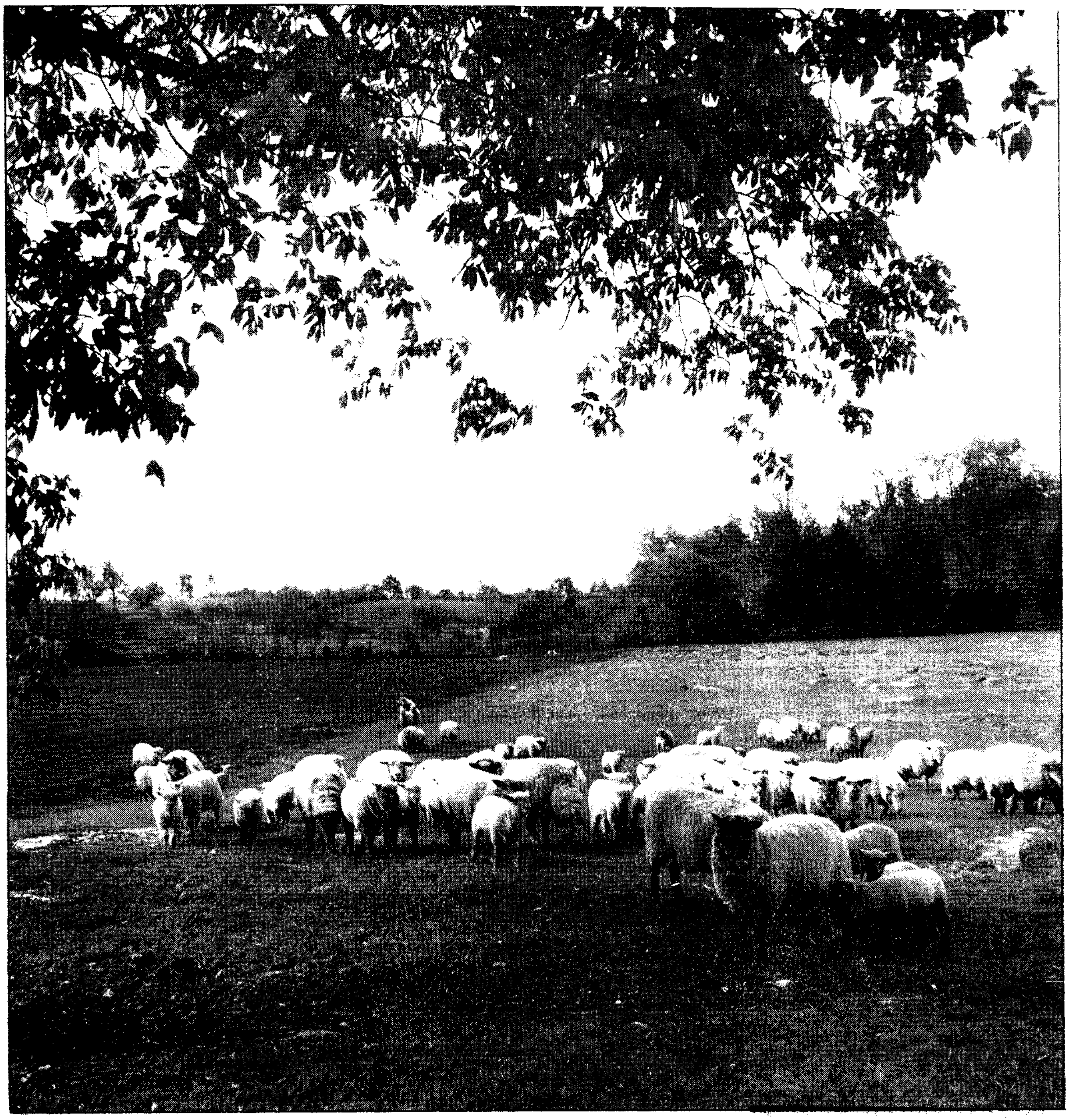
BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance

APRIL 1, 1945

FEDERAL RESERVE BANK OF ST. LOUIS



DEPARTMENT OF CONSERVATION, TENNESSEE

THE past several months have witnessed a quickening tempo in military operations in all theaters of the war and a definite movement toward scaling down the civilian economy of the nation. On the home front munitions production continues to dominate the industrial scene. Although civilian supplies of nondurable goods are still fairly high in terms of prewar years, an increasing number of shortages is developing under the pressure of tremendous consumer purchasing power. As a result the allowances for rationed items are being reduced and retailers are applying informal rationing methods to numerous other short goods.

INDUSTRY

Munitions Output—Within the fabric of war production three distinct patterns can be observed. First and most important is the pattern of expanding war production which applies to a relatively small but highly important portion of the munitions program. Certain types of aircraft, ammunition, trucks, electrical equipment and ordnance, as well as rockets, tanks, tires and cotton duck are included in the critical programs which, at present, are expanding output spectacularly. January production of these combined lines ran 7 per cent above December and still failed to attain schedule by 4 per cent. On the basis of partial data, after adjustment for the shorter work month, a further expansion occurred in these lines in February.

Second is the pattern of declining production developing in shipbuilding, some aircraft, and numerous miscellaneous items. On a national basis the scheduled declines in such lines are not particularly marked, but since they represent a large part of the total munitions program the decreases are expected to about offset the scheduled expansion of the critical programs.

Third is the pattern of stable programs which have attained their wartime peaks and are expected to hold them for the balance of the war period or at least until V-E day.

These same three patterns are evident in district war production where constant shifts in programming result in large new contract awards in some lines and substantial contract terminations in others. On balance cancellations appear to be running somewhat above new awards so that the district's backlog of war orders is being reduced. At the end of January, for example, the total volume of major supply contracts let since July, 1940 was $35 million less than the cumulative volume reported a month earlier.

The area most affected by cancellations was St. Louis. In Memphis cumulative contract volume at the end of January was virtually unchanged from a month earlier, while that of Louisville and Evansville was appreciably larger. Revision of aircraft manufacturing schedules was primarily responsible for the decrease in cumulative awards as other major munitions lines, on balance, were expanding in January.

While changes in the volume of war supply contract awards give some clue as to prospective trends in war production, they are not necessarily indicative of current rates of production and employment. New awards and cancellations primarily affect outstanding orders rather than current production schedules. In fact, some cancellations result in an expansion of current production and employment in order to complete remaining contracts.

Over-all output of war goods at district plants in February was somewhat less than in January, largely because of the shorter work month. In early March war production and other manufacturing was disrupted for a short time at plants in the Louisville and Evansville areas by the flooding Ohio River.

Other Manufacturing—Lines other than munitions are also showing divergent trends with total production holding fairly stable. In the Eighth District among the more stable industries are steel, alcohol, clothing, and lumber; among those expanding, at least for the present, are shoes, chemicals (other than munitions), petroleum refining, and electrical machinery and equipment; while among those declining are meat packing, other food processing, nonelectrical machinery, and nonferrous metal work.

In steel, production at mills and foundries in this district is holding at about the same level which has obtained for the past four months, a level somewhat below the wartime peak. The current rate of ingot operations is about 79 per cent of capacity with little likelihood that this rate will be increased appreciably in the immediate future. The major bottleneck in district steel production continues to be lack of skilled open-hearth, foundry, and rolling mill labor. The materials supply situation is not proving a bar to increased output.

Alcohol distillation, in this district largely concentrated in Kentucky, is another example of fairly stable output. At the close of February 52 Kentucky distilleries were in operation, the same number as were producing a year earlier and only one less than at the close of January, 1945.

Except for two month-long holidays for whiskey production, August, 1944 and January, 1945, distilleries have made nothing but alcohol for the war program since October, 1942. About 50 million gallons of spirits were produced nationally last August and slightly more than 28 million gallons in January. Some 17 million gallons of the January production were distilled in Kentucky, part of it bourbon whiskey.

Mill output of lumber in the district is also fairly stable at present, aside from seasonal fluctuations, but the level of production is far below the early war peak. Southern hardwood mills are operating currently at some 60 per cent of capacity, some 10 per cent to 15 per cent below the 1944 average and even more sharply off from the high points reached in the heavy construction years, 1941-1943. Southern pine production is going along at only a slightly higher rate.

Shoe production and chemicals are currently expanding. The latter line is expected to hold its gains for the balance of the war period, but the former may well contract in the immediate future because of prospective difficulties in obtaining materials.

Among the currently declining industries, meat packing is falling off very sharply and there are reports of substantial lay-offs of workers at packing houses. This situation arises solely from curtailed marketings of livestock. At St. Louis federally inspected livestock slaughter dropped off sharply in February, largely a seasonal decline, and was down considerably from the exceptionally high level of a year earlier. Cattle, calf, sheep and lamb slaughter, in terms of animal units, was higher than in February, 1944, but hog slaughter was down more than 60 per cent from that month.

As noted above, district manufacturing declined somewhat in February because of the shorter work month. Reflecting this factor primarily, consumption of industrial electric power in major district cities was off 8 per cent from January, but was up 4 per cent from February, 1944. Power consumption in February, 1945 was only fractionally below that of November and December, 1944 when war output in the district again turned upward.

Mining and Oil—Coal mines located in Eighth District states produced about 16 million tons of bituminous coal in February, some 2 million tons less than in January but 600,000 tons more than a year earlier. On a working day average basis February output was only slightly less than January but well above last February and the latter part of 1944.

Bauxite mining activity in Arkansas continues at a level far below wartime peak. Output of lead, manganese, and fluorspar at mines in this region, while less than some months earlier, is still high.

Petroleum production, currently expanding in this district, was at a higher daily average level in February than in January and in February, 1944. Total production for February was 9 per cent less than a month earlier, however, due to the short month.

As noted previously in this Review, drilling activity so far this year is below last year's level. Through March 10 there were 460 completions of all types in the district in contrast to 519 in the comparable period in 1944.

Construction—Activity in building and construction is increasing in this district. February volume of construction contract awards of all types (F. W. Dodge data) totaled about $12 million, one-third more than in January and more than double the figure for last February. Only 7 per cent of current awards are for residential construction. Dollar value of building permits granted in the major cities of the district in February was 27 per cent larger than January and 60 per cent greater than February, 1944. This work has not been fully reflected in employment totals since there is a lag between award or permit and actual construction. Major construction is still underway in southern Arkansas and at Louisville where large rocket production facilities are being erected.

AGRICULTURE

The recent pronouncements of the President and the War Food Administration have focused attention upon the prospect that civilian food supplies for 1945 will be less than in 1944 despite record-breaking crops and above-average livestock production last year. This merely highlights the fact that military requirements and obligations to our allies, plus the very high level of domestic purchasing power, have widened the gap between supply and demand for food. As a result tighter food rationing will be necessary in order to obtain as equitable a division as possible of the supply of foodstuffs available to civilians. Despite the current outlook for civilian belt tightening, it should be emphasized that food supplies in the United States will still provide average consumption that is fairly high by normal peacetime standards and will be a far cry from the situation facing the civilian population of the other belligerent nations of the world.

Farm routine this year in the Eighth District is behind schedule, although it should be noted that this situation has not been uncommon in many recent years. The winter was not particularly conducive to land preparation as snow fell more or less frequently over much of the area north of the Ohio River and cold rains were general over large regions of the southern part of the district. Temperatures in February averaged above normal in most sections, and in early March continued fairly mild. Precipitation was also above normal throughout the district in February and in March the usual spring floods sent high waters over parts of the region. For the most part, however, floods were confined to the Ohio River valley and the lower Mississippi, and the area covered by water was considerably smaller than in the last two years.

The winter has been rather favorable for the development of winter wheat, an important district crop. The grain is now greening throughout Illinois and Indiana with good progress being made in the more southern producing regions of the district. The crop is generally in good condition and should develop well.

The farm labor situation is causing considerable concern over much of the district. According to the USDA, farm employment in the country as a whole increased by about its usual seasonal amount in February, but having increased from a very low mid-winter level was some 150,000 persons less than a year earlier. March 1 farm employment was the lowest estimated for that date for the 21 years of record. The number of hired workers was 6 per cent less than on the same date last year.

While the record low this year was due partly to the fact that weather conditions made work difficult, it nevertheless poses a problem for the coming season. Farm operators report difficulty in signing up hired hands for spring planting, and in view of selective service needs this difficulty may be increased rather than lessened as the season advances. The lack of adequate labor may prove a formidable barrier to attainment of production goals, especially if it continues into a harvest season that turns out to be short. Substantial quantities of district corn and cotton remained in the fields after the long and favorable harvest season of 1944.

Cotton — With the season not yet far enough advanced for any substantial farm activity in cotton growing areas, current interest centers largely upon marketing operations and consumption trends. Trading is less active than at this time in 1944 with offerings at current prices fairly limited. At mid-March the ten market spot average for 15/16 inch middling cotton was 21.71 cents per pound as compared with 21.09 cents per pound a year earlier.

Through March 10 the volume of 1944 cotton entering the Government loan and purchase program totaled 3,761,000 bales. This was 467,000 bales more than entered last year's program during the same period. For the past five weeks cotton has been entering the program at a rate of 94,000 bales per week, almost three times as much as was moving into the loan in the comparable period in 1944.

In February, the daily average rate of cotton consumption was 39,700 bales, the highest rate for any month since November, 1943. In the first seven months of the 1944-45 season consumption has totaled 5,659,000 bales. Maintenance of this rate for the balance of the year would lead to an annual consumption of about 9,700,000 bales, some 250,000 bales less than in the previous season. This would mean that approximately 2,500,000 bales of the 1944 crop would go into the carryover which amounted to 10,600,000 bales last August.

Fruits and Vegetables — Due to recent mild weather, peaches and pears are reported in bloom in Arkansas and are consequently more vulnerable to setback or damage by late freezes. Strawberry acreage in the district for 1945 is sharply lower than last year and the 10-year (1934-43) average acreage. The most pronounced reduction is in Missouri where acreage is mostly old stands on which growers are not expecting very heavy yields even though beds came through the winter in good condition. District watermelon acreage is also down considerably from both 1944 and the ten-year average, with 10 per cent reductions in Mississippi and Missouri. The early spring spinach crop in the district is expected to be off from last year since acreage planted and carried over from last fall in Missouri is one-third less than in 1944 and in Arkansas is only half as large as in the previous season.

Livestock — Of all the foodstuffs which inflated war demand has pushed out of balance with supply, meat and livestock products probably have more effect on public morale than any others. Emphasis has lately been given to the meat supply problem with the President's "tighten the belt" statements and the WFA announcements concerning available civilian meat supplies for 1945.

The situation is graphically illustrated by the figures on livestock numbers at the beginning of 1945 compared with numbers a year earlier. The number of cattle on farms in the United States on January 1, 1945 was only 1 per cent less than a year earlier, but the number of sheep and lambs was down 7 per cent and the number of hogs down 28 per cent. In the field of poultry, chicken numbers were off 11 per cent while turkeys were off 1 per cent. The comparisons for district states showed cattle down 1 per cent, sheep and lambs down 12 per cent, hogs down 24 per cent, chickens down 10 per cent, and turkeys up 4 per cent.

As compared with the prewar situation the animal population at the beginning of this year was still fairly large. Cattle numbers have been exceeded in only one other year in history, 1944. Since 1930 hog numbers were higher in only four years; chickens in two; and turkeys in three. Sheep numbers, however, are the lowest since 1930.

The outlook for the spring pig crop in the district is for a reduction from last year. The number of sows farrowed in the district averaged some 10 per cent to 15 per cent below the number farrowed for the 1944 crop. The lamb crop this year will also be less than in 1944 primarily because of a smaller number of ewes. Sheep came through the winter fairly well despite bad weather, and spring lambs are reported in good condition.

While the meat situation has been made stringent because of reduced marketings of livestock, this is not the whole story. Weights of marketed animals have also been less due in part to the feed shortages of 1943-44 and in part to the less favorable feed ratios. For the coming season feed supplies per animal unit are considerably larger than in the previous two seasons and there are prospects for heavier feeder operations.

Tobacco — The district tobacco marketing season is rapidly drawing to a close with farmers reaping a record-breaking income from the large crop of 1944. Plans are currently being made to increase acreage for the coming season.

At mid-March all but two burley tobacco markets had held their final auctions and virtually all of the record-breaking crop had been sold. The season average price through March 16 was $44 per cwt. with 614 million pounds sold, 427 million pounds being the Kentucky crop. This means a cash crop of some $190 million for Kentucky farmers alone. As the season progressed quality of offerings dropped considerably as did the average price which in early weeks ran above $45 per cwt.

Markets have closed completely for one-sucker, western dark-fired, Green River and Henderson stemming tobacco types. The first named crop had total sales of 25 million pounds at a season average price of $21.69 per cwt., $3.26 less per cwt. than was brought by the 1943 crop. Income from the 1944 crop, however, was considerably higher than in 1943-44 due to the much larger volume marketed. The price decline from last year was the result of lower quality with more low and fair heavy leaf and more thin leaf sold than in 1944.

Green River crop sales totaled 17 million pounds at a season average price of $24.54 per cwt. The value of the crop was the highest in 20 years and prices the second highest of record although they were $5 per cwt. below the 1943 crop average. No grades of one-sucker or Green River tobacco were frozen for insecticides this year. A basic purchase price for both crops was established and buyers were permitted to make bids above this base. If bids were not above the base the Commodity Credit Corporation automatically took over the unbid tobacco for insecticide manufacture. Only 34,000 pounds of one-sucker and 70,000 pounds of Green River went to the CCC under this plan. Association deliveries were also very light, 77,000 pounds of one-sucker and 102,000 pounds of Green River.

Eastern dark-fired markets were still operating at mid-March but were expected to close soon. Through March 16, this type had sales of 33 million pounds at a season average price of $24.94 per cwt. Western dark-fired sales totaled 12 million pounds at an average price of $22.26 per cwt. Markets for this crop closed after March 16.

TRADE

The movement of retail sales so far in 1945 is running well ahead of the comparable period in 1944. If the present trend continues, 1945 dollar volume will reach a new all-time peak. Sales gains are widely diffused with respect to kinds of merchandise and, as noted previously in this Review, may indicate consumer belief in continuation of present high income levels for a period coupled with some decline in the desire of individuals to continue adding to an already large volume of savings.

The February sales increase over February, 1944 was characteristic of every retail trade line reporting to this bank. Department store and men's furnishings store sales as measured against a year ago were up 17 per cent each, St. Louis women's apparel store sales and district shoe store sales up 21 per cent each, and furniture store sales up 8 per cent. Different seasonal patterns for the various lines made changes from January sales volume divergent and at the same time the lesser number of trading days in February cut down monthly sales volume. Dollar sales in February at district department stores were unchanged from the January level, but the seasonally adjusted index of department store sales (daily average basis) rose 13 points to 187 per cent of the 1935-39 average. Women's apparel and shoe store sales were only slightly above January volume. Men's furnishings store sales declined 12 per cent, primarily a seasonal decrease, while furniture store sales dropped contraseasonally from the exceptionally high January level.

In the various cities of the district, sales increases over a year ago at department stores varied appreciably, with Memphis and Evansville registering the smallest gains, while Quincy's sales volume showed the largest increase.

BANKING AND FINANCE

Deposit behavior at Eighth District banks over the past few weeks has been characteristic of a period between War Loan drives. In general, total deposits have declined somewhat at both urban and rural banks with War Loan accounts being drawn down steadily by the Treasury to meet heavy Government expenditures. The return flow of private deposits has not matched completely withdrawal from War Loan accounts. Such a time lag seems to be usual in this district. Time deposits grew steadily through mid-March, a continuation of the trend which was apparent throughout 1944. Generally speaking, time deposits increase weekly although during a War Loan drive period the increases are almost negligible.

Loan volume has been decreasing rather steadily for the past several weeks. At the middle of March total loans at weekly reporting member banks in the district were $16 million less than a month earlier. Virtually all of the decline occurred in commercial, industrial, and agricultural loans and was concentrated at St. Louis and Memphis. Loan volume at rural banks is also decreasing at the present time as farmers are paying off indebtedness incurred during the previous crop season.

Holdings of securities by weekly reporting member banks registered a small decline over the past 30 days. On March 1, the Treasury offered ⅞ per cent certificates of indebtedness in exchange for the maturing issue of 0.90 per cent Treasury notes. As a result, the reporting banks showed a sharp increase in holdings of certificates. They had, however, a considerably larger decline in their note portfolios. The fact that Government bond holdings increased substantially in the period indicates considerable switching in the market from the maturing notes into bonds.

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Feb., 1945	Jan., 1945	Feb., 1944	Feb., 1945	Jan., 1945	Feb., 1944
Cattle and Calves	103,017	135,500	89,556	43,190	56,240	35,704
Hogs	150,461	279,771	345,919	49,908	98,064	92,515
Horses and Mules	3,915	2,294	4,444	3,901	2,282	4,438
Sheep	25,530	44,228	18,717	2,553	5,843	805
Totals	282,923	461,793	458,636	99,553	162,429	133,462

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Feb., 1945	Jan., 1945	Feb., 1944	Feb.,'45 comp. with Jan.,'45	Feb.,'44
All Commodities	105.2	104.9	103.6	+0.3%	+ 1.5%
Farm Products	127.0	126.2	122.5	+0.6	+ 3.7
Foods	104.7	104.7	104.5	- 0 -	+ 0.2
Other	99.2	99.1	98.0	+0.1	+ 1.2

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Feb. 15, 1945	Jan. 15, 1945	Sept. 15, 1942	Feb. 15,'45 comp. with Jan. 15,'45	Sept. 15,'42
United States	126.8	127.1	117.8	— 0.2%	+ 7.6%
St. Louis	125.1	125.6	116.6	— 0.4	+ 7.3

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Feb. 15, 1945	Jan. 15, 1945	Sept. 15, 1942	Feb. 15,'45 comp. with Jan. 15,'45	Sept. 15,'42
U. S. (51 cities)	136.5	137.3	126.6	— 0.6%	+ 7.8%
St. Louis	139.1	140.3	126.7	— 0.9	+ 9.8
Little Rock	136.5	137.3	129.2	— 0.6	+ 5.7
Louisville	130.1	131.9	124.2	— 1.4	+ 4.8
Memphis	145.4	147.1	129.7	— 1.2	+12.1

COAL PRODUCTION

(In thousands of tons)	Feb.,'45	Jan.,'45	Feb.,'44	Feb.,'45 comp. with Jan.,'45	Feb.,'44
Illinois	6,181	6,545	6,121	— 6%	+ 1%
Indiana	2,226	2,523	2,296	— 12	— 3
Kentucky	5,715	6,270	5,119	— 9	+12
Other dist. states	1,678	2,568†	1,700	— 35	— 1
Totals	15,800	17,906†	15,236	— 12	+ 4

†Revised.

PETROLEUM PRODUCTION

(In thousands of barrels)	Dec., 1944	Nov., 1944	Dec., 1943	Year 1944	Year 1943
Arkansas	2,478	2,416	2,428	29,418	27,600
Illinois	6,349	6,275	6,776†	77,413	82,275†
Indiana	421	428	416	5,118	5,283
Kentucky	912	969	673	9,621	7,883
Totals	10,160	10,088	10,293†	121,570	123,041†

†Revised.

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	Feb., 1945 K.W.H.	Jan., 1945 K.W.H.	Feb., 1944 K.W.H.	February, 1945 compared with Jan., 1945	Feb., 1944
Evansville	40	7,898	8,343	7,832	— 5%	+ 1%
Little Rock	35	3,458	3,166	3,327	+ 9	+ 4
Louisville	82	17,798	16,573	16,760	+ 7	+ 6
Memphis	31	6,602	7,385	6,285	— 11	+ 5
Pine Bluff	19	7,624	7,696	7,462	— 1	+ 2
St. Louis	141	91,797	103,772	88,509†	— 12	+ 4
Totals	348	135,177	146,935	130,175†	— 8	+ 4

*Selected industrial customers. †Revised.

BUILDING PERMITS

(Cost in thousands)	New Construction Number 1945	1944	Cost 1945	1944	Repairs, etc. Number 1945	1944	Cost 1945	1944
Evansville	8	..	$ 4	$ ..	74	54	$ 32	$ 15
Little Rock	15	24	10	3	109	115	132	21
Louisville	25	38	88	88	17	22	10	18
Memphis	256	126	320	141	192	274	134	157
St. Louis	58	56	244	89	129	137	154	170
Feb. Totals	362	244	666	321	521	602	462	318
Jan. Totals	341	664	569	1,130	567	443	399	313

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Feb.,'45	Jan.,'45	Feb.,'44	Feb.,45 comp. with Jan.,'45	Feb.,'44
Total 8th Dist.	$ 11,811	$ 8,792†	$ 5,771†	+ 34%	+105%

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

DEPARTMENT STORES

	Net Sales Feb., 1945 compared with Jan.,'45	Feb.,'44	2 mos.'45 to same period '44	Stocks on Hand Feb. 28,'45 comp. with Feb. 29,'44	Stock Turnover Jan. 1 to Feb. 28, 1945	1944
Ft. Smith, Ark..	+ 4%	+16%	+17%	+ 15%	.70	.63
Little Rock, Ark	+13	+18	+22	+ 3	.92	.75
Quincy, Ill.	+20	+23	+15	.....	...	...
Evansville, Ind..	+10	+ 8	+ 5	.....	...	...
Louisville, Ky...	— 2	+20	+23	— 13	1.06	.80
St. Louis, Mo...	— 3	+19	+19	- 0 -	.85	.69
Springfield, Mo..	—11	+17	+22	.....	...	...
Memphis, Tenn..	- 0 -	+12	+17	— 1	.94	.81
*All other cities.	— 5	+13	+15	— 12	.82	.62
8th F. R. Dist...	- 0 -	+17	+19	— 2	.88	.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: February, 1945—24; January, 1945—26; February, 1944—25.

Outstanding orders of reporting stores at the end of February, 1945, were 63 per cent greater than on the corresponding date a year ago.

Percentages of accounts and notes receivable outstanding February 1, 1945, collected during February, by cities:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith....	..%	60%	Quincy	39%	68%
Little Rock ..	32	60	St. Louis....	35	71
Louisville....	34	55	Other cities..	26	57
Memphis	38	51	8th F.R. Dist.	35	63

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Feb., 1945	Jan., 1945	Dec., 1944	Feb., 1944
Sales (daily average), Unadjusted[1]	187	173	333	153
Sales (daily average), Seasonally adjusted[1]	236	211	207	194
Stocks, Unadjusted[2]	96	88	83	98
Stocks, Seasonally adjusted[2]	101	101	90	103

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

SPECIALTY STORES

	Net Sales Feb., 1945 compared with Jan.,'45	Feb.,'44	2 mos.'45 to same period '44	Stocks on Hand Feb. 28,'45 comp. with Feb. 29,'44	Stock Turnover Jan. 1 to Feb. 28, 1945	1944
Men's Furnishings	—12%	+17%	+21%	— 20%	.58	.40
Boots and Shoes	+ 3	+21	+11	— 14	1.24	1.09

Percentages of accounts and notes receivable outstanding February 1, 1945, collected during February:

Men's Furnishings..........64% Boots and Shoes..............53%

Trading days: February, 1945—24; January, 1945—26; February, 1944—25.

RETAIL FURNITURE STORES

	Net Sales Feb., 1945 compared with Jan.,'45	Feb.,'44	Inventories Feb. 28, 1945 compared with Jan.31,'45	Feb.29,'44	Ratio of Collections Feb.,'45	Feb.,'44
St. Louis Area[1].	—22%	+ 8%	+ 7%	+38%	37%	38%
St. Louis.....	—25	+ 7	+ 7	+38	39	39
Louisville Area[2].	- 0 -	+14	+ 6	+14	26	29
Louisville.....	+ 2	+15	+ 4	+12	27	29
Memphis........	— 3	+ 3	— 1	—16	24	26
Little Rock.....	— 7	+ 9	+ 8	— 5	27	27
Springfield......	— 1	+ 7	*	*	34	34
Pine Bluff......	— 2	— 1	*	*	31	33
Fort Smith......	+ 4	+16	*	*	*	*
8th Dist. Totals[3].	—14	+ 8	+ 5	+ 6	31	32

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

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

[2]Includes Louisville, Kentucky, and New Albany, Indiana.

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

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Feb.,'45	Jan.,'45	Feb.,'44
Cash Sales	24%	24%	19%
Credit Sales	76	76	81
Total Sales	100	100	100

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Feb.,'45	Jan.,'45	Feb.,'44	First nine days Mar.,'45	Mar.,'44	2 mos.'45	2 mos.'44
147,288	155,942	154,775	48,458	47,316	303,230	311,338

Source: Terminal Railroad Association of St. Louis.

WHOLESALING*

Lines of Commodities — Data furnished by Bureau of Census, U. S. Dept. of Commerce.	Net Sales February, 1945 compared with Jan.,'45	Feb.,'44	Stocks Feb. 28, 1945 compared with Feb. 29, 1944
Automotive Supplies	— 20%	+ 7%	....%
Boots and Shoes	— 29	— 24	....
Drugs and Chemicals	+ 1	+ 3	....
Dry Goods	— 3	— 6	—14
Electrical Supplies	+ 2	+ 19	....
Groceries	— 16	— 3	— 9
Hardware	+ 5	+ 7	+ 2
Machinery, Equipment and Supplies	+ 3	+ 10	+ 8
Plumbing Supplies	— 16	+ 14	....
Tobacco and its Products	— 6	— 23	....
Miscellaneous	— 9	— 1	+ 4
Total all lines**	— 7	— 3	— 6

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

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	Feb., 1945	Jan., 1945	Feb., 1944
Number	4	4	2
Liabilities	$ 535,000	$ 54,000	$ 9,000

Source: Dun and Bradstreet.

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

(In thousands of dollars)	Mar. 14, 1945	Change from Feb. 14, 1945	Mar. 15, 1944
Industrial advances under Sec. 13b	$	....	....
Other advances and rediscounts	15,700	— 1,900	+ 8,690
U. S. securities	856,274	+ 48,976	+238,547
Total earning assets	871,974	+ 47,076	+247,237
Total reserves	679,360	— 9,420	+ 45,058
Total deposits	614,833	+ 27,642	+ 92,284
F. R. notes in circulation	950,773	— 14,231	+230,406
Industrial commitments under Sec. 13b..	55	- 0 -	+ 39

PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS

(In thousands of dollars)	Mar. 14, 1945	Change from Feb. 14, 1945	Mar. 15, 1944
Total loans and investments	$1,838,252	— 28,286	+243,340
Commercial, industrial, agricultural loans*	243,952	— 16,764	+ 7,341
Loans to brokers and dealers in securities.	6,625	— 964	+ 1,295
Other loans to purchase and carry securities	31,950	— 2,401	+ 4,480
Real estate loans	63,706	— 1,107	— 391
Loans to banks	666	— 472	+ 266
Other loans	86,740	+ 5,272	+ 21,777
Total loans	433,639	— 16,436	+ 34,768
Treasury bills	28,324	— 14,053	— 50,062
Certificates of indebtedness	328,362	+ 37,368	+ 59,310
Treasury notes	258,616	— 87,763	+ 55,154
U. S. Bonds	656,574	+ 57,428	+141,768
Obligations guaranteed by U. S. Govt..	13,796	— 5,020	— 9,325
Other securities	118,941	+ 190	+ 11,727
Total investments	1,404,613	— 11,850	+208,572
Balances with domestic banks	116,142	— 1,933	+ 933
Demand deposits — adjusted**	1,073,825	+ 32,254	+147,114
Time deposits	278,699	— 3,576	+ 52,143
U. S. Government deposits	225,486	— 41,833	— 29,100
Interbank deposits	598,483	— 6,303	+ 93,777
Borrowings	14,500	— 3,000	+ 7,500

*Includes open market paper.

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

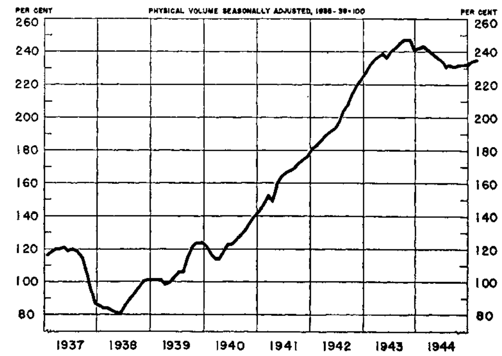
Above figures are for member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 75% of the resources of all member banks in this district.

DEBITS TO INDIVIDUAL ACCOUNTS

(In thousands of dollars)	February, 1945	January, 1945	February, 1944	Feb.,'45 comp. with Jan.,'45	Feb.,'44
El Dorado, Ark......	$ 9,261	$ 11,099	$ 9,700	—17%	— 5%
Fort Smith, Ark......	21,921	25,944	20,123	—16	+ 9
Helena, Ark.........	3,733	5,503	4,204	—32	—11
Little Rock, Ark.....	72,383	85,901	68,329	—16	+ 6
Pine Bluff, Ark......	13,427	19,331	15,923	—31	—16
Texarkana, Ark.-Tex.	10,717	12,110	9,838	—12	+ 9
Alton, Ill...........	13,317	15,738	12,958	—15	+ 3
E.St.L.-Nat.S.Y.,Ill..	66,074	86,739	79,507	—24	—17
Quincy, Ill..........	14,985	16,327	17,197	— 8	—13
Evansville, Ind......	82,944	101,013	102,472	—18	—19
Louisville, Ky.......	372,678	395,272	321,851	— 6	+16
Owensboro, Ky......	20,826	25,261	15,153	—18	+37
Paducah, Ky........	7,829	8,783	8,147	—11	— 4
Greenville, Miss......	8,841	12,108	11,289	—27	—22
Cape Girardeau, Mo..	4,766	7,836	5,065	—39	— 6
Hannibal, Mo........	4,531	5,521	4,532	—18	- 0 -
Jefferson City, Mo....	18,603	51,941	22,827	—64	—19
St. Louis, Mo........	882,706	1,084,414	935,750	—19	— 6
Sedalia, Mo.........	5,833	6,154	5,969	— 5	— 2
Springfield, Mo......	26,322	32,913	27,550	—20	— 4
Jackson, Tenn.......	8,189	9,762	8,701	—16	— 6
Memphis, Tenn......	238,105	291,132	236,708	—18	+ 1
Totals...........	1,907,991	2,310,802	1,951,022	—17	— 2

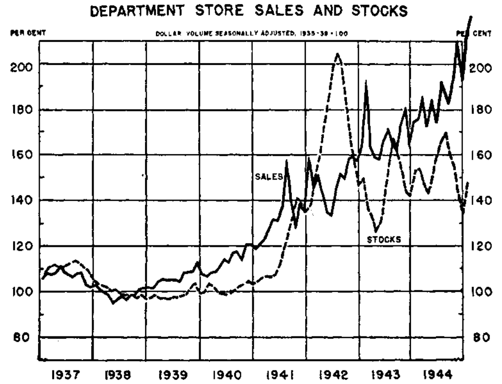
(Completed March 27, 1945)

INDUSTRIAL PRODUCTION



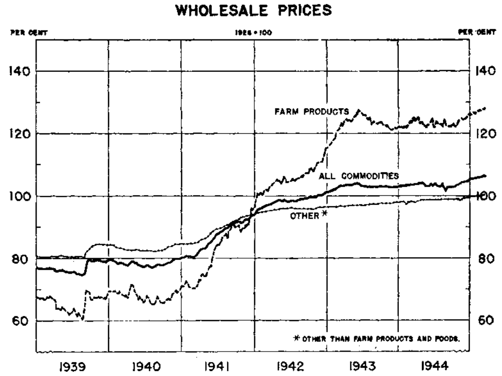
Federal Reserve index. Monthly figures, latest shown are for February, 1945.

DEPARTMENT STORE SALES AND STOCKS



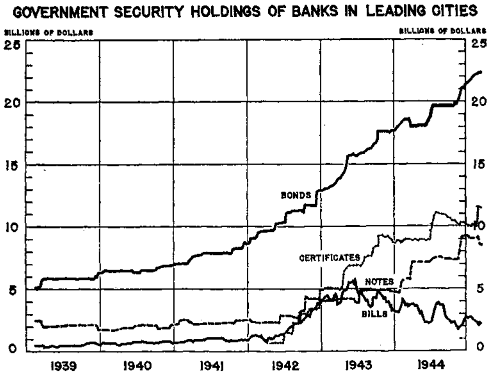
Federal Reserve indexes. Monthly figures, latest shown are for Sales—February, 1945, Stocks—January, 1945.

WHOLESALE PRICES



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for week ending March 17, 1945.

GOVERNMENT SECURITY HOLDINGS OF BANKS IN LEADING CITIES



Excludes guaranteed securities. Data not available prior to February 8, 1939; certificates first reported April 15, 1942. Wednesday figures, latest shown are for March 14, 1945.

NATIONAL SUMMARY OF CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Industrial activity continued to increase slightly in February and the early part of March. Value of department store sales was one-fifth greater than in the same pediod last year. Wholesale commodity prices generally showed little change.

Industrial production — The Board's seasonally adjusted index of industrial production was 235 per cent of the 1935-39 average in February, as compared with 234 in January and 232 in the last quarter of 1944.

Steel production, which declined further in the first part of February as a result of continued severe weather conditions, showed a substantial increase at the end of the month and in the first three weeks of March. Average output of open hearth steel during February was 2 per cent above the January rate, while electric steel production increased 7 per cent. Output of nonferrous metals continued to rise slightly in February, largely reflecting increased military demands. Activity in the machinery and transportation equipment industries was maintained at the level of the preceding month; a decline in shipbuilding offset a slight increase in output of most other munitions industries. Production of lumber and stone, clay, and glass products in February was at about the January level.

Production of most nondurable goods showed little change in February. Output of cotton goods and shoes, however, rose 5 per cent from the preceding month to a level slightly above that of a year ago. Output of explosives and small-arms ammunition showed further large gains. Activity at meatpacking establishments continued to decline, as pork and lard production dropped further and was 50 per cent below the peak level reached a year ago. In March it was announced that supplies of meat available for civilians in the second quarter of 1945 would be 12 per cent less than in the first quarter. Activity in rubber products industries in January and February was 6 per cent above last autumn, reflecting chiefly a sharp increase in production of military truck tires.

Minerals output rose slightly in February, reflecting increased output of anthracite and a further gain in crude petroleum production. Anthracite production recovered in February and the first two weeks of March from a large decline during January. Bituminous coal production showed little change in February from the January level and declined slightly in the early part of March.

Distribution — Department store sales in February, which usually show little change from January, increased considerably this year. Value of sales in February and the first half of March was 22 per cent larger than in the corresponding period a year ago, reflecting the earlier date of Easter this year and continuation of the freer spending in evidence since the middle of 1944.

Freight carloadings, which had declined at the end of January and the early part of February owing to severe weather conditions, have increased since that time. Shipments of miscellaneous freight were in larger volume in the 5-week period ending March 17 than in the corresponding period of 1944, while loadings of most other classes of freight were less.

Bank credit — Treasury expenditures during February and the first half of March continued to increase the total volume of deposits and currency held by the public. Adjusted demand deposits at weekly reporting banks in 101 cities increased 1.4 billion dollars and time deposits rose about 200 million dollars during the four-week period ended March 14. Currency in circulation increased 350 million dollars over the same period, but declined somewhat in the week following. To meet the resulting increase in required reserves as well as the currency drain, Federal Reserve Bank holdings of United States Government securities increased 395 million dollars in the four weeks ended March 14, while reductions in nonmember and in Treasury deposits at the Reserve Banks supplied 450 millions of reserve funds to member banks. Excess reserves have remained at an average level of about a billion dollars.

The increase in Federal Reserve holdings of Government securities roughly paralleled the decline in commercial bank holdings. Reporting banks reduced their portfolios by 260 million dollars in the four weeks. Holdings of Treasury notes declined by 1.7 billion dollars while certificate holdings increased by 1.4 billion dollars, reflecting the March 1 Treasury exchange offer. Bill holdngs were reduced by 210 million dollars. Bond holdings, however, continued to increase. Total loans for purchasing and carrying Government securities declined by 230 million dollars and commercial loans by 185 million.