

BUSINESS CONDITIONS

A REVIEW 8 1944

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FEDERAL RESERVE BANK OF ST. LOUIS



RUDOLPH HELBACH PHOTO

INDUSTRY AND EMPLOYMENT

THE year 1944 witnessed a slow decline from peak levels of war production in the Eighth District and some shift from manufacturing to nonmanufacturing activity. The previous year saw a steady and rapid growth in war output to the peak reached in the early fall of 1943. After that date production for war in the district fell off gradually until by September, 1944 it was well below peak level. The down trend leveled off during the balance of the year and by year-end war output was rising again, although it seemed unlikely that it would again attain its previous peak.

The decline in war output in the district is attested to some extent by the lower volume of new war supply contracts let in 1944. About \$1.8 billion in new large war supply contracts (those of \$50,000 or more each, exclusive of food contracts) were let in 1944, about one-fourth less than in the previous year. Prewar (1939) value of all manufactured products in the district was \$2.4 billion. Excluding food products, it was probably less than \$2 billion.

Between June, 1940 and December, 1942 the Eighth District, like the nation as a whole, prepared its industries for war by building new facilities and converting established factories. In this period the volume of facility awards, \$1.8 billion, about equaled the volume of large supply contracts. Since December, 1942 dollar volume of facility awards in the district has been relatively small. The net change, which includes some offsets in the form of cancellations of awards made prior to December, 1942, has been only \$30 million. In the same period, however, more than \$4 billion in supply contracts have been let in the district. Some 40 per cent were in ordnance contracts, another 40 per cent in aircraft and ship contracts, and the balance in other war goods. Ordnance contracts in the district were about three times as important relatively as they were in national schedules.

This concentration of district supply contracts in ordnance resulted in an appreciable slackening in district war output when ordnance schedules were cut back nationally. The cutbacks were not offset in this area by expansions in other lines, since district aircraft and ship manufacture was not of the type marked for rapid expansion and consequently did little more than hold its own.

The cutbacks in war output primarily affected the major industrial areas of the district, especially St. Louis and Evansville. At the beginning of the war program, emphasis on decentralization resulted in

some industrialization of areas outside the metropolitan regions, but as the program grew, the big cities got more and more supply contracts. At the peak almost 90 per cent of all large supply contracts in the district were with firms in St. Louis, Louisville, Memphis and Evansville. With cutbacks concentrated in these cities, the close of 1944 saw but 86 per cent of total supply awards held there.

The decline in war output in the district in 1944 was offset to some extent by increases in other lines, primarily food, apparel and leather manufacture. The offset, however, was not complete and total manufacturing activity slackened somewhat after midyear. Reflecting this condition, consumption of industrial electric power in important district cities in 1944 was 2 per cent below that of 1943. In the last half of the year only one month, October, showed greater use of electrical power than in the corresponding month of 1943, whereas three of the first six months in 1944 were higher than those of 1943.

The record of the year in manufacturing shows that output of steel, alcohol, lumber and petroleum in the district ran below that of 1943, while shoe production, meat packing and coal mining were above the previous year. These latter industries picked up most of their gains in the last half of the year. For example, shoe production in the first six months of 1944 was virtually unchanged from that of the comparable period in 1943, but for the entire year the gain over 1943 was about 3 per cent.

The drop in total industrial output in the district was accompanied by declining industrial employment. Layoffs at the major war plants ran into the thousands. Most of these displaced workers were usable in other manufacturing lines or in nonmanufacturing activity, but many of them left the labor market. Despite this fact, and additional withdrawals for military service, labor supply in the district eased appreciably over the year. At the close of 1944 there were no rated labor shortage areas in the district and only Louisville and Pine Bluff were classed as regions with any immediate prospects of labor shortages. St. Louis, Memphis and Little Rock were all classed as labor surplus areas, and Evansville, once the tightest labor market region in the district, was rated as an area of current surplus with only some future possibility of a shortage developing. In September, the latest month for which data is available, factory employment in St. Louis and Evansville was off 17 per cent and 10 per cent, respectively.

RETAIL TRADE

The dollar volume of 1944 retail trade ran well ahead of 1943, as consumer purchasing power continued to expand, despite heavy taxes and large purchases of Government securities. Buying, of necessity, was concentrated in the nondurable goods field, since most durables either were not available or were in very short supply.

Much of the increase in dollar sales was due to price advances, both direct and indirect. Indirect price rises resulted from a combination of factors, such as disappearance of lower priced lines, consumer preference for higher priced lines, additions of unnecessary, and in some cases, unwanted features to standard items, and the like. Perhaps as much as half of the total dollar increase in retail sales other than food over the prewar level is due to direct price advances, and a considerable portion of the balance is due to indirect price increases.

At department stores in the Eighth Federal Reserve District the dollar volume of trade in 1944 totaled about \$270 million, 12 per cent more than in 1943. Increases over the comparable period of 1943 were larger in the latter part of the year than in the earlier portion. There were, however, no pronounced scare-buying waves in 1944. Purchasing was on a broad scale in terms of goods-types and was heavy throughout the year. With the exception of February, dollar sales in every month of 1944 were greater than in the corresponding month of 1943. February, 1943 sales were abnormally high, as that month was characterized by the last scare-buying movement evident in this district.

Sales increases over 1943 at department stores were largest in women's wear, piece goods, small wares and miscellaneous items departments. Sales of men's and boys' clothing and of home furnishings, while larger than a year earlier, did not register the pronounced increases characteristic of the other lines. These circumstances reflect the removal of most young men from the civilian goods market in the case of the small gains in men's wear sales, and the lack of goods to sell in the case of home furnishings sales. The so-called soft home furnishings lines showed relatively high increases over 1943, but durable goods sales shrank still further from the very low level of 1943.

Other lines of retail trade whose statistics are available to this bank did not show as large gains in dollar volume of sales as did department stores. Women's apparel shops in St. Louis merely maintained their 1943 volume, while district men's fur-

nishings stores registered an increase of but 3 per cent. District shoe stores showed a gain of about 11 per cent over 1943. Furniture stores located in the St. Louis district sold 4 per cent more in 1944 than in 1943.

Most of the increase in sales in these various types of trade was due to pronounced sales gains in the last part of the year which more than compensated for sales declines in the first part of 1944. At furniture stores, for example, sales in the first eight months of 1944 averaged some 5 per cent below the comparable period in 1943, with only two months, March and May, showing increases over the comparable months of the earlier year. In the last four months, however, furniture store sales averaged some 20 per cent higher than in 1943. Performance in men's furnishings stores and women's apparel stores was much like that of furniture stores. Shoe store sales showed more consistent gains over the same months for 1943 than did the other lines.

Generally speaking, inventories of retail lines reporting to this bank were maintained in 1944 at about the same level as in 1943. Department store, men's store and shoe store stocks ran somewhat ahead of the earlier year in dollar volume, while furniture stocks were somewhat lower. In every instance, however, except for shoe stores, year-end stocks were below the level of December, 1943.

The movement of stocks under present conditions is considerably more erratic than under more normal circumstances. The volume of outstanding orders runs appreciably higher than usual, with most stores taking deliveries whenever they can get them. This fact, coupled with inventory control, tends to make stock volume change more violently than is true of peacetime periods.

The volume of purchases for cash continued to grow relatively more than those for credit in 1944. The change, however, was not as great as in earlier years, as consumer preference for cash buying apparently has approached its maximum and controls over the volume of consumer credit have reduced credit sales to close to minimum levels. Thus, at furniture stores cash sales accounted for 21 per cent of total sales in 1944, as compared with 20 per cent in 1943. At department stores in 1944 about two-thirds of all charge account receivables were collected in the month following purchases and about one-third of all instalment receivables were so collected, ratios not much changed from the previous year.

BANKING AND FINANCE

Banking developments in the Eighth District in 1944 were dominated by the needs of war financing and the accumulations of liquid funds by business concerns and the general public. During the year there was a continuation of deposit growth as banks added heavily to their holdings of Government securities. Since the year-end came shortly after the close of the Sixth War Loan Drive, a considerable part of the deposit growth during the year occurred in U. S. Government deposits. Demand deposits of business concerns and individuals also increased and a particularly marked rise occurred in time and savings deposits, which are largely held by individuals.

The growth in deposits was mostly concentrated in banks in rural areas, where the gap between income and expenditures plus taxes and Government security purchases is greater than in the urban centers. Most of the deposit growth in private demand accounts was in balances of individuals.

At the close of the year total loans outstanding at the weekly reporting member banks of the district amounted to \$473 million, some \$58 million, or 14 per cent higher than a year earlier, and slightly above the level reached just before Pearl Harbor. For the 12-month period total loan volume ran about 7 per cent ahead of 1943, with October the only month of the year in which loans were smaller than in the corresponding month in 1943. The relatively high volume of bank loans at the year-end resulted largely from loans for the purpose of financing securities purchased during the Sixth War Loan Drive, and about two-thirds of the increase over the year occurred in such loans. Loans for this purpose reach peak levels during War Loan drive periods and are retired in subsequent months. The balance of the loan increase was in the "other" category, as commercial, industrial and agricultural loans at district reporting banks did little more than hold even in 1944.

At the banks located in the smaller centers and rural sections of the district demand for bank credit remained extremely light during most of the year. Farmers in the district added to their already strong cash position and in most areas the liquidation of old loans exceeded new advances. At the end of December bankers in many rural sections of the district reported loan volume to be at a new low.

The total amount of demand deposits held at the large city banks at year's end was about \$300 million greater than at the close of 1943. Almost one-half

the gain was temporarily in Government accounts, which were at peak levels at the close of December, following the Sixth War Loan Drive. During the year a substantial volume of the public's spendable funds was used for purchases of Government securities, resulting in periodic transfers of deposits to War Loan accounts. As the Treasury draws upon its balances to meet expenditures, funds are shifted back to private accounts. When averaged over the 12-month period, the increase in Government deposits was about \$76 million over a year earlier, and the increase in deposits of individuals, partnerships and corporations about \$66 million. Time deposits at the city banks increased about 25 per cent in the same period.

At rural banks in the district heavy income payments to farmers swelled deposit totals during the year, particularly in the months of the fall crop marketing season. At these smaller banks deposit volume is not affected greatly by Treasury transactions, as the use of War Loan accounts is not so widespread nor so intensive as at urban institutions. Consequently, a sizable portion of their rise in deposits was added to balances with correspondent city banks. At the close of 1944 interbank deposits at the larger district banks totaled over \$600 million, some \$90 million more than in December, 1943.

Deposit growth in the past year continued to stem primarily from bank investment in Government securities, and the ratio of investments to loans increased to about 3 to 1 in 1944. At the end of the year the total amount of Government securities held at banks located in the major cities of the district had increased \$267 million. Two-thirds of the gain was in Treasury notes and the remainder was about equally divided between bonds and certificates. Holdings of notes and bonds registered a fairly steady growth during the year, while holdings of 90-day Treasury bills showed large fluctuations as banks used these securities to adjust their reserve positions. At the end of December holdings of bills were at about the same level as a year earlier.

Required reserves of Eighth District banks rose about \$70 million from December, 1943 to December, 1944. Funds to meet increased reserve requirements and the heavy flow of money into circulation were supplied largely by Federal Reserve purchases of Government securities.

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

AGRICULTURE

General Farming Conditions— In terms of aggregate production and cash income, Eighth District agriculture broke all records in 1944. This achievement is all the more noteworthy in the light of difficulties encountered during the year—flood, drouth, less labor than in 1943, and less farm machinery than could have been used.

The year opened with favorable weather, although the outlook was not as good as in 1942 and 1943 since very light rainfall in the previous autumn left subsoil moisture less than desired. In February, heavy rains corrected much of this condition but did not retard farm work appreciably, so that routine was relatively ahead of schedule. In March, April and early May, continued heavy precipitation again brought widespread floods over much of the district. The amount of crop lands inundated in 1944 was about as large as in 1943, but the results of the floods were not as disastrous as in that year, since they came earlier in 1944 and most major crops had not been planted prior to the high waters. As the waters receded, farmers took full advantage of the favorable weather of late May and June to plant large acreages. There were some shifts from original planting intentions, due to the lateness of the season.

In July and early August widespread drouth brought fears of substantial crop losses. July precipitation averaged less than 50 per cent of normal in regions east of the Mississippi River and but 75 per cent of normal in areas west of the river. The drouth broke in August, however, and most crops were restored by rainfall. Mild temperatures and dry fields in September, October and early November proved exceptionally favorable to harvests, so that final outturn of district crops was excellent, with yields at or near record levels.

District farmers probably worked longer hours in 1944 than in any recent year, since the farm labor supply was considerably less than normal. Despite the smaller amount of farm labor, it was generally adequate to plant, cultivate and harvest district crops. The exceptionally long and favorable harvest season proved very helpful, in view of the short labor supply, and due primarily to this factor most crops were harvested with relatively little loss, although some still remained in the fields in late December. While the over-all supply of farm labor was generally adequate to handle 1944 production, certain areas experienced rather serious labor shortages. This was particularly true of some cotton and tobacco-growing sections.

Farm wage rates rose appreciably in 1944. At the beginning of the current year, farm wage rates in district states averaged some 15 per cent higher than a year earlier, increases ranging from 7 per cent in Indiana to 22 per cent in Missouri. For the country as a whole, farm wage rates on January 1, 1945 were more than three times as large as in the 1910-1914 period. Despite this rapid rise, however, agriculture had difficulty in competing for labor, since industrial wages were running more than four times as much as in the pre-World War I period.

Production in 1944 of the five basic crops, all of which are grown in the district, was considerably greater than in 1943. In aggregate, the increase in physical output over 1943 was about 16 per cent. The corn harvest was 367 million bushels, 1 per cent greater than in 1943 and 20 per cent above the 1933-1942 average. Cotton production totaled 3,866,000 bales, 20 per cent more than in 1943 and 17 per cent larger than the ten-year average. Winter wheat output was 48.5 million bushels, up 73 per cent from the previous year, but 10 per cent below the long time average. Tobacco production totaled 324 million pounds, 23 per cent more than in 1943 and one-third greater than the 1933-1942 average. Output of rice in Arkansas was 14.2 million bushels, as compared with 11.9 million bushels in 1943 and an average of 9.1 million bushels in the period 1933-1942.

Among other important district field crops, 1944 output of tame hay and oats was less than in 1943, but was above ten-year average production. Soybean production in 1944 was somewhat higher than in the previous year and was more than double average output in the 1933-1942 period.

Production of most fruits was considerably greater than in 1943. Peach production was three times as great as in 1943, the pear harvest was up about 75 per cent, and grape output 25 per cent from the previous year. The commercial apple crop was down slightly from 1943. Watermelons were produced in greater volume in 1944 than in 1943. Cantaloupe output was down slightly in the year and strawberry production was off almost 50 per cent.

Among the more important truck crops, both white and sweet potato production were down from last year, with the former crop off considerably more than the latter. Production of snap beans, spinach and tomatoes for the fresh market was off from 1943, while output of cabbage and onions was somewhat higher.

Total production of livestock and livestock pro-

ducts in 1944 was not much changed from 1943. The 1944 pig crop in the district was off about 24 per cent from the record set in 1943. The district decline was not as great as that for the nation as a whole, since pig production in Illinois and Indiana held up very well in 1944. The 1944 lamb crop in district states was also below that of 1943. Slaughter of lambs and sheep was down appreciably in 1944 and as of January 1, 1945 the number on feed in district Corn Belt states was 12 per cent less than a year earlier. The number of cattle on feed in the same states at the beginning of 1945 was 2 per cent more than a year earlier. Milk and egg production in the district were both higher in 1944 than in 1943.

The livestock feed situation eased appreciably during 1944, as slaughter reduced livestock numbers considerably and consequently feed supplies per animal unit increased. At the beginning of 1945, however, feed stocks on Eighth District farms were less than a year earlier, despite the extremely high production of the year.

Agricultural prices were generally higher in 1944 than in 1943. Production expenses also increased in the year and the rise in prices paid by farmers, plus interest and taxes, was relatively larger than the gain in prices received. Consequently, the over-all parity ratio moved downward. In 1944 it averaged 116, in contrast to 119 in 1943. In the prewar year 1939 the ratio of prices paid to prices received averaged 77 per cent of parity.

Total cash farm income in the district in 1944 ran appreciably higher than in 1943, reflecting both increased prices and larger production, and the fact that 1943 income in the district was somewhat depressed by the large crop losses resulting from flood and drouth. Returns for the first eleven months of 1944 show cash farm income in Eighth District states at \$3.6 million, up 8 per cent from the comparable period in 1943. Increases in income from crops were substantially larger than increased livestock and livestock products receipts, since the latter reflect pure price rises to a greater degree than does crop income.

The war period has brought more emphasis on crops in the district and has raised district income relative to the nation. In 1944 it is estimated that about 44 per cent of total cash income in the district came from crops and 56 per cent from livestock, in contrast to a 41-59 break in 1940. District cash income in 1944 is estimated at about 8 per cent of the national total, in contrast to 7 per cent four years earlier.

CASH FARM INCOME

(In thousands of dollars)	November		Cumulative for 11 months		
	1944	1943	1944	1943	1942
Arkansas . . .	\$ 59,434	\$ 35,542	\$ 305,361	\$257,519	\$270,385
Illinois	112,892	113,146	1,078,335	1,049,710	855,673
Indiana	59,530	60,739	623,999	603,299	491,428
Kentucky	20,559	20,424	296,875	267,598	191,995
Mississippi	70,571	31,045	318,479	279,088	261,203
Missouri	77,401	74,563	656,659	594,434	481,798
Tennessee	34,624	29,656	284,796	251,650	210,338
Totals	435,011	365,115	3,564,504	3,303,298	2,762,820

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Dec., 1944	Nov., 1944	Dec., 1943	Dec., 1944	Nov., 1944	Dec., 1943
Cattle and Calves	114,972	189,393	125,341	57,318	85,439	50,658
Hogs	259,802	264,880	341,945	79,780	57,198	93,075
Horses and Mules	1,704	2,429	2,141	1,698	2,423	2,143
Sheep	49,976	62,787	57,724	4,617	8,282	3,210
Totals	426,454	519,489	527,151	143,413	153,342	149,086

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Dec., 1944	Nov., 1944	Dec., 1943	Dec., '44 comp. with Nov., '44	Dec., '43
All Commodities	104.7	104.4	103.2	+0.3%	+ 1.5%
Farm Products	125.5	124.4	121.8	+0.9	+ 3.0
Foods	105.5	105.1	105.6	+0.4	- 0.1
Other	98.9	98.8	97.6	+0.1	+ 1.3

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Dec. 15, 1944	Nov. 15, 1944	Dec. 15, 1943	Dec. 15, '44 comp. with Nov. 15, '44	Dec. 15, '43
United States	127.0	126.5	124.4	+ 0.4%	+ 2.1%

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Dec. 15, 1944	Nov. 15, 1944	Dec. 15, 1943	Dec. 15, '44 comp. with Nov. 15, '44	Dec. 15, '43
U. S. (51 cities)	137.4	136.5	137.1	+ 0.7%	+ 0.2%
St. Louis	139.5	138.5	139.3	+ 0.7	+ 0.1
Little Rock	137.0	136.3	135.5	+ 0.5	+ 1.1
Louisville	132.0	131.0	134.0	+ 0.8	- 1.5
Memphis	145.6	144.9	144.5	+ 0.5	+ 0.8

COAL PRODUCTION

(In thousands of tons)	Dec., '44	Nov., '44	Dec., '43	Dec., '44 comp. with Nov., '44	Dec., '43
Illinois	6,127	5,939	6,100	+ 3%	- 0%
Indiana	2,430	2,309	2,234	+ 5	+ 9
Kentucky	5,247	5,750	4,801	- 9	+ 9
Other dist. states	1,633	1,743	1,654	- 6	- 1
Totals	15,437	15,741	14,789	- 2	+ 4

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number 1944	1943	Cost 1944	1943	Number 1944	1943	Cost 1944	1943
Evansville	12	10	\$ 23	\$ 9	37	126	\$ 17	\$ 59
Little Rock	18	7	43	56	81	45	26	11
Louisville	29	34	432	131	17	20	7	23
Memphis	233	279	311	352	110	256	103	139
St. Louis	68	33	362	19	137	98	183	66
Dec. Totals	360	363	1,171	567	382	545	336	298
Nov. Totals	454	256	828	291	789	803	682	566

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Custom-ers*	Dec., 1944	Nov., 1944	Dec., 1943	December, 1944 compared with	
		K.W.H.	K.W.H.	K.W.H.	Nov., 1944	Dec., 1943
Evansville	40	8,120	8,227	10,416	- 1%	- 22%
Little Rock	35	2,982	3,055	2,878	- 2	+ 4
Louisville	82	16,726	17,497	17,194	- 4	+ 3
Memphis	31	6,973	6,717	6,597	+ 4	+ 6
Pine Bluff	19	7,831	8,197	7,342	- 4	+ 7
St. Louis	138	93,081	93,098	95,692†	- 0-	- 3
Totals	345	135,713	136,791	140,119†	- 1	- 3

*Selected industrial customers. †Revised.

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Dec., '44	Nov., '44	Dec., '43	Dec., '44 comp. with Nov., '44	Dec., '43
Total 8th Dist.	\$ 16,562	\$ 32,067†	\$ 10,461†	- 48%	+ 58%

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

	DEPARTMENT STORES			Stocks	Stock	
	Net Sales		on Hand	Turnover		
	Dec., 1944 compared with Nov., '44	12 mos.'44 to same period '43	Dec. 31,'44 comp. with Dec. 31,'43	Jan. 1 to Dec. 31, 1944	1943	
Ft. Smith, Ark.	+41%	+27%	+18%	— 9%	5.07	4.24
Little Rock, Ark.	+35	+19	+11	— 11	5.54	4.57
Quincy, Ill.	+28	+21	+21	.....	.....	.....
Evansville, Ind.	+24	+13	+1	.....	.....	.....
Louisville, Ky.	+25	+20	+17	— 3	5.88	5.84
St. Louis, Mo.	+19	+15	+11	— 7	4.97	4.51
Springfield, Mo.	+28	+29	+28	.....	.....	.....
Memphis, Tenn.	+36	+18	+16	+ 4	5.47	5.00
*All other cities.	+35	+15	+10	— 14	4.98	4.44
8th F. R. Dist.	+26	+17	+12	— 6	5.21	4.72

*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, 1944—25; November, 1944—25; December, 1943—26.

Outstanding orders of reporting stores at the end of December, 1944, were 41 per cent greater than on the corresponding date a year ago.

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

	Instalment		Excl. Instal.	
	Accounts	Accounts	Accounts	Accounts
Fort Smith.....%	69%	63%	46%	78%
Little Rock... 43	63	63	47	73
Louisville.... 36	59	59	38	63
Memphis.... 75	66	66	49	68

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

	Dec., 1944	Nov., 1944	Oct., 1944	Dec., 1943
Sales (daily average), Unadjusted ¹	333	268	221	277
Sales (daily average), Seasonally adjusted ¹	207	235	215	172
Stocks, Unadjusted ²	83	108	115	88
Stocks, Seasonally adjusted ²	90	96	102	95

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

	SPECIALTY STORES		Stocks	Stock		
	Net Sales		on Hand	Turnover		
	Dec., 1944 compared with Nov., '44	12 mos.'44 to same period '43	Dec. 31,'44 comp. with Dec. 31,'43	Jan. 1 to Dec. 31, 1944	1943	
Men's Furnishings	+43%	+22%	+ 3%	— 11%	3.55	3.53
Boots and Shoes	+31	+25	+11	+ 22	8.53	8.64

Percentage of accounts and notes receivable outstanding December 1, 1944, collected during December:
Men's Furnishings.....63% Boots and Shoes.....51%

Trading days: December, 1944—25; November, 1944—25; December, 1943—26.

	RETAIL FURNITURE STORES		Inventories		Ratio	
	Net Sales		Dec. 31, 1944		of	
	Dec., 1944 compared with Nov., '44	Dec., '43	Nov. 30,'44	Dec. 31,'43	Dec., '44	Dec., '43
St. Louis Area ¹	+10%	+23%	— 9%	+31%	47%	43%
St. Louis.....	+ 5	+21	— 9	+31	48	44
Louisville Area ²	+37	+19	—10	— 2	34	32
Louisville.....	+38	+17	— 8	+ 1	33	32
Memphis.....	+28	+15	*	*	42	36
Little Rock.....	+27	+25	*	*	28	26
Springfield.....	+ 4	+40	*	*	42	29
Fort Smith.....	— 5	+34	*	*	*	*
Pine Bluff.....	+10	+31	*	*	39	33
Evansville.....	+40	+68	—10	+15	51	37
8th Dist. Totals ³	+15	+24	—10	— 7	40	37

*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, Greenwood, Starkville, Mississippi; Hannibal, Missouri; and Dyersburg, Tennessee.

	PERCENTAGE DISTRIBUTION OF SALES		
	Dec., '44	Nov., '44	Dec., '43
	Cash Sales.....	28%	24%	26%
Credit Sales.....	72	76	74
Total Sales.....	100	100	100

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

	First nine days					
	Dec., '44	Nov., '44	Dec., '43	Jan., '45	Jan., '44	12 mos.'44
154,325	157,366	155,864	41,780	41,929	1,903,859	1,816,895
Source: Terminal Railroad Association of St. Louis.						

	WHOLESALE*		
	Lines of Commodities		Stocks
	Net Sales		Dec. 31, 1944
Data furnished by Bureau of Census, U. S. Dept. of Commerce.	December, 1944 compared with Nov., '44	Dec., '43	compared with Dec. 31, 1943
Drugs and Chemicals.....	— 9%	— 9%%
Electrical Supplies.....	— 12	+ 5	....
Groceries.....	— 12	+ 6	— 1
Hardware.....	— 5	+ 4	— 1
Plumbing Supplies.....	— 14	+ 14	....
Tobacco and its Products.....	+ 4	— 20	....
Miscellaneous.....	+ 6	— 17	—22
Total all lines**.....	+ 1	— 5	—10

*Preliminary.
**Includes certain lines not listed above.

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	Dec., '44	Nov., '44	Dec., '43
Number.....	0	1	1
Liabilities.....	\$ 0	\$1,516,000	\$ 1,000

Source: Dun and Bradstreet.

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

	Change from		
	Jan. 17, 1945	Dec. 13, 1944	Jan. 19, 1944
(In thousands of dollars)			
Industrial advances under Sec. 13b.....	\$ 30,900	+ 8,700	+ 25,890
Other advances and rediscounts.....	806,006	+ 1,021	+308,797
U. S. securities.....	836,906	+ 9,721	+334,687
Total earning assets.....	670,581	— 7,506	— 84,894
Total reserves.....	590,472	— 8,643	+ 44,453
F. R. notes in circulation.....	927,040	+ 5,237	+202,026
Industrial commitments under Sec. 13b..	55	— 0	— 261

PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS

	Change from		
	Jan. 17, 1945	Dec. 20, 1944	Jan. 19, 1944
(In thousands of dollars)			
Total loans and investments.....	\$1,891,555	+ 37,580	+327,609
Commercial, industrial, agricultural loans*	267,837	+ 1,783	+ 17,896
Loans to brokers and dealers in securities.	8,193	— 498	+ 2,663
Other loans to purchase and carry securities	37,065	— 9,742	+ 14,474
Real estate loans.....	65,135	+ 258	+ 1,712
Loans to banks.....	2,018	— 2,127	+ 419
Other loans.....	84,739	+ 303	+ 20,327
Total loans.....	464,987	+ 10,539	+ 57,491
Treasury bills.....	45,820	— 12,483	+ 31,051
Certificates of indebtedness.....	313,798	+ 5,607	+ 51,056
Treasury notes.....	338,774	+ 19,246	+ 193,541
U. S. Bonds.....	588,773	+ 28,668	+ 70,613
Obligations guaranteed by U. S. Govt..	25,988	+ 6,031	— 17,879
Other securities.....	113,415	+ 1,050	+ 3,838
Total investments.....	1,426,568	+ 48,119	+270,118
Balances with domestic banks.....	120,236	+ 22	+ 5,170
Demand deposits — adjusted**.....	1,020,391	+ 25,678	+ 65,859
Time deposits.....	276,677	+ 7,163	+ 53,826
U. S. Government deposits.....	289,228	— 23,044	+128,868
Interbank deposits.....	629,312	+ 28,761	+ 71,117
Borrowings.....	32,400	+ 13,900	+ 27,400

*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.

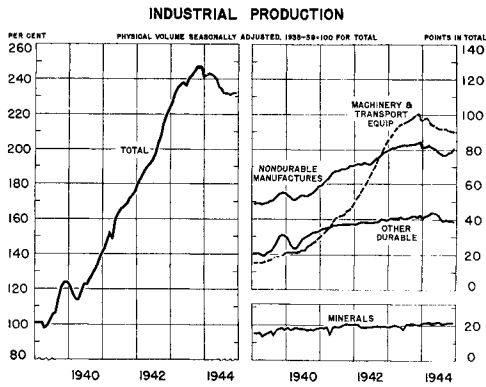
DEBITS TO INDIVIDUAL ACCOUNTS

	December, 1944			
	December, 1944	November, 1944	December, 1943	Dec., '44 comp. with Nov., '44
(In thousands of dollars)				
El Dorado, Ark.....	\$ 12,150	\$ 9,686	\$ 11,182	+25% + 9%
Fort Smith, Ark.....	25,761	25,990	22,117	— 1 +16
Helena, Ark.....	5,692	5,877	5,267	— 3 + 8
Little Rock, Ark.....	89,631	77,269	78,979	+16 +13
Pine Bluff, Ark.....	21,777	21,215	17,585	+ 3 +24
Texarkana, Ark.-Tex.	14,514	12,176	10,873	+19 +33
Alton, Ill.....	16,409	14,390	15,355	+14 + 7
E. St. L.-Nat. S. Y., Ill.	83,513	84,554	89,475	— 1 — 7
Quincy, Ill.....	18,554	17,612	18,499	+ 5 — 0
Evansville, Ind.....	115,229	96,707	116,014	+19 — 1
Louisville, Ky.....	435,042	351,620	375,209	+24 +16
Owensboro, Ky.....	23,313	19,938	16,387	+17 +42
Paducah, Ky.....	9,407	8,539	8,286	+10 +14
Greenville, Miss.....	12,864	12,387	13,253	+ 4 — 3
Cape Girardeau, Mo.	6,210	5,105	5,751	+22 + 8
Hannibal, Mo.....	5,547	4,964	4,859	+12 +14
Jefferson City, Mo.....	18,543	18,196	18,348	+ 2 + 1
St. Louis, Mo.....	1,133,853	1,105,418	1,067,295	+ 3 + 6
Sedalia, Mo.....	6,325	5,980	6,120	+ 6 + 3
Springfield, Mo.....	32,915	33,623	29,245	— 2 +13
Jackson, Tenn.....	11,095	10,903	11,276	+ 2 — 2
Memphis, Tenn.....	331,621	307,213	280,851	+ 8 +18
Totals.....	2,429,965	2,249,362	2,222,226	+ 8 + 9

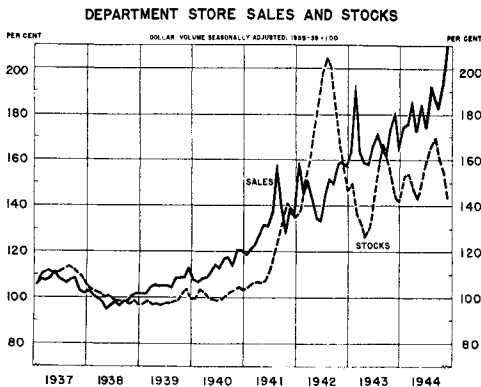
(Completed January 27, 1945)

NATIONAL SUMMARY OF CONDITIONS

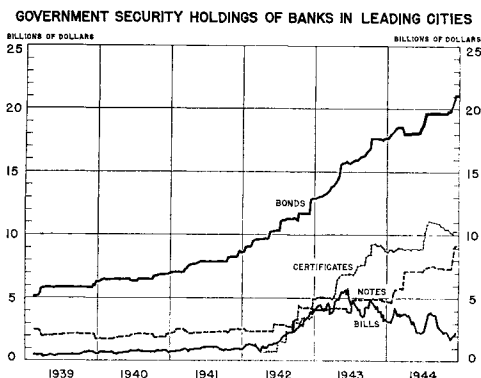
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



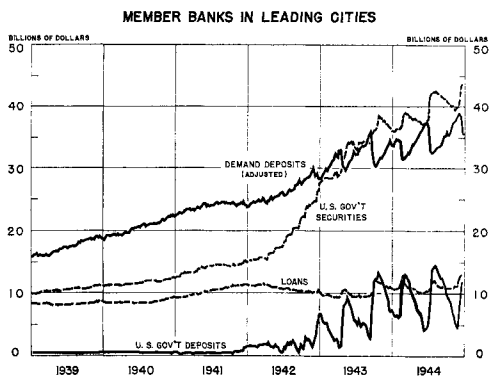
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for November, 1944.



Federal Reserve indexes. Monthly figures, latest shown are for November, 1944.



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported on April 15, 1942. Wednesday figures, latest shown are for December 13, 1944.



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 December 13, 1944.

Output at factories and mines showed little change from October to November. Retail trade expanded further to new record levels.

Industrial production—Industrial output in November and the early part of December was maintained at approximately the same level that had prevailed during the previous four months. Production of durable goods declined slightly in November, while output of other manufactured goods, especially war supplies, increased somewhat further and mineral production was maintained in large volume. Output of critical war equipment was larger in November than in October but was still behind schedule, according to the War Production Board.

Activity in the durable goods industries, particularly machinery, transportation equipment, and lumber, continued to be limited in part by manpower shortages. Employment in the transportation equipment industries has declined by about one-fifth during the past twelve months, but total output of aircraft, ships, and combat and motor vehicles has declined by a much smaller amount owing to greater efficiency.

In most nondurable goods industries, production was somewhat greater in November than in the previous month. Activity at explosive and small-arms ammunition plants increased, reflecting enlarged war production schedules, and output in most other branches of the chemical industry also expanded, reaching levels above those of a year ago. Production in the petroleum refining and rubber industries, chiefly for war uses, increased somewhat in November.

Output of manufactured foods showed less decline than is usual for this season and was as large as in November, 1943. In the textile industry, output at woolen and worsted mills continued to advance in October from the reduced level of operations prevailing during the summer. Cotton consumption in November was above October and rayon deliveries were at a new record level.

Mineral production was maintained in November. Coal output was one-fifth larger than in November, 1943 when operations were sharply reduced by a work stoppage. In the early part of December, however, coal production was nearly 10 per cent less than in the same period last year.

Distribution—Value of department store sales in November was 14 per cent above the exceptionally high level last year, about the same year-to-year increase which prevailed in the previous four months. In the first half of December, sales were about 20 per cent larger than last year. All Federal Reserve districts have shown large increases over last year in pre-Christmas sales.

Railroad freight carloadings, adjusted for seasonal changes, were maintained at a high level in November and the first two weeks of December. Shipments of most classes of freight, however, were not quite as great as the exceptionally large movement of freight during the same period of last year.

Commodity prices—Changes in wholesale prices of agricultural and industrial products were mostly upward in November and the early part of December. Retail prices of foods and various other commodities were slightly higher in November than in October. During the past year there has been a slight upward tendency in prices of most commodities, both in wholesale and retail markets.

Bank credit—Banking developments during the four weeks ended December 13 were largely determined by the Sixth War Loan Drive. Government deposits at weekly reporting banks in 101 cities increased by approximately 8 billion dollars while adjusted demand deposits of individuals and business were drawn down about 2.6 billions in payment for securities purchased. The reporting banks added 3.7 billion dollars to their holdings of Government securities and increased their loans by 1.7 billion.

As a result of the transfer of deposits of individuals and businesses to war loan accounts, reserves required by member banks declined by about 700 million dollars from the beginning of the Drive through mid-December. In addition, reserve funds were supplied to the banking system through the purchase by the Federal Reserve Banks of 640 million dollars of Government securities. These additional reserves were used in part to reduce member bank borrowings at the Reserve Banks, which had risen to nearly 600 million dollars in the latter part of November, and to meet the demand for currency. This demand, though slackened somewhat by the War Loan Drive, amounted to 450 million dollars for the four weeks ended December 13. Excess reserves increased by 300 million dollars, principally at country banks.