996	81,265	87,486†	+11	+ 3
Totals.....	345	131,052	120,619	128,375†	+ 9	+ 2

*Selected industrial customers. †Revised.

	DEPARTMENT STORES			Stocks	Stock
	Net Sales		on Hand	Turnover	
	May, 1944 compared with Apr., '44	5 mos.'44 to same period '43	May 31,'44 comp. with May 31,'43	Jan. 1 to May 31, 1944	1943
Ft. Smith, Ark.	+16%	+53%	+16%	— 3%	1.87 1.69
Little Rock, Ark.	+14	+15	+3	— 7	2.10 1.91
Quincy, Ill.	— 2	+28	+21	.....	.....
Evansville, Ind.	+9	+9	+6	.....	.....
Louisville, Ky.	+2	+27	+14	+23	2.28 2.29
St. Louis, Mo.	+11	+26	+8	+5	1.89 1.77
Springfield, Mo.	+11	+30	+24	.....	.....
Memphis, Tenn.	+15	+24	+15	+8	2.13 1.96
*All other cities.	+10	+14	+5	— 1	1.82 1.76
8th F. R. Dist.	+11	+24	+10	+6	1.99 1.87

*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: May, 1944—26; April, 1944—25; May, 1943—25.

Outstanding orders of reporting stores at the end of May, 1944, were 6 per cent less than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding May 1, 1944, collected during May, by cities:

	Instalment Accounts	Excl. Instal. Accounts	Instalment Accounts	Excl. Instal. Accounts
Fort Smith.....%	64%		Quincy..... 39%	78%
Little Rock.. 33	66		St. Louis.... 42	74
Louisville... 40	65		Other cities.. 29	68
Memphis.... 46	61		8th F.R. Dist. 41	69

INDEXES OF DEPARTMENT STORE SALES AND STOCKS 8th Federal Reserve District

	May, 1944	Apr., 1944	Mar., 1944	May, 1943
Sales (daily average), Unadjusted ¹	197	183	185	164
Sales (daily average), Seasonally adjusted ¹	197	173	195	163
Stocks, Unadjusted ²	101	103	101	95
Stocks, Seasonally adjusted ²	100	100	99	94

¹Daily average 1935-39=100.
²Monthly average 1923-25=100.

SPECIALTY STORES

	Net Sales		Stocks	Stock
	on Hand		Turnover	
	May, 1944 compared with Apr., '44	5 mos.'44 to same period '43	May 31,'44 comp. with May 31,'43	Jan. 1 to May 31, 1944
Men's Furnishings	+14%	+23%	+23%	1.32 1.40
Boots and Shoes	— 2	+39	+7	3.45 3.71

Percentage of accounts and notes receivable outstanding May 1, 1944, collected during May:

Men's Furnishings.....63% Boots and Shoes.....55%

Trading days: May, 1944—26; April, 1944—25; May, 1943—25.

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	compared with Apr., '44 May, '43		compared with Apr. 30, '44 May 31, '43		May, '44 May, '43	
	May, 1944 compared with Apr., '44	May, '43	May 31, 1944 compared with May 31, '43	May 31, '43	May, '44	May, '43
St. Louis Area ¹	+23%	+4%	+13%	—14%	40%	38%
St. Louis.....	+23	+3	+13	—14	39	37
Louisville Area ²	+9	+1	—15	—11	33	26
Louisville.....	+11	+1	—15	—10	31	26
Memphis.....	+24	+11	—5	—42	29	24
Little Rock.....	+10	+3	—1	—45	33	30
Springfield.....	+30	—0	*	*	39	33
Fort Smith.....	+1	+28	*	*	*	*
Pine Bluff.....	+16	+29	*	*	38	33
Evansville.....	+16	—12	—8	+11	66	47
8th Dist. Totals ³	+18	+4	—2	—22	37	33

*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, Arkansas; Henderson, Hopkinsville, Owensboro, Kentucky; Columbus, Greenville, Greenville, Starkville, Mississippi; Cape Girardeau, Hannibal, Missouri; and Dyersburg, Tennessee.

PERCENTAGE DISTRIBUTION OF SALES

	May, '44	Apr., '44	May, '43
Cash Sales.....	20%	21%	18%
Credit Sales.....	80	79	82
Total Sales.....	100	100	100

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

	First nine days					
	May, '44	Apr., '44	May, '43	June, '44	June, '43	5 mos. '44
158,800	162,716	141,279	48,062	42,233	798,951	705,227

Source: Terminal Railroad Association of St. Louis.

Lines of Commodities	WHOLESALE*		Stocks
	Net Sales		
	May, 1944 compared with Apr., '44	May, '43	
Automotive Supplies.....	+16%	+31%%
Drugs and Chemicals.....	+5	+8	.....
Dry Goods.....	+10	+9	+16
Electrical Supplies.....	—0	+20	—27
Furniture.....	+1	—14	.....
Groceries.....	+7	+11	+7
Hardware.....	—1	+17	—4
Machinery, Equipment and Supplies.....	+5	+4	+12
Plumbing Supplies.....	+12	+19	.....
Tobacco and its Products.....	+9	+15	.....
Miscellaneous.....	—2	+8	—13
Total all lines**.....	+5	+11	+10

*Preliminary Report.

**Includes certain lines not listed above.

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	May, '44	Apr., '44	May, '43	May, '44 comp. with Apr., '44	May, '43
Number.....	2	6	10	—66%	—80%
Liabilities..... \$	12,000	\$126,000	\$62,000	—90	—80

Source: Dun and Bradstreet.

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

(In thousands of dollars)	Change from		
	June 14, 1944	May 17, 1944	June 16, 1943
Industrial advances under Sec. 13b.....\$	.....	.....	.....
Other advances and rediscounts.....	36,525	+5,540	+36,425
U. S. securities.....	554,819	—55,624	+165,212
Total earning assets.....	591,344	—50,084	+201,637
Total reserves.....	725,766	+71,018	+99,952
Total deposits.....	530,542	+4,562	+81,052
F. R. notes in circulation.....	796,910	+16,721	+223,388
Industrial commitments under Sec. 13b..	48	—0	—1,771

PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS

(In thousands of dollars)	Change from		
	June 14, 1944	May 17, 1944	June 16, 1943
Total loans and investments.....\$	1,549,302	—595	+127,498
Commercial, industrial, agricultural loans*	196,184	—11,227	+9,306
Loans to brokers and dealers in securities.....	4,658	+452	+669
Other loans to purchase and carry securities.....	20,007	+964	+11,329
Real estate loans.....	63,180	+2	+3,035
Loans to banks.....	1,108	+158	+783
Other loans.....	77,997	+2,701	+18,955
Total loans.....	363,134	+8,878	+19,395
Treasury bills.....	59,504	+1,298	—89,316
Certificates of indebtedness.....	263,117	+5,497	+45,371
Treasury notes.....	224,909	+12,406	+115,318
U. S. bonds.....	510,351	+1,414	+63,001
Obligations guaranteed by U. S. Govt..	21,694	+836	—12,294
Other securities.....	106,593	+2,174	+13,977
Total investments.....	1,186,361	+8,283	+108,103
Balances with domestic banks.....	108,361	+866	+11,320
Demand deposits — adjusted**.....	959,811	+1,266	+110,360
Time deposits.....	241,353	+3,791	+40,222
U. S. Government deposits.....	134,215	—22,536	—25,136
Interbank deposits.....	493,385	+23,077	+25,059
Borrowings.....	36,275	+5,290	+36,275

*Includes open market paper.

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

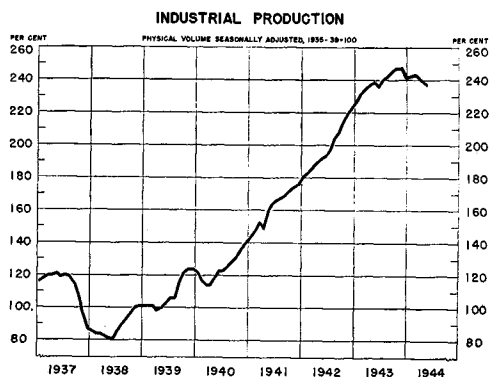
Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 75% of the resources of all member banks in this district.

DEBITS TO INDIVIDUAL ACCOUNTS

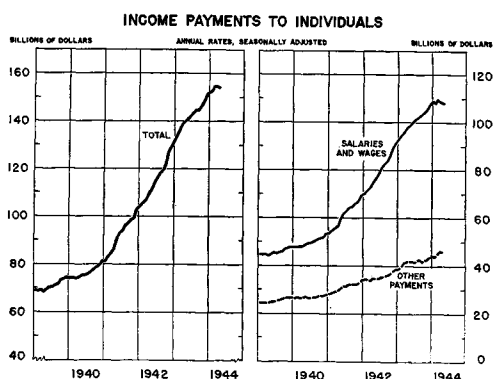
(In thousands of dollars)	May, 1944		Apr., 1944		May, 1943	
	May, 1944	Apr., 1944	May, 1943	Apr., '44	May, '44 comp. with Apr., '44	May, '43
El Dorado, Ark.....\$	9,034	\$9,147	\$11,709	—1.2%	—22.8%	
Fort Smith, Ark.....	21,841	20,263	18,218	+7.8	+19.9	
Helena, Ark.....	3,629	3,585	3,358	+1.2	+8.1	
Little Rock, Ark.....	67,769	67,591	65,140	+0.3	+4.0	
Pine Bluff, Ark.....	15,082	14,887	15,784	+1.3	—4.4	
Texarkana, Ark.-Tex.	10,008	8,665	7,164	+15.5	+39.7	
Alton, Ill.....	12,460	12,768	10,961	+2.4	+13.7	
E. St. L.-Nat. S. Y., Ill.	80,582	74,406	70,718	+8.3	+13.9	
Quincy, Ill.....	16,607	16,740	14,225	—0.8	+16.7	
Evansville, Ind.....	107,509	107,344	82,356	+0.2	+30.5	
Louisville, Ky.....	318,749	313,039	294,555	+1.8	+8.2	
Owensboro, Ky.....	16,374	13,617	11,881	+20.2	+37.8	
Paducah, Ky.....	8,128	8,195	7,310	—0.8	+11.2	
Greenville, Miss.....	8,689	7,576	7,367	+14.7	+17.9	
Cape Girardeau, Mo.	4,746	4,684	3,942	+1.3	+20.4	
Hannibal, Mo.....	4,535	4,291	3,655	+5.7	+24.1	
Jefferson City, Mo.	23,911	28,513	19,125	—16.1	+25.0	
St. Louis, Mo.....	1,305,286	952,486	1,118,965	+37.0	+16.7	
Sedalia, Mo.....	6,160	5,782	5,310	+6.5	+16.0	
Springfield, Mo.....	34,801	27,795	28,696	+25.2	+21.3	
Jackson, Tenn.....	8,546	8,592	7,648	—0.5	+11.7	
Memphis, Tenn.....	225,255	220,610	216,749	+2.1	+3.9	
Totals.....	2,309,701	1,930,576	2,036,552	+19.6	+13.4	

NATIONAL SUMMARY OF CONDITIONS

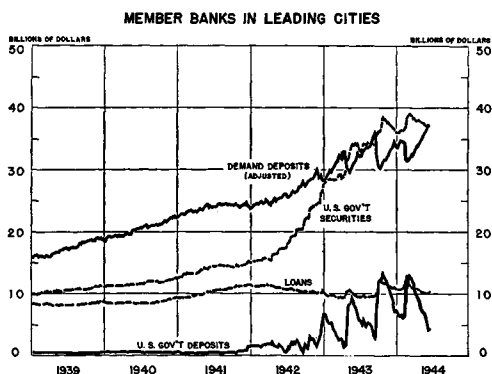
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



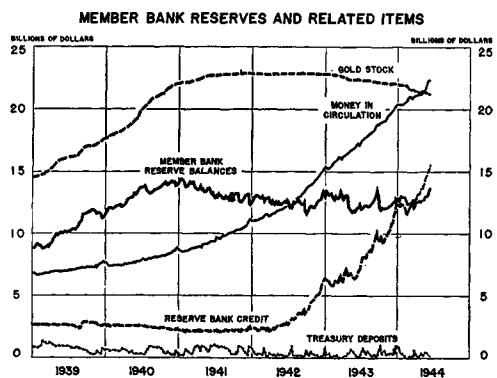
Federal Reserve index. Monthly figures, latest shown is for May.



Based on Department of Commerce estimates. Wages and salaries include military pay. Monthly figures raised to annual rates, latest shown are for April.



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 June 14, 1944.



Wednesday figures, latest shown are for June 14, 1944.

Industrial activity and employment declined slightly further in May. Value of retail trade was maintained in May and the first three weeks of June and commodity prices showed little change.

Industrial production—Industrial production continued to decline in May and the Board's seasonally adjusted index was 237 per cent of the 1935-39 average as compared with 239 in April. Small declines in output of metal products and nondurable goods accounted for most of the decrease in the total index.

Steel production was maintained at a high rate. Supplies of aluminum and magnesium continued to exceed military requirements after further curtailment of output in May, and relaxation of restrictions on the use of these metals in civilian products was announced on June 18. Activity in munitions industries declined slightly in May. Aircraft production was at approximately the same daily average rate as in the preceding month. Deliveries of merchant ships declined somewhat from the April rate, reflecting curtailment of Liberty ship construction; the number of Victory ships delivered rose further in May.

Output of lumber and of stone, clay, and glass products declined further in May. Additional Federal control was established over lumber consumption, effective in the third quarter, in order to assure sufficient supplies for essential requirements.

Production of most nondurable goods was likewise somewhat lower in May than in April. Cotton consumption declined 6 per cent from the rate prevailing earlier this year to a level 16 per cent below May, 1943. Output of manufactured dairy products showed a large seasonal rise in May while manufacture of most other food products declined somewhat, after allowance for seasonal changes.

Output of crude petroleum and coal continued to rise and iron ore production reached an exceptionally high level for this season of the year.

Distribution—Department store sales in May were maintained at the April level, and the Board's seasonally adjusted index, as recently revised, was 173 per cent of the 1935-39 average. During the first half of June sales continued at about the April-May rate and were 4 per cent larger than in the corresponding period last year.

Railroad freight traffic was maintained at a high level during May and the early part of June.

Commodity prices—Wholesale commodity prices continued to show little change in May and the early part of June. Retail prices showed a further slight increase in May. The wholesale price index and the cost of living index of the Bureau of Labor Statistics were both at the same level as they were in May, 1943.

Agriculture—Crop prospects on June 1 were better than on the same date in the last 10 years except 1942. The total wheat crop appeared likely to exceed a billion bushels as compared with a harvest of 836 million bushels in 1943 and 974 million in 1942. Prospects for other grains, however, were not as favorable and, with grain stocks reduced, it is expected that total supplies available to meet food, feed, and industrial needs will continue short. In recent months the feed situation has been eased by generally good condition of the hay crops and pastures.

Bank credit—In the five months from the beginning of the Fourth War Loan Drive to the beginning of the Fifth Drive, Federal Reserve Bank holdings of U. S. Government securities increased by more than 3 billion dollars. Member bank borrowings at Federal Reserve Banks also increased somewhat during the period, and at times exceeded 200 million dollars for the first time in more than a decade. These additions to Reserve Bank credit supplied the market with funds to meet a growth of nearly 2 billion dollars in money in circulation, an increase of 700 million in member bank required reserves, and a loss of gold of 700 million. Excess reserves, which declined to as low as 600 million dollars during the period, amounted to 1.1 billion on June 14.

During the Drive, purchases of Government securities by businesses and individuals will shift deposits to reserve-exempt Government war-loan accounts and reduce the amount of reserves that member banks are required to hold. This will result in some further increase in excess reserves and some repurchases of Government securities by member banks from the Reserve Banks.

Adjusted demand deposits at member banks in leading cities have risen by about 5¾ billion dollars since the end of the Fourth Drive and are more than 2¼ billion dollars above the level prevailing prior to that Drive. Time deposits also increased steadily.