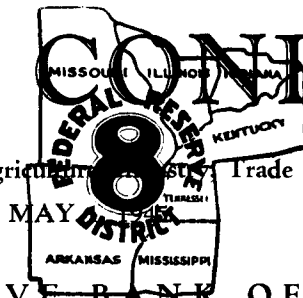


BUSINESS CONDITIONS

Monthly Review of Agriculture, Commerce, Industry, Trade and Finance

FEDERAL RESERVE BANK OF ST. LOUIS



ROBERT K. GAUL PHOTO

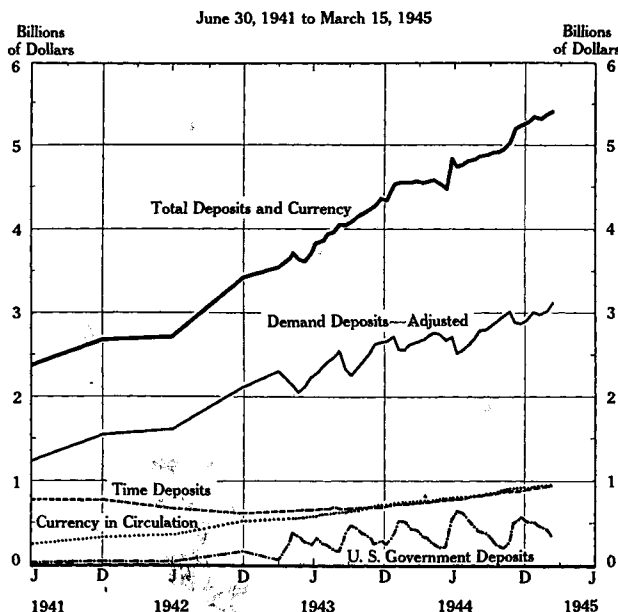
DISTRIBUTION AND OWNERSHIP OF DEMAND DEPOSITS IN THE EIGHTH FEDERAL RESERVE DISTRICT

TREMENDOUS expansion in liquid assets held by individuals and businesses has marked the years of our active participation in World War II. This increase in liquid holdings (cash, deposits and Government securities) which amounted to more than \$100 billion from December, 1941 to December, 1944, reflects the fact that wartime expenditures and taxes of all businesses and individuals combined have been far less than their wartime receipts. Some 40 per cent of the increase in liquid holdings is in the form of bank deposits and currency.

Chart I shows the growth of deposits and of currency in circulation in the Eighth Federal Reserve District since 1941. Demand deposits adjusted¹ represent roughly the demand balances of individuals and businesses at Eighth District banks. Time deposits are held mainly by individuals and most of the increase in currency in circulation is held by individuals. Government deposits, mostly War Loan accounts, are shown on the chart in order to bring out the effect of Treasury financing upon the deposit structure.

CHART I

ESTIMATED DEPOSITS AND CURRENCY—EIGHTH FEDERAL RESERVE DISTRICT



Demand deposits adjusted have increased on balance by more than twice the amount of currency in circulation but the rise in currency outstanding has been more constant and far larger percentage-wise. Demand deposits are drawn down sharply during every War Loan drive as depositors purchase Gov-

¹Demand deposits exclusive of interbank and Government deposits less cash items in process of collection.

ernment securities, and a roughly corresponding increase occurs in Government deposits. Between drives the process is reversed as the Government pays out funds to meet war expenses and businesses and individuals receive the money.

Time deposit growth did not become important until 1943. Since then time and savings deposits have increased steadily except during War Loan drives when growth practically stopped. There has been, however, no decline in total time deposits even during drive periods since mid-1943.

The movements of the deposit and currency components of Chart I portray in part the spending-saving decisions of Eighth District businesses and individuals. At the beginning of the period the savings of individuals and businesses went largely into demand balances or were held in the form of currency. While demand deposits and currency in circulation have continued to increase, business firms have channelled a greater part of their current accumulations into security purchases and individuals have tended to build up time and savings deposits.

Demand Deposit Growth at Eighth District Banks²

Demand deposits of individuals, partnerships and corporations at all Eighth District banks gained \$572 million, or 22.5 per cent, between February 29, 1944 and January 31, 1945, and on the latter date stood at \$3,109 million or 105.5 per cent more than at the time of our entry into the war. During the six-month period ending January 31, 1945, the gain was \$506 million, which far surpassed that of any comparable period, and the percentage gain was 19.4 per cent or about the same rate of increase as in 1942. In contrast to district performance the rise in demand deposits at all banks in the United States over the eleven months, February, 1944-January, 1945, was 15.6 per cent, and since December, 1941 was 75.5 per cent.

The recent sharp growth in demand deposits has been largely in the accounts of individuals, and has occurred in rural areas. The gains reflect the effect of high farm income coupled with relatively low expenditures in rural areas, the favorable tax position of the farmer, and the relatively lower purchases of Government securities, as compared to urban communities where payroll deduction plans are important.

²Hereafter in this report "demand deposits" as used means "demand deposits of individuals, partnerships and corporations". Such deposits represent the major portion of total demand deposits.

Urban-Rural Comparisons—Table I presents demand deposit totals held in the five major metropolitan areas and in the balance of the district on January 31, 1945, February 29, 1944, and December 31, 1941. About two-thirds of the total dollar gain since December, 1941, came at banks in the rural areas of the district. Between February, 1944, and January, 1945, the rate of increase at banks in rural areas was twice as large as that at urban banks.

TABLE I
DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS
AND CORPORATIONS—ALL EIGHTH DISTRICT BANKS
(In millions of dollars)

Area	Jan. 31, 1945	Feb. 29, 1944	Dec. 31, 1941	Change from	
				Feb., 1944	Dec., 1941
St. Louis.....	\$ 846.8	\$ 731.3	\$ 558.2	+15.8%	+ 51.7%
Louisville.....	248.8	221.3	137.4	+12.4	+ 81.1
Memphis.....	162.9	142.2	89.4	+14.6	+ 82.2
Little Rock.....	63.7	57.5	30.5	+10.8	+108.9
Evansville.....	87.3	74.5	29.9	+17.2	+192.0
Total—Metropolitan Areas.....	1,409.5	1,226.8	845.4	+14.9	+ 66.7
Remainder of District.....	1,699.6	1,310.5	667.9	+29.7	+154.5
Total District.....	3,109.1	2,537.3	1,513.3	+22.5	+105.5

Another way of emphasizing the different growth rates of urban and rural areas is to compare gains at different sizes of banks. During the entire war period deposit increases have been relatively larger at small banks than at large ones. From February, 1944, to January, 1945, three-fourths of the dollar increase in demand deposits came at banks with less than \$10 million in such deposits. The increase at the small banks was 28.5 per cent in contrast to 13.7 per cent at the larger banks. The higher growth rate of small banks arises primarily because most small banks are in rural areas and a larger proportion of their deposits is held by individuals.

Ownership Pattern of Demand Deposits at Eighth District Banks—Table II shows the dollar volume and the percentage distribution of demand deposits by type of owner at all banks in the United States and all banks in the Eighth District. The greater concentration in personal accounts, and the smaller amount of business balances at district banks reflects the rural and agricultural character of the district. In respect to manufacturing and mining concern deposits and financial business balances particularly, the district pattern differs markedly from the national pattern.

Chart II shows the different patterns of ownership at four different size classes of Eighth District banks. In dollar volume, the bulk of district demand deposits (43 per cent) was held by the size group, \$1-10 million. The very large banks held some 22 per cent of all district demand deposits and the very small banks about 19 per cent.

More than 75 per cent of demand balances at the

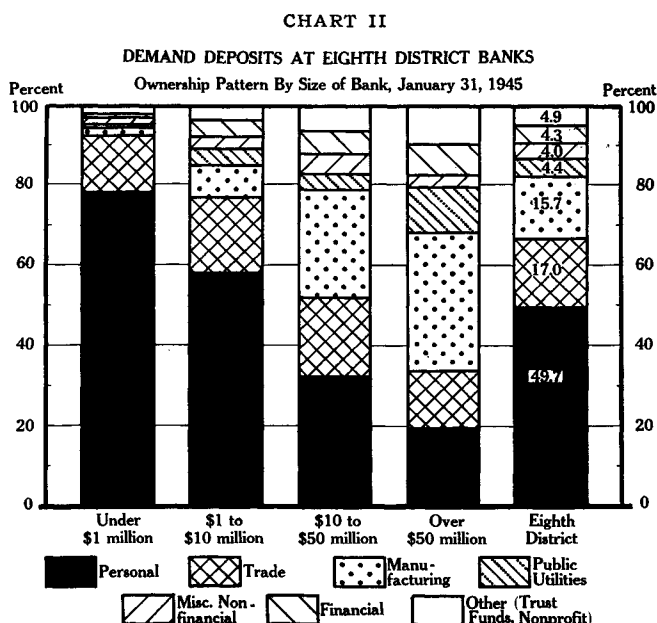
very large banks were owned by businesses and one-third of all business deposits were held at these large banks. Some 80 per cent of all personal balances were at the two smaller size classes where personal deposits represented almost two-thirds of all demand deposits.

TABLE II
DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS
AND CORPORATIONS—BY TYPE OF OWNER
January 31, 1945

	United States		Eighth District	
	Amount (Billions of dollars)	Per Cent	Amount (Millions of dollars)	Per Cent
Total Business.....	\$42.7	64.7%	\$1,478.8	47.5%
Nonfinancial Business—Total....	35.3	53.5	1,278.7	41.1
Manufacturing and Mining....	17.5	26.5	487.8	15.7
Public Utilities.....	3.8	5.7	137.9	4.4
Trade.....	10.4	15.7	527.4	17.0
Other Nonfinancial Business....	3.7	5.6	125.6	4.0
Financial Business—Total*.....	7.4	11.2	200.1	6.4
Personal (including farmers).....	21.4	32.4	1,544.2	49.7
Nonprofit Associations.....	1.9	2.9	86.1	2.8
Total.....	\$66.0	100.0	\$3,109.1	100.0

*Includes trust funds and deposits of foreign individuals and businesses. For the United States trust funds amounted to \$1,500 million and foreign balances to \$800 million. For the Eighth District the comparable totals were \$65 million and \$200,000.

The concentration of business balances in the larger banks reflects primarily the concentration of such accounts in the larger urban centers of the district where almost all of the big banks are located. Banks of the same size class exhibited strikingly similar ownership patterns regardless of location, although in general small urban banks had a slightly greater concentration of business funds than small rural banks. Regional variations among banks of the same size class, however, were as great among rural areas as between rural and urban areas.



About two-thirds of all demand deposits at metropolitan area banks were business balances, and about two-thirds of all business balances were held at urban banks. St. Louis and Evansville banks generally tended to have a greater concentration of business balances than did banks in the other urban centers, reflecting the greater degree of industrialization of these cities. Little Rock banks had the smallest relative volume of business deposits of all metropolitan centers.

Corporate and Noncorporate Deposits—About two-thirds of all business deposits were corporate accounts. Manufacturing and mining, public utility, and insurance company deposits were all more than nine-tenths corporate. Trade and miscellaneous nonfinancial business balances were less than 40 per cent corporate, while miscellaneous financial business accounts were about two-thirds corporate.

Almost half of all corporate accounts were held by manufacturing and mining concerns, about one-fifth by trade establishments, one-seventh by public utilities, and the balance were more or less equally divided among insurance companies, miscellaneous nonfinancial, and miscellaneous financial businesses.

Recent Trends in Deposit Ownership—Table III shows changes in ownership pattern at Eighth District banks since July, 1944, and February, 1944. There is some bias in the comparison due to the timing of War Loan drives. Less bias from this source is present in the January-July comparison.

TABLE III
DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS
AND CORPORATIONS—ALL EIGHTH DISTRICT BANKS
BY TYPE OF OWNER
(Dollar figures in millions)

	Dollar change from			% change from	
	Jan. 31, 1945	July 31, 1944	Feb. 29, 1944	July 31, 1944	Feb. 29, 1944
Total Business	\$1,478.8	+174.1	+215.4	+13.3%	+17.0%
Nonfinancial Business—					
Total	1,278.7	+144.2	+167.2	+12.7	+15.0
Manufacturing and					
Mining.....	487.8	+ 28.7	+ 66.3	+ 6.3	+15.7
Public Utilities.....	137.9	+ 7.4	+ 2.7	+ 5.7	+ 1.9
Trade.....	527.4	+ 97.9	+ 98.9	+22.8	+23.1
Other Nonfinancial					
Business.....	125.6	+ 10.2	+ 4.7	+ 8.8	+ 3.9
Financial Business—					
Total*	200.1	+ 29.9	+ 48.2	+17.6	+31.7
Personal (including					
farmers)	1,544.2	+304.1	+331.2	+24.5	+27.3
Nonprofit Associations ...	86.1	+ 27.9	+ 25.2	+47.9	+41.4
Total	3,109.1	+506.1	+571.8	+19.4	+22.5

*Includes trust funds and foreign deposits.

Prior to mid-1943 business balances increased by about the same percentage as personal balances. In the last 18 months, however, a much greater relative expansion has occurred in personal accounts, and business balances have tended to level off. The major period of industrial expansion came before

mid-1943 and businesses needed substantially larger working balances. Consequently their bank deposits were built up rapidly to a point where they were adequate for working capital needs. Since that time the growth in business balances has leveled off and current accumulations of funds have gone largely into Government securities at the time of War Loan drives.

Bank deposits of individuals, on the other hand, have continued to rise, and as indicated earlier the gain has occurred in both time and demand deposits. In general, individuals have not been under the same pressure to buy Government securities as have businesses, largely because business funds are concentrated in fewer hands and consequently subscriptions could be solicited more readily by the War Loan drive sales organizations.

Since bank deposits of individuals are held largely in smaller banks, the fact that individuals have elected to hold a large share of their savings in the form of bank deposits has tended to raise deposit totals relatively faster at small banks than at large ones. Of the total increase of \$331 million in personal demand balances at district banks from February, 1944 to January, 1945, more than 90 per cent occurred at banks with less than \$10 million each in demand deposits.

Over the past year corporate balances have not gained as much relatively as have noncorporate accounts. This condition reflects several factors, including (1) liquid asset growth has been greater in smaller businesses than in larger ones (in general unincorporated businesses are smaller than corporate firms of the same business class); (2) the larger profits after taxes of small units; and (3) the effect of the war upon different lines of business (trade inventories have declined but manufacturing inventories have been maintained; most trade establishments are noncorporate while almost all manufacturing concerns are corporations).

The trends that are indicated by the surveys offer important implications for future bank investment and loan policy. Perhaps the most important conclusion to be drawn from the deposit surveys is that businesses and individuals both seem to desire a high degree of liquidity. This is partly due, of course, to wartime restrictions on buying and shortages of goods, but it also reflects decisions on the part of individuals and businesses to hold their savings in highly liquid form. If this desire for liquidity continues into the transition period, it will tend not only to hold deposit levels high but also to minimize deposit shifts between areas.

THE SEVENTH WAR LOAN

The goal for the Seventh War Loan drive, to begin officially on May 14, will be \$14 billion. Of this sum \$7 billion is to be raised by sales to individuals, partnerships and personal trust accounts, and \$7 billion by sales to other nonbank investors. The E bond sales quota, part of the quota for individuals, is set at \$4 billion.

Securities to be offered in the drive include:

Series E, F, and G savings bonds.

Series C savings notes.

$\frac{3}{8}$ per cent 1-year certificates of indebtedness.

1½ per cent 5½-year bonds.

2¼ per cent 14-17-year bonds.

2½ per cent 22-27-year bonds.

All of these issues will be available for subscription by individuals and, except for the 1½ per cent bonds, by other nonbank investors (exclusive of brokers and dealers) also. The 2¼ per cent and 2½ per cent bonds are limited as to ownership in that commercial banks can not own them until within ten years of their respective maturity dates.

From May 14 through June 30 an intensive campaign to sell securities to individuals, partnerships and personal trusts will be conducted. Concurrently from June 18 through June 30, the intensive phase of the sales campaign will extend to other nonbank investors. All Series E, F and G savings bonds and Series C savings notes processed through the Federal Reserve banks between April 9 and July 7 will be credited against drive quotas.

The \$7 billion quota for sales to individuals is the highest established in any of the War Loans. The following table shows comparisons with previous major War Loan campaigns:

WAR LOAN DRIVE QUOTAS
(In billions of dollars)

War Loan Drive	Total Nonbank Quota	Quota for Individuals
Third	\$15.0	\$5.0
Fourth	14.0	5.5
Fifth	16.0	6.0
Sixth	14.0	5.0
Seventh	14.0	7.0

The quota for sales of Series E bonds in the previous drives was \$3 billion except in the Sixth War Loan, which had an E bond goal of \$2.5 billion.

The \$2 billion increase from the previous drive in the total goal for individuals, partnerships and personal trust accounts, and especially the \$1.5 billion rise in E bond quota, is designed to place more emphasis on investment of savings in war bonds as a restraint against inflationary forces. Bond purchases by individuals tend to reduce their cash holdings or sop up current income which otherwise might be used to bid up prices of goods and services.

Attainment of the \$4 billion E bond goal will call for considerable additional effort on the part of the War Finance selling organizations and greater response from the public. The previous high in E bond sales over a drive period was \$3.2 billion in the Fourth War Loan when two months' sales were counted against quotas. On the basis of the rate of sales in the non-intensive periods of past drives, perhaps \$600 million additional E bonds, mostly bought through payroll deduction plans, would be purchased in a third month. Sales of \$4 billion of E bonds in the time allotted for the Seventh War Loan would represent an improvement over past performance for a comparable period.

The quota for sales other than E bonds to individuals is no larger than actual sales made in the Sixth War Loan. The intensive drive period in the Seventh War Loan for sales of this type is roughly half again as long as in previous drives.

The \$7 billion goal for sales to nonbank investors other than individuals, is lower than in previous major drives. The Treasury's purpose in lowering this quota for the Seventh drive is to remove excessive sales pressure on corporations, insurance companies, etc., which in former drives resulted either in liquidation of some previously purchased securities so as to obtain funds for new purchases, or of resale in the market of some securities acquired during the drive. Virtually all of the securities so disposed of went into bank portfolios.

The changes in types of securities offered and in conditions of subscriptions were designed to discourage shifting of securities from nonbank investors to banks. Probably the major factor in this connection is the elimination of the 2 per cent bonds from the basket. In addition the Treasury has requested that all nonbank investors refrain from selling previously acquired securities in order to obtain funds for participation in the Seventh War Loan, and again has requested that banks decline to make speculative loans for the purchase of Government securities and decline to accept subscriptions that appear to be entered for speculative purposes.

Commercial banks will be permitted to subscribe for Series F and G savings bonds, 1½ per cent bonds, and $\frac{3}{8}$ per cent certificates up to \$500,000 or 10 per cent of their savings and time certificates of deposit, whichever is smaller. Not more than \$100,000 of the subscriptions from any bank may be for savings bonds. Bank purchases may be made during the official drive period but will not be counted against quotas.

SURVEY OF CURRENT CONDITIONS

The rapid progress of our armies in Europe during March and April is once again focusing the attention of industry and Government upon the problems that will be faced when military production is cut back and reconversion begins. With the possibility of early peace in Europe at hand widely varying opinion is being expressed with respect to the future level and character of industrial output, civilian supplies, agricultural prices, demand for credit, and other basic economic conditions.

INDUSTRY

The crux of the situation with regard to industry lies in the timing of the V-E proclamation, the timing of war contract cutbacks, and the ability of American manufacturing to switch from war work to civilian output. The latter in turn depends largely upon speed of physical reconversion, settlement of terminated war contracts, and materials supply.

The volume of demand for civilian goods promises to remain high. Consequently if industry can replace the reduction in war output with civilian goods in the transition period without serious interruption, the level of total output should continue large until final victory. Civilian goods output is currently running at about \$60 billion annually and is not keeping pace with demand, with the result that inventories of manufacturers, wholesalers, and retailers are being drawn down.

Current War Production—The volume of output from war industry at the present time is expanding slightly, and schedules for the next few months, subject to revision after V-E Day, call for a continuation of the increase, particularly in the field of the so-called critical programs. For example, Navy rocket output for December, 1945 is expected to be almost four times as large as in February, and production of critical aircraft by the end of this year is scheduled at 134 per cent more than in February.

Actual war production held at very high levels in all district cities in March and early April, and promises to continue in large volume, at least until V-E Day. The drive to hire additional workers at major war plants in the manufacturing centers has not flagged. There were temporary interruptions to production in Evansville and Louisville in early March as the flooding Ohio River caused some plants to shut down, and in mid-April a gas line break held down output at St. Louis for a short time.

Since the current volume of war production in the district is large, to maintain the existing backlog of war orders it is necessary to have the dollar volume of new awards in a month equal the dollar volume

of production in that month. Apparently this condition has not been met since mid-1944. In some months, notably April and August, 1944 and January, 1945, cancellations actually exceeded new awards so that the backlog was reduced by both the amount of production in those months and by net cancellations. In February, 1945 a substantial volume of net new awards was received in the district, but the dollar amount was not sufficient to offset the reduction in the backlog of war orders due to the current rate of production.

More than half of the new awards in February came at Evansville where large contracts were let for aircraft output. St. Louis also received substantial new awards in the month, mostly in ordnance and miscellaneous items, but volume outstanding in that city at the end of February was less than at the close of 1944. Louisville obtained some new ordnance contracts, but Memphis volume was not expanded appreciably in any field.

Other Manufacturing—In general, over-all manufacturing output in the district in March was in greater volume than in February, but the increase was due almost entirely to the longer work month, and apparently output on a daily average basis was somewhat less than February. As compared with a year ago, March production was up appreciably on both a monthly and daily basis. Consumption of industrial electric power in the major cities of the district in March was 7 per cent greater than in February, and 10 per cent more than in March, 1944.

District output of steel during March and early April was maintained at about the same level as in the past few months, and there are no indications that this volume will shrink in the immediate future, although there is a distinct possibility that a greater proportion of it may go to nonwar uses. Ingot-producing furnaces at district mills have operated at about 79 per cent of capacity for the past six months. Actually, as has been observed previously in this Review, the operating rate during the war period has meant very little as an index of activity. In general, steel mills and foundries have been producing at as high a level as labor and materials supply and overworked furnaces would permit. At the present time supply of scrap steel and pig iron is being maintained in sufficient volume to continue operations at current levels.

Industrial alcohol production at Kentucky distilleries is also holding at about the same level as has obtained since last fall. At the close of March,

52 of Kentucky's 60 distilleries were in operation. There have been reports that WPB would permit no more holidays for whiskey or neutral spirits output for civilian consumption, but in view of possible reduced requirements for synthetic rubber and smokeless powder after the end of the European war, it may be that additional holidays will be granted this year.

Mining and Oil—Coal output at district mines in March was about one million tons more than in February, and almost two million tons greater than in March, 1944. Activity in the coal fields has not been disrupted to any appreciable extent this year by labor difficulties. Other mining activity, bauxite, manganese, lead, zinc, and fluorspar, is currently running below wartime peaks, although very much higher than in the prewar period.

Crude oil production at district fields in March declined sharply from February, with daily average production down appreciably in Illinois and Kentucky. Prior to March, daily average crude oil production had been increasing rather steadily for several months, and was running above the level of a year earlier. New drilling activity in district oil fields so far this year has been considerably less than in the same period in 1944, with 555 completions in the first three months of 1945 as compared with 652 completions a year earlier.

Construction—A seasonal expansion in construction activity is occurring in the district. Total volume of construction contracts let in March (F. W. Dodge figures) was six times as large as in February while dollar value of building permits granted in the district's principal cities in March was 19 per cent above a month earlier. Considerable war facility construction is currently under way in several sections of the district.

Construction programs are generally pointed to as the most likely method of bridging any temporary period of reconversion unemployment in the immediate postwar era. That demand for considerable residential construction will exist in this district is borne out by Census Bureau studies of vacancy rates in war housing regions. Of the four major district cities surveyed in 1944, the gross vacancy rate (habitable and non-habitable dwelling units) ranged from 0.4 per cent in Louisville to 1.2 per cent in Little Rock. The so-called "normal" vacancy rate is 5 per cent, and the critical rate 2 per cent.

TRADE

From first quarter indications the volume of retail trade in 1945 will hit new record highs. Even in the face of continued shortages of consumers' goods,

heavier taxes, and more concerted efforts to divert purchasing power into Government securities, the volume of consumer spending so far this year is running well ahead of a year earlier. Part of the increase in dollar volume is due to direct or indirect price advances, but part of it reflects the movement of more goods. Since current production for civilians is not appreciably greater than in 1944, this means that inventories generally are being drawn down.

In the Eighth Federal Reserve District dollar sales in March at department stores were 40 per cent above February and 25 per cent larger than in March, 1944. For the first three months of this year the cumulative gain in dollar sales over the comparable period of 1944 was 21 per cent. The earlier date of Easter this year tended to concentrate more sales in March than was true in 1944, but the spectacular gain over a year ago was due only in small part to the incidence of Easter.

In other lines of retail trade reporting to this bank, increases in March sales over February and March, 1944 were also marked. As compared to a month earlier, men's furnishings stores were up 88 per cent, shoe stores up 74 per cent, St. Louis apparel stores up 46 per cent, and district furniture stores up 28 per cent. Compared with March, 1944, the gains ran, respectively, 38 per cent, 50 per cent, 18 per cent, and 12 per cent.

As mentioned earlier, the heavy buying has tended to cut into inventories appreciably, and in addition has tended to throw the particular components of the various store inventories badly out of balance. Department store stocks were in process of being built up throughout the first ten months of 1944. The heavy Christmas buying brought stocks at the end of 1944 below the previous year end level, and despite considerable forward buying inventories at the end of March were not much changed in dollar volume from those of a year earlier. Since prices are somewhat higher at the present time, this means actually that the physical volume of inventory has declined in the past year.

Roughly the same situation obtains in other retail lines. Men's furnishings and shoe store stocks at the close of March were 21 per cent and 18 per cent, respectively, below the level of a year earlier in terms of dollar value. Women's apparel store stocks were about the same in terms of dollars, and furniture store stocks were somewhat higher than a year earlier. Just as in department stores, however, the comparison of dollar value is biased by price increases, and according to the trade, physical volume of inventory is down.

AGRICULTURE

General Conditions—Thus far in 1945 the weather has been favorable and the season generally over the Eighth District is far advanced. Vegetation on the average is two to three weeks in advance of what would normally be expected. Temperatures have been favorable to growth, but in many areas of the district excessive moisture has fallen and considerable flooding has occurred on the river bottoms. Farmers' work in general is behind schedule as the result of too much rain. In both 1943 and 1944, however, the district suffered considerable flooding, which resulted in late work in some areas, but closed the seasons with bumper crops. The Eighth District has apparently suffered greater delays in spring work on farms as the result of unfavorable weather than any other section of the United States.

Slight damage to fruit in Kentucky, Tennessee, Indiana, and Illinois, and considerable damage in northern Arkansas and Missouri, resulted from frost in the early part of April. The extent of damage to the fruit crop has not as yet been accurately determined, but it ranges from mild in some areas to rather serious in others. The frost, along with unusually wet weather, apparently has materially reduced the strawberry crop, which in most areas of the district would have been short even under favorable weather conditions because of decreased acreage and the high proportion that is in old beds.

Wet weather throughout the early spring season has retarded the progress of early spring plantings and preparation for late spring and early summer plantings. Heavy rains over much of the district about mid-April magnified this condition. In general, winter grains, hay crops, and pastures are good to excellent, except in limited areas where damage was done by flood waters. Oat seeding over the district is behind schedule and preparation for cotton and corn is late. Fair progress is being made toward the 1945 tobacco crop. Truck crop production in 1945 promises to slightly exceed the 1944 output. Spring truck crops are showing satisfactory progress.

The warm weather in March was favorable to the early lamb crop. Although the number of ewes lambing is lower than last year, the mortality rate has been unusually low and lambs have made satisfactory gains. This situation will probably not be reflected in earlier marketings, but as the lambs come to market they should be heavier and of better quality than normal.

The flow of milk has materially increased as the

result of the unusually favorable pasture conditions over much of the district. Areas where reduced livestock feeding is in evidence, mostly in southern Indiana and Illinois, are those adversely affected by drouth in 1944. Egg production is below last year and promises to continue throughout 1945 on that basis. Commercial hatchery output in and around the principal broiler areas is ahead of last year. In most instances, however, hatchery production in the main egg-producing areas is below last year.

The Planting Outlook for 1945—The following table shows prospective plantings in 1945 for major field crops. The figures illustrate the tremendous job facing agriculture in 1945 with farm labor and equipment expected to be more critical than in any previous war year.

PROSPECTIVE PLANTINGS OF MAJOR CROPS
(In thousands of acres)

	Eighth District States			United States	
	1945 Prospects	1944 Actual	1934-43 Average	1944 Actual	1934-43 Average
Corn...	27,453	95.3%	98.1%	97.0%	100.8%
Oats.....	8,962	112.3	112.3	108.3	113.7
Hay.....	13,484	101.2	105.7	99.9	103.4
Soybeans.....	7,523	100.4	143.0	97.1	145.1
Tobacco.....	546	107.0	120.5	104.1	118.1
Potatoes.....	251	91.3	83.9	96.1	92.4
Sweet Potatoes...	146	86.6	77.8	92.0	89.3
Rice.....	295	106.9	153.6	101.7	134.6
Cotton*.....	5,385	102.8	108.0	....	....

*Acreage shown is the 1945 goal. Prospective acreage figures are not available.

The present prospect is that 1945 plantings will be a little below the goals, but about equal to 1944 actual planted acreage. On the basis of present indicated plantings, and assuming yields equal to the 1934-43 average, another bumper crop is in prospect. Nature, however, has been exceptionally kind during the last ten years. While there have been small areas which have been damaged by drouth, floods, or insects, the district as a whole has had eight successive crop years of good to excellent yields. This has established what is probably an abnormally high average for the ten-year period, 1934-43. Even with fairly favorable growing conditions, crop yields could develop in 1945 considerably below the established ten-year average.

The farm labor situation, coupled with the shortage of good farm equipment, may be the limiting factor in reaching the prospective acreage of crops in the district. With the weather continuing unfavorable and farm work falling more and more behind schedule, the critical labor condition and limited equipment could conceivably make it difficult, or in some instances impossible, to carry out present intentions. Continued wet weather over

most of the district during early April has materially added to this possibility. District farmers need favorable planting weather to reach expectations.

Food Outlook for 1945—On a per capita basis food supplies for civilian consumption this year will be smaller than the record 1944 quantities, but will be some 5 per cent to 6 per cent above the 1935-39 average. Agricultural food output in 1944 was at an all time high, 37 per cent above the 1935-39 average, and 4 per cent larger than in 1943. This production boosted per capita civilian consumption to a record level 9 per cent above the prewar years despite diversion of about one-fifth of total food supplies to military needs, lend-lease, and exports.

In 1945 fresh fruits and vegetables will be in somewhat larger supply than in the 1935-39 period, but slightly less than in 1944. The processed fruit and vegetable supply situation in 1945 is not expected to be much different than in 1944. For processed fruits this means a per capita supply about the same as in prewar years and for processed vegetables a supply somewhat larger than in the 1935-39 period.

Poultry products considered as a whole are expected to be about as large as last year and well above the prewar level, with egg and turkey supplies per capita above 1944, and chicken consumption off about 10 per cent from last year. Fluid milk and cream consumption per capita will be slightly higher than in 1944, and one-fourth greater than in the 1935-39 period. The total civilian fats and oil supply for this year will be well below the prewar level and off slightly from 1944.

Meat supplies per capita in 1945 will be about 10 per cent less than in 1944, but 5 per cent larger than in prewar years. The apparent shortages of meat that face civilian consumers reflect largely the more equitable distribution of supplies under rationing than was true in the prewar period. During the first three months of 1945 cattle and sheep slaughter has been at a higher rate than in the same period of 1944. Hog slaughter, however, in the first quarter was only half as large as a year earlier.

Cattle inventories should make it possible to end the year with a volume of beef slaughter larger than the record established in 1944. Sheep numbers have declined during the war years, but it is possible that sheep slaughter in 1945 will approximate that of 1944. Hog slaughter this year, however, will be much lower than in 1944. Hog numbers and farrowings have been reduced to a point where the total civilian pork supply on a per capita basis this year will be 17 per cent less than in 1944. The

recent decision of WFA to request a substantial increase in the fall pig crop will not aid the 1945 situation since pigs produced in the fall of 1945 will not be marketed until 1946.

The movement of cattle into feed lots during the first quarter of 1945 was appreciably larger (9 per cent) than in the comparable period in 1944, with the weights of cattle entering feed lots somewhat higher than a year ago. This situation may be expected to step up slaughter of fed cattle later in the year. In March the number of feeder cattle moving to farms in Corn Belt states from the four principal markets, Chicago, Kansas City, Omaha, and St. Paul, was sharply higher (43 per cent) than in March, 1944. The greatest increase in type of cattle going to farms in the first quarter of 1945 was in feeder steers, with a smaller numerical increase in the movement of cows, heifers, and bulls. The number of stock calves going to farms in the first three months of this year was less than in the same period in 1944, but during March, 26 per cent more calves left the four markets for feeding and grazing in the Corn Belt than a year earlier.

Outlook for Agricultural Prices—With the end of the war in Europe in sight there is increasing speculation as to how it may affect agricultural prices. There seems to be a growing belief among farmers that V-E Day will produce price reductions for agricultural commodities.

While a concerted movement by farmers to market inventories of certain products could produce at least temporary price declines, the fundamental factors in the situation give little support to the position that farm prices will be under heavy pressure immediately after victory in Europe. Demand for agricultural products should remain high for some time if we aid the peoples of liberated Europe and continue exporting under lend-lease to our allies. Domestic demand for agricultural products should also continue high, even if some unemployment should develop as a result of cutbacks in munitions production.

Any important liquidation of agricultural products by farmers would necessarily be confined to items that are in large supply and at present there are not many products in this category. Cattle probably is the single outstanding example. On the other hand, most products are in such short supply that increased marketings could hardly have more than a temporary effect upon prices.

In general, agricultural prices during the rest of 1945 should have a firm tone. With the exception of cattle, cotton, wheat, and wool, supplies of farm

products are scarcely adequate to meet demand. There is little prospect that the needs of the armed forces, allied countries, occupied areas, or the domestic economy can be completely satisfied during 1945, so that there should be an active demand for all that farmers can produce this year. Assuming that the weather will be favorable to large crop production, the farmers should, therefore, experience another year of unusually high farm income.

BANKING AND FINANCE

The trend of deposits during the past month was generally upward, which is characteristic of a period between War Loan drives. Major factors tending to swell deposit totals at district banks in the past thirty days were the continued high level of Government spending and receipts from farm marketings, particularly tobacco. After March 15, demand deposit totals temporarily declined somewhat due largely to income tax payments, but by April 1 the upward movement had been resumed. Country banks temporarily withdrew some of their correspondent balances after March 15, but began to pour them back into the urban institutions after April 1. Time deposits continued to rise steadily at all classes of banks in the Eighth District, with a greater relative rise occurring at rural banks.

Loan volume at district banks has been declining rather steadily since last December. About two-thirds of the decrease at urban banks came in commercial, industrial, and agricultural loans, with the balance in other types of loans, principally those for purchasing or carrying securities. As of mid-April, loans on securities were about half of the volume reached at the peak of the Sixth War Loan drive. At rural institutions demand for loans is exceedingly light, as the heavy cash balances of farmers apparently are sufficient to finance most production without recourse to borrowing from banks.

Investments of district banks showed little change between mid-March and mid-April, although there were some shifts in types of holdings. Some decline occurred in volume of Treasury notes and certificates, while holdings of Treasury bonds increased.

NEW MEMBER BANKS

Since the last issue of this Review, The Citizens-Farmers Bank, Cole Camp, Missouri, the Sellersburg State Bank, Sellersburg, Indiana, and The State Bank of Lima, Lima, Illinois, have become members of the Federal Reserve System.

CASH FARM INCOME

(In thousands of dollars)	February		Cumulative for 2 months		
	1945	1944	1945	1944	1943
Arkansas.....	\$ 16,555	\$ 13,854	\$ 46,367	\$ 36,464	\$ 37,927
Illinois.....	80,953	95,374	175,586	196,949	162,586
Indiana.....	44,596	52,103	92,250	105,384	85,053
Kentucky.....	69,022	21,393	156,495	112,820	84,340
Mississippi.....	21,454	12,522	48,157	32,580	28,361
Missouri.....	46,158	49,260	99,973	105,323	83,957
Tennessee.....	25,478	23,066	68,268	61,426	47,081
Totals.....	304,216	267,512	687,096	650,946	529,305

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Mar., 1945	Feb., 1945	Mar., 1944	Mar., 1945	Feb., 1945	Mar., 1944
Cattle and Calves.....	113,268	103,017	92,796	57,381	43,190	38,818
Hogs.....	166,674	150,461	379,603	60,160	49,908	99,723
Horses and Mules.....	3,523	3,915	2,913	3,523	3,901	2,902
Sheep.....	22,305	25,530	21,064	2,424	2,553	1,535
Totals.....	310,770	282,923	496,376	123,488	99,553	142,978

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Mar., 1945	Feb., 1945	Mar., 1944	Mar., '45 comp. with Feb., '45	Mar., '44
All Commodities..	105.3	105.2	103.8	+0.1%	+ 1.4%
Farm Products..	127.2	127.0	123.6	+0.2	+ 2.9
Foods.....	104.6	104.7	104.6	-0.1	- 0 -
Other.....	99.2	99.2	98.1	- 0 -	+ 1.1

COST OF LIVING

Bureau of Labor Statistics (1935-39=100)	Mar. 15, 1945	Feb. 15, 1945	Sept. 15, 1942	Mar. 15, '45 comp. with Feb. 15, '45	Sept. 15, '42
United States.....	126.8	126.9†	117.8	- 0 - %	+ 7.6%
St. Louis.....	124.9	125.1	116.6	- 0.2	+ 7.1
Memphis.....	129.8	*	119.3	.....	+ 8.8

†Revised. *Not available.

COST OF FOOD

Bureau of Labor Statistics (1935-39=100)	Mar. 15, 1945	Feb. 15, 1945	Sept. 15, 1942	Mar. 15, '45 comp. with Feb. 15, '45	Sept. 15, '42
U. S. (51 cities)...	135.9	136.5	126.6	- 0.4%	+ 7.3%
St. Louis.....	138.1	139.1	126.7	- 0.7	+ 9.0
Little Rock.....	136.1	136.5	129.2	- 0.3	+ 5.3
Louisville.....	130.2	130.1	124.2	+ 0.1	+ 4.8
Memphis.....	144.4	145.4	129.7	- 0.7	+ 11.3

COAL PRODUCTION

(In thousands of tons)	Mar., '45	Feb., '45	Mar., '44	Mar., '45 comp. with Feb., '45	Mar., '44
Illinois.....	6,765	6,181	6,079	+ 9%	+11%
Indiana.....	2,411	2,226	2,176	+ 8	+11
Kentucky.....	5,873	5,715	5,072	+ 3	+16
Other dist. states..	1,681	1,678	1,683	- 0 -	- 0 -
Totals.....	16,730	15,800	15,236	+ 6	+10

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Custom-ers*	Mar., 1945	Feb., 1945	Mar., 1944	March, 1945 compared with Feb., 1945	Mar., 1944
Evansville.....	40	10,400	7,898	8,223†	+ 32%	+ 26%
Little Rock.....	35	3,193	3,458	2,605	+ 8	+ 23
Louisville.....	82	15,949	17,798	16,811	+ 10	+ 5
Memphis.....	31	6,959	6,602	6,732	+ 5	+ 3
Pine Bluff.....	19	6,848	7,624	6,542	+ 10	+ 5
St. Louis.....	141	101,585	91,797	90,625†	+ 11	+ 12
Totals.....	348	144,934	135,177	131,538†	+ 7	+ 10

*Selected industrial customers. †Revised.

BUILDING PERMITS

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1945	1944	1945	1944	1945	1944	1945	1944
Evansville.....	17	19	\$ 4	\$ 53	139	64	\$ 58	\$ 32
Little Rock.....	25	23	33	3	162	191	44	155
Louisville.....	24	54	28	96	36	35	12	85
Memphis.....	299	302	554	324	247	306	125	222
St. Louis.....	90	96	267	150	211	155	216	277
Mar. Totals.....	455	494	886	626	795	751	455	771
Feb. Totals.....	362	244	666	321	521	602	462	318

VALUE CONSTRUCTION CONTRACTS LET

(In thousands of dollars)	Mar., 1945	Feb., 1945	Mar., 1944
Total 8th District.....	\$ 68,792	\$ 11,387†	\$ 7,500†

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

DEPARTMENT STORES

	Net Sales			Stocks on Hand	Stock Turnover
	Mar., 1945 compared with Feb., '45	Mar., '44	3 mos.'45 to same period '44	Mar. 31,'45 comp. with Mar. 31,'44	Jan. 1 to Mar. 31, 1945 1944
Ft. Smith, Ark..	+36%	+27%	+21%	+ 14%	1.13 1.01
Little Rock, Ark.	+29	+30	+25	+ 1	1.52 1.19
Quincy, Ill.....	+45	+34	+23	....	... ..
Evansville, Ind..	+51	+17	+12	....	... ..
Louisville, Ky...	+39	+21	+22	— 15	1.74 1.31
St. Louis, Mo...	+40	+25	+21	+ 3	1.38 1.11
Springfield, Mo..	+56	+38	+28	....	... ..
Memphis, Tenn..	+41	+22	+19	— 4	1.52 1.26
*All other cities.	+54	+32	+21	— 13	1.36 1.00
8th F. R. Dist...	+40	+25	+21	— 1	1.44 1.16

*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: March, 1945—27; February, 1945—24; March, 1944—27.

Outstanding orders of reporting stores at the end of March, 1945, were 70 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding March 1, 1945, collected during March, by cities:

	Instalment Accounts		Excl. Instal. Accounts		Instalment Accounts		Excl. Instal. Accounts
	Mar., 1945	Mar., '44			Mar., 1945	Mar., '44	
Fort Smith....%	64%	64%	Quincy....	64%	80%		
Little Rock... 35	67	67	St. Louis....	45	75		
Louisville... 40	63	63	Other cities..	33	69		
Memphis.... 54	61	61	8th F.R. Dist.	44	69		

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Mar., 1945	Feb., 1945	Jan., 1945	Mar., 1944
Sales (daily average), Unadjusted ¹	233	187	173	185
Sales (daily average), Seasonally adjusted ¹	235	236	211	195
Stocks, Unadjusted ²	100	96	88	101
Stocks, Seasonally adjusted ²	98	101	101	99

¹Daily average 1935-39=100.

²Monthly average 1923-25=100.

SPECIALTY STORES

	Net Sales			Stocks on Hand	Stock Turnover
	Mar., 1945 compared with Feb., '45		3 mos.'45 to same period '44	Mar. 31,'45 comp. with Mar. 31,'44	Jan. 1 to Mar. 31, 1945 1944
	Mar., 1945 compared with Feb., '45	Mar., '44			
Men's Furnishings	+88%†	+38%†	+29%†	— 21%†	1.06† .68†
Boots and Shoes	+74	+50	+26	— 18	2.36 1.73

Percentage of accounts and notes receivable outstanding March 1, 1945, collected during March:

Men's Furnishings†.....62% Boots and Shoes.....56%
†Preliminary.

Trading days: March, 1945—27; February, 1945—24; March, 1944—27.

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	Mar., 1945 compared with		Mar. 31, 1945 compared with			
	Feb., '45	Mar., '44	Feb. 28, '45	Mar. 31, '44	Mar., '45	Mar., '44
St. Louis Area ¹ ..	+32%	+17%	+3%	+10%	38%	35%
St. Louis.....	+31	+16	+3	+10	37	35
Louisville Area ² ..	+34	+14	—5	+4	25	23
Louisville.....	+32	+13	—7	-0	25	23
Memphis.....	+26	+11	+11	+12	24	27
Little Rock.....	+30	+27	+4	—2	32	30
Pine Bluff.....	+23	—10	*	*	37	37
Fort Smith.....	+20	+2	*	*	*	*
8th Dist. Totals ³ ..	+28	+12	+2	+4	34	32

*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; and New Albany, Indiana.

³In 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

	Mar., '45	Feb., '45	Mar., '44
Cash Sales.....	23%	23%	18%
Credit Sales.....	77	77	82
Total Sales.....	100	100	100

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

	First nine days					
	Mar., '45	Feb., '45	Mar., '44	Apr., '45	Apr., '44	3 mos. '45 3 mos. '44
173,649	147,288	166,118†	47,072	48,559	476,879	477,456†

Source: Terminal Railroad Association of St. Louis. †Revised.

WHOLESALE*

Lines of Commodities	Net Sales		Stocks
Data furnished by Bureau of Census, U. S. Dept. of Commerce.	March, 1945 compared with Feb., '45 Mar., '44		Mar. 31, 1945 compared with Mar. 31, 1944
Automotive Supplies.	+ 7%	+ 32%%
Drugs and Chemicals.	+ 10	+ 5	....
Dry Goods.	+ 17	+ 8	— 5
Electrical Supplies.	+ 10	+ 6	+ 5
Furniture.	+ 12	+ 14	....
Groceries.	+ 15	+ 5	— 11
Hardware.	+ 15	+ 18	- 0 -
Plumbing Supplies.	+ 3	+ 9	....
Tobacco and its Products.	+ 16	+ 16	....
Miscellaneous.	+ 8	+ 9	— 21
Total all lines**.	+ 12	+ 3	— 10

*Preliminary.

**Includes certain lines not listed above.

COMMERCIAL FAILURES IN EIGHTH F. R. DISTRICT

	Mar., 1945	Feb., 1945	Mar., 1944
Number.....	4	4	1
Liabilities.....	\$ 13,000	\$535,000	\$ 1,000

Source: Dun and Bradstreet.

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

(In thousands of dollars)	Change from		
	Apr. 18, 1945	Mar. 14, 1945	Apr. 19, 1944
Industrial advances under Sec. 13b.....	\$ 31,250	+ 15,550	+ 18,250
Other advances and rediscounts.....	853,087	- 3,187	+200,860
U. S. securities.....	884,337	+ 12,363	+219,110
Total earning assets.....	661,573	-17,787	+ 71,712
Total reserves.....	602,469	-12,364	+100,283
F. R. notes in circulation.....	953,520	+ 2,747	+193,383
Industrial commitments under Sec. 13b..	50	- 5	+ 2

PRINCIPAL RESOURCE AND LIABILITY ITEMS
OF REPORTING MEMBER BANKS

(In thousands of dollars)	Change from		
	Apr. 18, 1945	Mar. 14, 1945	Apr. 19, 1944
Total loans and investments.....	\$1,839,879	+ 1,627	+292,526
Commercial, industrial, agricultural loans*	235,048	+ 8,904	+ 19,037
Loans to brokers and dealers in securities.	8,040	+ 1,415	+ 3,592
Other loans to purchase and carry securities	30,596	+ 1,354	+ 8,938
Real estate loans.....	66,311	+ 2,605	+ 2,893
Loans to banks.....	977	+ 311	- 323
Other loans.....	84,063	- 2,677	+ 19,408
Total loans.....	425,035	+ 8,604	+ 52,545
Treasury bills.....	46,523	+ 18,199	+ 13,406
Certificates of indebtedness.....	306,029	-22,333	+ 44,126
Treasury notes.....	259,657	+ 1,041	+ 40,439
U. S. Bonds.....	668,507	+ 11,933	+162,983
Obligations guaranteed by U. S. Govt..	13,084	- 712	- 8,609
Other securities.....	121,044	+ 2,103	+ 13,448
Total investments.....	1,414,844	+ 10,231	+238,981
Balances with domestic banks.....	113,627	+ 2,515	+ 696
Demand deposits — adjusted**.....	1,111,435	+ 37,610	+178,412
Time deposits.....	296,158	+ 17,459	+ 63,902
U. S. Government deposits.....	172,261	-53,225	- 31,137
Interbank deposits.....	571,805	+ 26,678	+100,246
Borrowings.....	29,750	+ 15,250	+ 16,750

*Includes open market paper.

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

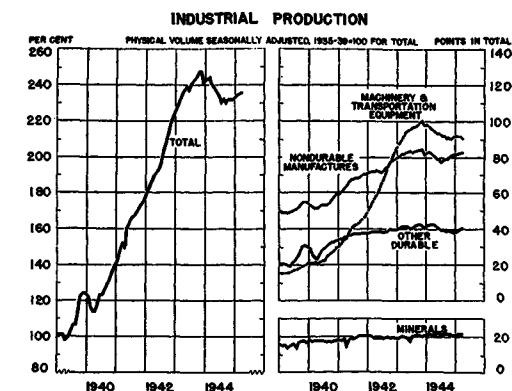
Above figures are for selected member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville.

DEBITS TO INDIVIDUAL ACCOUNTS

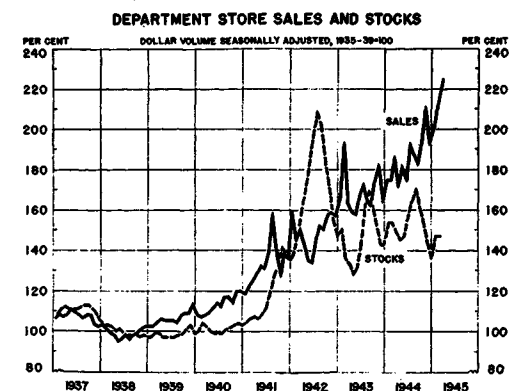
(In thousands of dollars)	March, 1945	February, 1945	March, 1944	Mar., '45 comp. with Feb., '45	Mar., '44
	1945	1945	1944	Mar., '45 comp. with Feb., '45	Mar., '44
El Dorado, Ark.....	\$ 10,813	\$ 9,261	\$ 10,304	+17%	+ 5%
Fort Smith, Ark.....	22,870	21,921	22,560	+ 4	+ 1
Helena, Ark.....	4,323	3,733	4,049	+16	+ 7
Little Rock, Ark.....	91,774	72,383	75,519	+27	+22
Pine Bluff, Ark.....	18,246	13,427	17,032	+36	+ 7
Texarkana, Ark.-Tex.	12,757	10,717	9,937	+19	+28
Alton, Ill.....	15,982	13,317	13,640	+20	+17
E. St. L.-Nat. S. Y., Ill.	73,915	66,074	86,749	+12	-15
Quincy, Ill.....	18,173	14,985	18,374	+21	- 1
Evansville, Ind.....	104,519	82,944	110,937	+26	- 6
Louisville, Ky.....	366,859	372,678	329,332	- 2	+11
Owensboro, Ky.....	18,955	20,826	13,588	- 9	+39
Paducah, Ky.....	9,111	7,829	8,269	+16	+10
Greenville, Miss.....	9,758	8,841	8,395	+10	+16
Cape Girardeau, Mo.	5,495	4,766	5,151	+15	+ 7
Hannibal, Mo.....	5,382	4,531	4,509	+19	+19
Jefferson City, Mo.....	22,580	18,603	18,703	+21	+21
St. Louis, Mo.....	1,109,873	882,706	996,801	+26	+11
Sedalia, Mo.....	7,357	5,833	6,291	+26	+17
Springfield, Mo.....	33,065	26,322	30,850	+26	+ 7
Jackson, Tenn.....	9,368	8,189	9,034	+14	+ 4
Memphis, Tenn.....	264,003	238,105	251,803	+11	+ 5
Totals.....	2,235,178	1,907,991	2,051,827	+17	+ 9

NATIONAL SUMMARY OF CONDITIONS

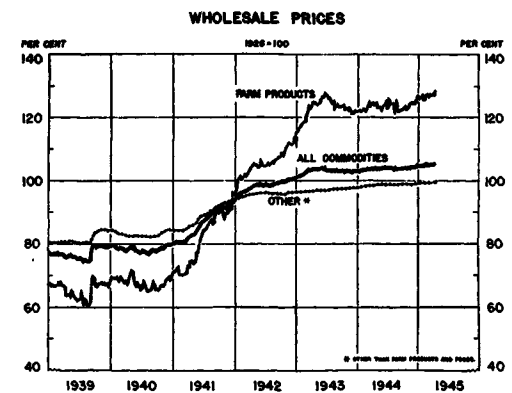
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



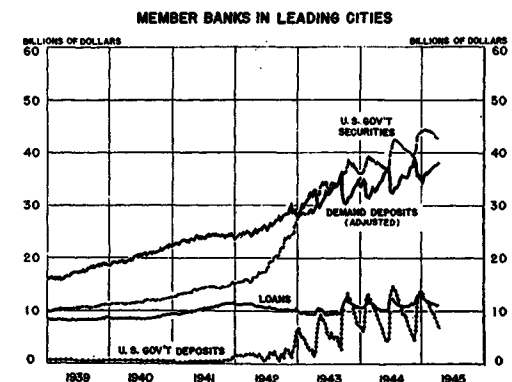
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for March, 1945.



Federal Reserve indexes. Monthly figures, latest shown are for Sales, March, 1945; Stocks, February, 1945.



Bureau of Labor Statistics' indexes. Weekly figures, latest shown are for April 14, 1945.



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 April 18, 1945.

Industrial activity was maintained at a high level in March. Value of retail sales was at a record for this season of the year.

Industrial production—Output at factories and mines was maintained in March at the level of the preceding month, which was 236 per cent of the 1935-39 average, according to the Board's seasonally adjusted index.

At iron and steel mills production continued to rise and was at about the same level as a year ago. Production of most nonferrous metals also continued to increase in March in response to military needs; zinc shipments rose to a new record level. Lumber production, however, was 12 per cent smaller in March than in the same month last year. Output of stone, clay, and glass products was maintained at the February level. In the machinery industries activity showed little change in March. Output of transportation equipment continued to decline owing to further curtailment of operations at shipyards. Aircraft production was maintained at the February rate.

In most nondurable goods industries output showed little change from February to March and was at about the same level as in March, 1944. Owing to increased military purchases in recent months, however, supplies available for civilians of such goods as food, textile, leather, and paper products were at the lowest level for the war period. The shortage of carbon black has continued to limit production of essential military and civilian tires and rubber products, but manufacturing facilities are being expanded for output of this critical material. In the chemical industry, production of explosives and small arms ammunition showed less increase than in recent months and output at other chemical plants was maintained at about the February level.

Production of bituminous coal was at a slightly lower rate in March and declined further in the first week of April when wage contract negotiations interrupted mine operations. Output of anthracite increased in March and the early part of April and crude petroleum production was maintained in record volume.

Distribution—Department store sales in March showed a further sharp increase and the Board's seasonally adjusted index rose to 224 per cent of the 1935-39 average as compared with 212 in February and 200 in January. In the first half of April sales continued large, after allowance for the usual post-Easter decline.

Freight carloadings continued to rise in March and the early part of April, reflecting increased shipments of most groups of commodities except coal. In recent weeks, as a result of special efforts to move last year's record wheat crop to market before the 1945 harvest, grain loadings have been in much larger volume than in the same period a year ago. Shipments of ore have also been much greater due to an early opening of the Lake shipping season.

Commodity prices—Prices of cotton, livestock, and some other farm products were higher in the third week of April than during March. Wholesale prices of industrial commodities, as a group, have continued to show slight increases in recent weeks.

Bank credit—Banking developments during the latter half of March and early April, while following the usual interdrive pattern, were considerably influenced by the large volume of Treasury receipts associated with the March 15 tax date. Adjusted demand deposits at banks in leading cities and currency in circulation both decreased in the latter part of March but resumed their growth in April. The slackened rate of expansion in both deposits and currency was due primarily to tax payments by businesses and individuals.

Required reserves of member banks increased by around 300 million dollars during the five-week period ending April 18. Excess reserves, which were at a temporarily high level in mid-March largely as a result of the reduction of Treasury deposits at the Reserve Banks in anticipation of tax collections, subsequently declined again to less than a billion dollars. An increase in Treasury and other deposits at Federal Reserve Banks in the latter part of March and early April and resumption of the currency outflow caused a drain on reserve funds which was offset by a further increase of nearly 600 million dollars in Reserve Bank holdings of Government securities.

At banks in 101 leading cities, Government security holdings declined during the five weeks ended April 18 by 660 million dollars. Bill holdings were reduced sharply, reflecting to a considerable extent declines in the holdings of Chicago banks associated with the Illinois tax date. Certificate holdings declined generally while bond holdings continued to rise. Loans to others than dealers for purchasing and carrying Government securities were reduced by 180 million dollars and commercial loans declined by 230 million dollars.