



# Monthly Review

F E D E R A L R E S E R V E B A N K O F S T . L O U I S

OCTOBER 1, 1945

## Survey of Current Conditions

The record of the past month indicates that the effect of the end of the war upon the district economy was not as great as might have been expected. The principal impact in this period was upon industry. With the abrupt and widespread cancellation of war contracts, industrial production declined sharply and large numbers of war workers were laid off. Indications are for a sizable volume of industrial unemployment during the period of transition to peacetime production. Difficulties involved in shifting workers from one activity or location to another are showing up and re-employment in industry is being further retarded by shortages of materials and by labor controversies.

The loss of income suffered by industrial workers has not been sufficient to set in motion deflationary forces. Retail sales are continuing at a very high level; non-manufacturing employment and farm income have not been affected and remain high. Accumulated savings during the war years and unemployment compensation benefits provide displaced industrial workers with a cushion for loss of income during a temporary period of unemployment. In the principal manufacturing cities of the Eighth Federal Reserve District unemployment compensation programs provide maximum benefits ranging from \$15 to \$20 per week for maximum periods ranging from 16 to 20 weeks.

### INDUSTRY

District industry for the most part is now operating on a peacetime basis with virtually all war orders cancelled. Only 30 war contracts remain active in the entire St. Louis Ordnance District; the remainder (some 500) were cancelled within a very

short time after the official news of the Japanese surrender.

Some reconversion work was already well under way prior to the end of the war, having been started shortly after the war contract cancellations which followed victory in Europe. Industry is now moving still more rapidly to re-establish its normal operations. By the end of September there was already limited production of some durable consumer goods at certain district plants that had been fully engaged in war work. Most district manufacturers seem to be quite optimistic about the possibility of expanding operations rapidly. Their optimism, however, appears to be based upon availability of materials, absence of labor troubles, and prompt re-establishment of marketing outlets.

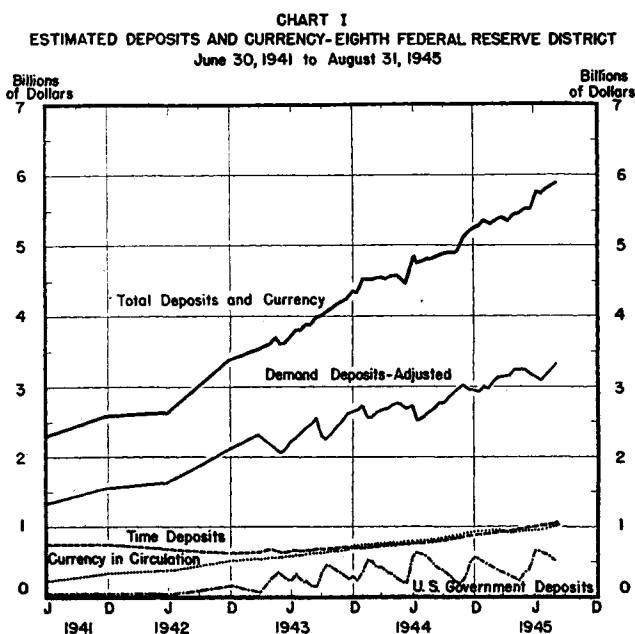
**Manufacturing**—As a result of post-V-J Day contract cancellations, industrial production in this district declined substantially in August and was well below the level of a year earlier. Part of the decline reflected the two-day holiday after announcement of the Japanese surrender, but even after allowance for this factor, output was down appreciably. Consumption of industrial electric power in the major cities of the district in August was off 14 per cent from July and was 10 per cent below the amount consumed last August. August was the first month this year in which industrial power consumption was below the level of the comparable month a year earlier.

The immediate prospects for increased manufacturing production in this district depend upon several factors. One of the most important involves the availability of labor released from war

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## Distribution and Ownership of Demand Deposits in the Eighth District

The latest Federal Reserve survey of ownership of demand deposits virtually coincided with the end of the war. Cessation of hostilities, however, should not bring a sudden reversal in the trends of deposit volume and ownership established during the war. The Government still has heavy financing requirements to meet the costs of contract settlement, maintenance and return of large service forces, mustering-out pay, etc. As long as the Government continues to sell large amounts of securities to the general public, a considerable part of the funds will come indirectly from commercial banks through purchases in the market of securities sold by investors in order to subscribe to the new issues being offered. As Government needs decrease, however, the rate of deposit growth should decline and the forces generated by transition to peacetime activity should tend to modify the geographic distribution and ownership pattern.



The growth of deposits and of currency in circulation in the Eighth Federal Reserve District is pictured in Chart I. Together these two components account for perhaps 40 per cent of total liquid holdings of individuals and businesses with the balance being in Government securities. Aside from Government securities, demand deposits adjusted<sup>1</sup>, which represent roughly the demand balances of individuals and businesses at district banks,

<sup>1</sup> Demand deposits exclusive of interbank and Government deposits less cash items in process of collection.

account for the largest portion of liquid assets. On balance these deposits have increased far more in terms of dollars than either currency in circulation or time deposits, although the percentage gain in currency in circulation has been more constant and far larger, and the very recent increases in time deposits have been substantial percentagewise.

Demand deposits are owned in about equal shares by individuals and businesses at present, the relative share of the former having increased appreciably during the war years. Time deposits are owned mainly by individuals and most of the gain in currency in circulation is due to increased holdings of individuals.

Government deposits which are mostly in War Loan accounts are included in the chart in order to show the effect of Treasury financing upon the deposit structure. The abrupt rises and gradual declines of Government balances reflect the rapid build-up of such deposits during intensive War Loan drives and the slower withdrawal of funds in intervening periods. The reciprocal and complementary movements in the demand deposit curve indicate clearly the payment for Government securities during drives and the subsequent flow of funds back to private balances as the Government deposits are withdrawn and spent.

The movement of the deposit and currency components of the chart indicate the manner in which Eighth District businesses and individuals choose to hold their liquid assets. During the early war-time period most savings went into demand balances or were held as currency. While these two components have continued to register gains, individuals for the past two years have poured funds into time and savings deposits as well as into demand balances and bonds, while businesses for much of the period tended to place a larger share of their savings in Government securities.

**Demand Deposit Growth**—On July 31, 1945, demand deposits of individuals, partnerships and corporations<sup>2</sup> at Eighth District banks totaled \$3,313 million or \$1,800 million more than at the beginning of the war. In the six months period, January 31 to July 31, 1945, the demand deposit gain was \$204 million. In the previous six months demand deposits increased \$506 million or 2.5 times as much as in the last six months.

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

The smaller gain in the first part of a year is characteristic of this district and reflects mainly the fact that heavy farm income payments come in the closing months of a year. Thus the increase in deposits from July, 1943, to February, 1944, was \$216 million in contrast to a gain of only \$66 million in the ensuing five months of 1944. Also characteristic of the flow of funds in this district is the heavy gain during the months of January and July alone. These rather regular January and July increases are more concentrated at urban banks than at rural, and apparently reflect in large measure the temporary accumulation in the form of deposits of half-year dividend payments to individuals.

**Urban-Rural Comparisons**—The rise of \$710 million in demand deposits between July 31, 1944, and July 31, 1945, was to a great extent in the accounts of individuals and occurred largely in rural areas. Two-thirds of the total deposit growth in the past year came at rural banks and about the same proportion of the increase from December 31, 1941, to the end of July this year was at banks outside the metropolitan areas.

Table I presents demand deposit totals held in the five major metropolitan areas and in the balance of the district on July 31, 1945, July 31, 1944, and December 31, 1941. The table shows that the rate of increase at banks in rural areas has been more than 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	July 31, 1945	July 31, 1944	Dec. 31, 1941	Percent Change from	
				July, 1944	Dec., 1941
St. Louis .....	\$ 913.5	\$ 753.4	\$ 558.2	+ 21.3%	+ 63.7%
Louisville .....	260.1	223.0	137.4	+ 16.6	+ 89.3
Memphis .....	172.6	144.5	89.4	+ 19.4	+ 93.1
Little Rock .....	69.4	54.2	30.5	+ 28.0	+127.5
Evansville .....	84.8	76.7	29.9	+ 10.6	+183.6
<b>Total Metropolitan Areas</b> .....	<b>1,500.4</b>	<b>1,251.8</b>	<b>845.4</b>	<b>+ 19.9</b>	<b>+ 77.5</b>
<b>Remainder of District</b> .....	<b>1,812.9</b>	<b>1,351.2</b>	<b>667.9</b>	<b>+ 34.2</b>	<b>+171.4</b>
<b>Total District</b> .....	<b>3,313.3</b>	<b>2,603.0</b>	<b>1,513.3</b>	<b>+ 27.3</b>	<b>+118.9</b>

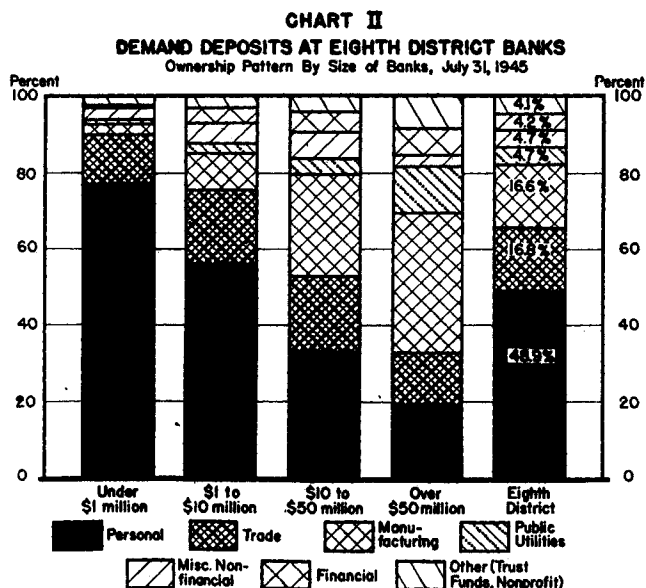
Since rural area banks are generally the smaller banks, comparison of deposit growth rates at different sizes of banks also emphasizes the more rapid rise in deposits in rural areas than in urban centers. In the past two years four-fifths of the total dollar increase in district demand deposits came at banks with less than \$10 million in such deposits. Banks with less than \$1 million in demand deposits showed a 73 per cent gain in such deposits, those with \$1 to \$10 million a 58 per cent increase, while the larger banks registered only an 18 per cent rise.

The substantially greater increases in the rural regions reflect mainly gains in individual balances due to high farm income, the relatively favorable tax position of the farmer coupled with relatively smaller purchases of Government securities by farmers, and low consumer expenditures due to lack of goods in wartime.

**Ownership Pattern**—The sixth survey of demand deposit ownership (as of July 31, 1945) revealed that no basic changes had occurred in the district bank pattern established in previous surveys. About half of all demand deposits at district banks are owned by individuals and half by businesses. Two-thirds of the business deposits are divided about equally by manufacturing and mining concerns and trade establishments, and the remaining third is split, again almost equally, among public utilities, miscellaneous nonfinancial businesses and financial businesses. The district pattern differs considerably from that of the country as a whole, with the heavy concentration of personal balances reflecting the rural and agricultural character of the Eighth District. For the nation about two-thirds of demand deposits are owned by business.

Chart II shows the different patterns of ownership at four different size classes of Eighth District banks as of July 31, 1945. In dollar volume the bulk of district demand deposits (44 per cent) is held by the size group \$1-10 million. The large banks (over \$50 million) hold 22 per cent of all district demand deposits, the \$10-50 million group about 15 per cent, and the smallest banks (under \$1 million), 19 per cent.

The chart indicates that more than 75 per cent



of demand balances at the largest banks are owned by businesses and that only 20 per cent of the smallest banks' deposits are business accounts. Somewhat more than half of all business deposits in the district are held by the two larger size groups of banks and more than four-fifths of the district's individual deposits are in the two smaller size groups of banks.

The greatest concentration of business balances is in the large metropolitan area banks which with smaller banks in those areas hold about two-thirds of the district's business deposits. The small banks are located for the most part in the rural areas of the district where relatively little business funds, aside from retail trade accounts, are found. A large share of the individual deposits in these small rural banks belongs to farmers.

**Corporate and Noncorporate Deposits**—The current survey pointed to about the same pattern of corporate-noncorporate business deposits as revealed by previous studies. About two-thirds of all business deposits belong to corporations. Manufacturing and mining, public utility and insurance company accounts are all about nine-tenths corporate. Trade and miscellaneous nonfinancial business balances are less than 40 per cent corporate, while miscellaneous financial business balances are about 60 per cent corporate.

While the basic pattern of corporation deposits has not changed appreciably in the past year, the survey indicates that corporate balances have grown relatively less than noncorporate accounts. This tends to bear out the opinion that liquid asset growth has been greater in smaller businesses than in large ones (in general, unincorporated businesses are smaller than corporate firms of the same business class). It also points to verification of the belief that small units have made larger profits after taxes during the war than have large businesses.

**Recent Trends in Deposit Ownership**—Table II shows changes in ownership pattern at Eighth District banks over the past two years. Because of the timing of War Loan drives, there is some bias in comparison of ownership totals even when exactly comparable calendar dates are used. Demand deposits, as noted earlier, tend to build up to a peak just prior to a drive, be drawn down sharply during a drive as securities are purchased, and then gradually build up again as the Government spends funds brought in by the drive. Businesses in particular allow their bank balances to increase just before a drive opens. This situation leads to some bias in comparing deposit totals of one date with another.

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

	Dollar change from			Percent change from	
	July 31, 1945	July 31, 1944	July 31, 1943	July 31, 1944	July 31, 1943
Total Business .....	\$1,598.8	+294.1	+338.6	+ 22.5%	+ 26.9%
Nonfinancial Business					
Total .....	1,416.3	+281.8	+340.5	+ 24.8	+ 31.7
Manufacturing & Mining .....	549.2	+ 90.1	+102.6	+ 19.6	+ 23.0
Public Utilities .....	156.7	+ 26.2	+ 13.7	+ 20.1	+ 9.6
Trade .....	556.8	+127.3	+191.9	+ 29.6	+ 52.6
Other Nonfinancial Business .....	153.6	+ 38.2	+ 32.3	+ 33.1	+ 26.6
Financial Business					
Total* .....	182.5	+ 12.3	— 1.9	+ 7.2	— 1.0
Personal (including farmers) .....	1,621.7	+381.6	+613.1	+ 30.8	+ 60.8
Nonprofit Associations .....	92.8	+ 34.6	+ 38.8	+ 59.5	+ 71.9
Total .....	3,313.3	+710.3	+990.5	+ 27.3	+ 42.6

\* Includes trust funds and foreign deposits.

Over the two-year period, July, 1943-July, 1945, personal balances gained relatively more than business balances. Almost two-thirds of the dollar rise in private demand deposits at district banks came in personal accounts in that period. During both years personal balances rose more in dollars and in percent than business balances, but in the immediate past year business accounts increased six times as much as in the preceding year. In the last six months business balances gained almost twice as much percentagewise as did personal accounts.

This situation reverses the trend of the previous 18 months. From the beginning of the war era to mid-1943 the relative gain in business and personal deposits was about equal. The great industrial expansion movement came before the middle of 1943 and the growth of business working balances tended to parallel the expansion in industry. When industrial activity reached its very high wartime level and subsequently fluctuated about that point, business balances also leveled off and current accumulations of funds went largely into Government securities at the time of War Loan drives.

Bank deposits of individuals (both demand and time), on the other hand, continued to rise throughout the war period. Generally speaking, individuals were not under the same amount of pressure to buy Government securities as were businesses, largely because individual funds are widely held and cannot be tapped as easily as business funds.

The recent heavy growth in business balances reflects several factors. First, it indicates a changed attitude on the part of business toward investment of idle funds above what is considered reasonable working capital funds. Most businesses apparently feel that they have sufficient holdings of Government securities and with large wartime operating profits are content to hold more liquid assets in the

form of cash and bank deposits, even though such funds earn no interest. In the last three War Loan drives, business' purchases of new securities were paid for to a marked degree by funds received from sale of securities bought in previous drives. In other words the net increase in business holdings of Government securities in the past year has been relatively small. This applies particularly to non-financial business. Financial businesses, especially insurance companies, tend to hold to a very fully invested position.

Second, it indicates additional preparation of business financial position for the reconversion period. Early in 1945 it became evident that this period was in the near future since Germany was obviously close to defeat then. Third, it points to the fact that goods were expected to become more available and that inventory rebuilding, especially in retail and wholesale lines, would be possible in a short time. Fourth, it reflects reinforcement of the desire for increased liquidity on the part of business.

The marked growth in business balances in the past year and especially in the past month brought the increases of the bigger banks where business

accounts are concentrated more in line with the gains at smaller banks where individual deposits predominate. In the year ending July 31, 1944, demand deposits at banks with \$10 million or more in such deposits actually declined fractionally while those at smaller banks rose 23 per cent. Next year the smaller banks registered a 33 per cent gain, but the larger banks showed an increase of 19 per cent.

The sixth survey of demand deposit ownership bears out the general conclusions developed by the previous surveys. As noted in earlier reports on ownership of deposits, the most important conclusion from the standpoint of formulating individual bank investment policy is that both businesses and individuals seem to desire a high degree of liquidity. This situation points to a continuation of high deposit levels since the most probable factor which would tend to reduce over-all deposits would be a shift of securities from the banks to nonbank investors. Inasmuch as the reverse of this situation seems likely, there is apparently little reason to look for an appreciable drop in deposits and in view of additional Government financing much more reason to forecast further deposit increases.

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## CURRENT CONDITIONS

(Continued from Page 1)

production. With the release of war plant workers there should be no labor shortage anywhere at present, but the actual difficulties of shifting workers from one plant to another or from one industry to another are proving at least temporary bottlenecks in certain industries. Notable among those important to the district are steel, lumber, and shoe manufacture.

Steel output at district mills and foundries in August was down from July and off considerably from a year earlier. The operating rate at ingot producing furnaces in August was 66 per cent of capacity as compared with 69 per cent in July and 86 per cent in August, 1944. Lumber production is beginning to move up seasonally but is well below last year's level and off even more from peak wartime output. Southern hardwood mills operated at about 72 per cent of capacity in August as compared with 90 per cent in August, 1944. Southern pine production in August was off about 8 per cent from last year and was down about one-third from average output in 1941-1943. Shoe production at district factories is also increasing seasonally and in addition is running ahead of comparable months in 1944, but output relative to orders is somewhat curtailed.

A second factor currently holding back expansion of industrial production in the district is shortage of materials. Meat packing activity, for example, would increase in the face of present demand if more animals were marketed. While output may be expected to increase in coming months as marketings rise seasonally, it is likely to remain well below capacity. As another example, whiskey distilleries which have ceased alcohol production are faced with a lack of sufficient grain to increase production materially. No corn was allotted to distilleries for September so that no bourbon whiskey can be made, a situation that bears particularly heavily on Kentucky whiskey makers. Apparel and shoe manufacturers are also handicapped by lack of materials.

**Construction**—Construction activity has been picking up all year and is expected to continue to increase as long as weather permits. In August the value of building permits (new construction and repairs combined) in the major cities of the district was more than three times as large as in August, 1944, and 66 per cent greater than in July. For the first eight months of this year building permits in the district's cities ran 69 per cent over the comparable period a year earlier. A substantial volume of the current permits represent indus-

trial construction for the purpose of expanding facilities for manufacture of civilian goods.

**Employment**—According to War Manpower Commission estimates total employment in the United States is expected to decline by almost seven million persons in the last six months of 1945 with more than half of the decrease coming in munitions production, and a sizable share of the remainder resulting from reduced employment in Federal war agencies. In the five major metropolitan centers of this district, layoffs between March 15 and July 15, 1945, totaled almost 70,000 workers. In the ten days following the Japanese surrender announcement more than 50,000 additional workers were released. The final week of August saw some 18,000 more persons lose their jobs. About half of the total layoffs in these five areas came at St. Louis, something less than a quarter at Evansville, and most of the remainder at Louisville.

The number of jobs available at the moment in the major district cities is far less than the number of persons who have lost their jobs. On September 1 some 21,000 job openings were listed at the U. S. Employment Offices of the five cities. This number represents less than one-third of the number of layoffs that occurred in these same cities between August 15 and August 31 alone.

On the basis of surveys that have been conducted in various war plants in this district most of the displaced war workers wish to continue working and thus are eligible to file claims for unemployment compensation benefits. The desire to continue in the labor market undoubtedly will be influenced by the type of job available and the amount of pay. Some of those who indicated a desire to continue working may change their minds if jobs roughly comparable in working conditions and wage rates are not forthcoming.

### TRADE

Despite mass layoffs from war plants with attendant loss of current income, retail sales have held at exceptionally high levels since the end of the war. Continuance of high retail sales volume will depend upon the rapidity with which new consumers' goods flow to the market and the willingness of displaced workers to maintain recent expenditure levels by drawing upon accumulated savings. The extent to which the workers will use savings in turn depends upon their confidence in finding new jobs within a relatively short period of time.

On balance it appears that retail trade volume will continue high. There is a substantial deferred

demand for many types of goods that should reach the retail stores in steadily increasing volume. This demand will be reinforced by demands of returning servicemen for civilian goods. Mustering-out pay and special unemployment compensation benefits provided under the G.I. Bill of Rights will provide immediately available purchasing power to discharged servicemen.

The sales volume at district department stores in 1945 appears likely to approach \$310 million or well over double the \$147 million of 1939 and some \$35 million more than was rung up in 1944. Almost half of the gain over 1939 reflects price increases of one type or another, but even allowing for this factor it is evident that civilian demand was met to a very large extent in the war years.

For the first four months this year, prior to victory in Europe, department store sales ran 16 per cent over the comparable period of 1944. During the next four months cumulative sales volume increases over 1944 dropped to 13 per cent, a relatively slight decline in view of the large scale cut-backs in war production that occurred in this district. Since August 15 department store sales in the district have run somewhat below 1944, but this apparently was due in large measure to a decrease in sales at St. Louis attributable mostly to lack of newspaper advertising space during a three weeks' newspaper strike.

The wartime pattern of department store sales points up rather clearly shortages or total disappearance of certain items, voluntary or imposed rationing of others, and a shift in type of goods purchased and in type of purchases. Early in the war period basement store sales increases ran substantially ahead of main store sales gains, reflecting increased purchasing power in the hands of lower income groups. With the gradual disappearance of lower-priced lines, this purchasing power tended to focus more on main store departments and in 1944 and 1945 main store divisions showed greater relative increases than did basement store departments. Sales of home furnishings and men's wear, allowing for price changes, have declined appreciably because of lack of goods in the one case, and removal of purchasers in the other. Sales of women's wear and piece goods have registered substantial increases.

The inventory position of retail stores is not sufficient at present to meet consumer demand for many items, but for most of this year stocks have improved both in quantity and quality. Department store stocks, in terms of dollars, peaked in May,

1942, at more than double the level of May, 1939. By December, 1944, inventories were at their war-time low, but since then have increased 38 per cent so that they are at present only 7 per cent off from the May, 1942, peak and are 94 per cent above the August, 1939, level. Since average prices of department store merchandise have increased about 45 per cent and since current inventories have relatively little low-priced goods, however, August, 1945, unit volume is probably but slightly, if any, larger than that of August, 1939.

### AGRICULTURE

The general condition of crops continues to point toward unusually large production for the 1945 season. Favorable weather during August increased national prospects for oats, spring wheat, potatoes, tobacco, soybeans, sorghum grain, and tame hay from 1 to 8 per cent over previous estimates. Corn was benefited to the extent that the September 1 forecast of over 3 billion bushels adds about 225 million bushels to the August figure. Slightly lower prospects for cotton and rice offset the gains in other crops to some extent, but aggregate total production as indicated on September 1 would about equal that of the two record years, 1942 and 1944.

Crops that were planted late are still vulnerable to weather conditions, with corn in many areas running a close race with killing frosts. If favorable weather permits the bulk of the corn and other late crops to mature, present prospects might even be exceeded. Improved cropping practices and concentration of production in the most adaptable areas are the major factors responsible for the rapid progress which has been made during the recent period of favorable weather conditions.

August weather enabled farmers to catch up on plowing, and permitted them to make a good start on seeding of winter grains for next year's harvest. Good rains in Missouri since September 1 have somewhat relieved the moisture shortage which was becoming serious in late August.

In spite of the extended drouth in some sections of the Southwest, feed crop prospects are generally favorable. A near-record hay crop added to the large tonnage of sorghum forage in prospect indicates that 1945 feed production will be the second largest of record. Supplies for livestock and poultry to be fed should be very liberal and comparatively well distributed. With the exception of scattered areas affected by drouth, farm pastures on September 1 were markedly better than a year ago,

and continued to furnish livestock an unusual abundance of green feed. For the country as a whole, pasture condition averaged 84 per cent of normal on September 1.

**Outlook**—Most cornfields made amazing progress during August. On September 1 some of the late plantings were just reaching the tassel stage, however, and will require good growing weather until late October. In most areas soil moisture has been ample, but a section of the southwestern Corn Belt, including Missouri, felt the dry August. In these areas a large amount of the late corn is so backward that it will be harvested as silage or fodder, and some will make only "soft" corn.

The 1945 cotton crop for the United States is expected to be 10,026,000 bales, which is 108,000 bales, or 1 per cent less than the August 1 forecast, 2,204,000 bales less than 1944, and 2,267,000 bales below the 10-year (1934-43) average production. The abandonment of cotton acreage in cultivation on July 1 is about equal to the 10-year average, but the total remaining acreage for harvest (18 million acres) is 10 per cent less than that harvested in 1944, and is smaller than any year since 1885. The lateness of the crop in most areas makes early frost more of a hazard than usual. Boll weevil activity is increasing rapidly in most areas of the Cotton Belt.

The 1945 farm production outlook for the district continued to improve during August. While production of some crops, such as cotton, will be materially under 1944, over-all agricultural production in the district promises to be above average. Record crops of wheat, oats, and hay have been harvested, and there is prospect for a record rice crop. Tobacco production will be only slightly under last year. The over-all farm income outlook for the district is favorable.

All states of the district, with the exception of Missouri, show a prospective increase in corn output over last year. The outlook for rice in Arkansas improved during August, with late plantings making good progress. Soybeans had favorable weather during August in Illinois, the heaviest producing state.

Apples are expected to be harvested at a slight increase over 1944 in Illinois, Missouri, Kentucky, and Tennessee, with prospects in Indiana and Arkansas somewhat below last year. A bumper peach crop throughout the district raised the 1945 harvest figures far above those of the previous year.

# Victory Loan Drive

The Treasury has announced that the next financing drive, to be known as the Victory Loan drive, will begin on October 29.

The goal for the drive is to be \$11 billion, of which \$4 billion is to come from sales to individuals and \$7 billion from other non-bank investors. Of the individual quota, \$2 billion is set as the goal for Series E savings bonds. These goals are below those set for recent drives and are considerably below actual sales in the previous drives.

The drive for individuals will extend from October 29 through December 8, and during the period from December 3 to 8 subscriptions to the marketable securities included in the drive will be received from other non-bank investors. Sales of Series E, F, and G savings bonds and Series C savings notes processed through the Federal Reserve banks between October 29 and December 31 will be counted toward drive quotas.

The securities included in the basket offered in the drive are as follows:

- Series E, F, and G savings bonds
- Series C savings notes
- 7/8 per cent certificates of indebtedness maturing December 1, 1946.
- 2 1/4 per cent Treasury bonds maturing December 15, 1959-62.
- 2 1/2 per cent Treasury bonds maturing December 15, 1967-72.

The certificates of indebtedness will be dated December 3, 1945, and the two issues of Treasury bonds will be dated November 15, 1945.

The principal difference in the securities offered as compared to previous drives is that no intermediate-term bond eligible for bank purchase will be included. As in the past, the 2 1/2 and 2 1/4 per cent marketable bonds offered in the drive are not eligible for bank purchase until within ten years of their respective maturity dates. Commercial banks will, however, be permitted to subscribe to Series F and G savings bonds (to a maximum of \$100,000 issue price in any one calendar year), 7/8 percent certificates of indebtedness and 2 1/4 and 2 1/2 percent Treasury bonds up to 10 percent of their savings deposits and time certificates of deposit, or \$500,000, whichever is less.

The Treasury is again requesting the cooperation of banking institutions in declining to make loans for the speculative purchase of Government securities and in declining to accept subscriptions from customers which appear to be entered for speculative purposes. The Treasury also requests that banks not contribute to the sale of outstanding securities for the purpose of reinvesting in drive issues. The announcement stated that subscriptions by insurance companies and savings institutions will be subject to limitations to be announced later.

## AGRICULTURE

CASH FARM INCOME					
(In thousands of dollars)	July		Cumulative for 7 months		
	1945	1944	1945	1944	1943
	Arkansas .....	\$ 20,879	\$ 20,901	\$ 125,578	\$ 119,079
Illinois .....	103,338	98,637	642,250	682,308	623,633
Indiana .....	66,133	61,672	361,632	379,810	352,679
Kentucky .....	24,281	24,365	256,979	210,022	182,017
Mississippi .....	10,014	11,312	114,114	96,752	87,674
Missouri .....	70,484	64,599	365,494	374,053	335,220
Tennessee .....	25,331	23,091	168,002	166,280	143,401
Totals .....	320,460	304,577	2,034,049	2,028,304	1,839,674

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS						
	Receipts			Shipments		
	Aug., 1945	July, 1945	Aug., 1944	Aug., 1945	July, 1945	Aug., 1944
	Cattle and Calves.....	208,067	153,765	185,748	123,404	97,339
Hogs .....	86,136	105,174	206,615	30,072	37,748	52,854
Horses and Mules.....	1,870	2,829	2,050	1,870	2,429	2,073
Sheep .....	109,471	112,250	92,893	49,342	41,871	28,339
Totals .....	405,544	374,018	487,306	204,688	179,387	168,841

## PRICES

WHOLESALE PRICES IN THE UNITED STATES					
Bureau of Labor Statistics (1926=100)	August, 1945	July, 1945	August, 1944	August, '45 comp. with July, '45	comp. with Aug., '44
All Commodities.....	105.7	105.9	103.9	-0.2%	+ 1.7%
Farm Products.....	126.9	129.0	122.6	-1.6	+ 3.5
Foods .....	106.4	106.9	104.8	-0.5	+ 1.5
Other .....	99.9	99.7	98.6	+0.2	+ 1.3

COST OF LIVING					
Bureau of Labor Statistics (1935-39=100)	Aug. 15, 1945	July 15, 1945	Sept. 15, 1942	Aug. 15, '45 comp. with July 15, '45	comp. with Sept. 15, '42
United States .....	129.2	129.4	117.8	-0.2%	+ 9.7%
St. Louis.....	127.5	126.9	116.6	+0.5	+ 9.3
Memphis .....	*	*	119.3	....	....

\*Not available.

COST OF FOOD					
Bureau of Labor Statistics (1935-39=100)	Aug. 15, 1945	July 15, 1945	Sept. 15, 1942	Aug. 15, '45 comp. with July 15, '45	comp. with Sept. 15, '42
U. S. (51 cities).....	140.9	141.7	126.6	-0.6%	+11.3%
St. Louis .....	144.0	142.9	126.7	+0.8	+13.7
Little Rock.....	140.4	141.0	129.2	-0.4	+ 8.7
Louisville .....	135.0	134.3	124.2	+0.5	+ 8.7
Memphis .....	150.9	150.7	129.7	+0.1	+16.3



## Additions to Eighth District Par List

During the two years ending September 15, 1945, the Federal Reserve Bank of St. Louis has announced the addition of 85 banks to the Federal Reserve par list in the Eighth Federal Reserve District. Of these, three are located in Arkansas, twenty-one in Illinois, two in Indiana, eight in Kentucky, one in Mississippi, thirty-six in Missouri, and fourteen in Tennessee. There are now 1,090 par banks in the district and only 371 non-par banks. Of the par banks 490 are members of the Federal Reserve System. The names and locations of the banks added to the par list since September 15, 1943, follow:

Bank of Calhoun County.....	Hardin
Bank of Herrin.....	Herrin
Bank of Kampsville.....	Kampsville
Ina State Bank.....	Ina
Ingraham State Bank.....	Ingraham
Iuka State Bank.....	Iuka
Farmers State Bank.....	Medora
Mendon State Bank.....	Mendon
Crews State Bank & Trust Co.....	Montrose
Security Bank.....	Mt. Carmel
Mount Erie State Bank.....	Mount Erie
Bank of Sesser.....	Sesser
Saline County State Bank.....	Stonefort

### ARKANSAS

Peoples Bank & Loan Company.....	Lewisville
Farmers and Merchants Bank.....	Marianna
Smackover State Bank.....	Smackover

### INDIANA

Chrisney State Bank.....	Chrisney
Farmers State Bank.....	Rockport

### ILLINOIS

Farmers State Bank.....	Alto Pass
Hitz State Bank.....	Alhambra
Bank of Benton.....	Benton
Chesterfield State Bank.....	Chesterfield
Bank of Christopher.....	Christopher
First State Bank of Dix.....	Dix
Ewing State Bank.....	Ewing
First State Bank.....	Grand Chain

### KENTUCKY

Canmer Deposit Bank.....	Canmer
Peoples State Bank.....	Chaplin
Peoples Bank.....	Gravel Switch
Dees Bank.....	Hazel
Hiseville Deposit Bank.....	Hiseville
Citizens Bank.....	New Liberty
Sparta-Sanders State Bank.....	Sparta
Farmers Bank.....	Uniontown

### INDUSTRY

COAL PRODUCTION						
(In thousands of tons)		Aug., 1945, comp. with				
	Aug., '45	July, '45	Aug., '44	July, '45	Aug., '44	
Illinois .....	5,591	5,460	6,800	+ 2	- 18	
Indiana .....	2,111	2,309	2,617	- 9	- 19	
Kentucky .....	5,316	5,259	6,380	+ 1	- 17	
Other Dist. States .....	1,486	1,378	1,823	+ 8	- 18	
<b>Totals .....</b>	<b>14,504</b>	<b>14,406</b>	<b>17,620</b>	<b>+ 1</b>	<b>- 18</b>	
CONSUMPTION OF ELECTRICITY						
(K.W.H. in thous.)	No. of Custom-ers*		Aug., 1945, compared with			
	Aug., 1945	July, 1945	Aug., 1944	July, '45	Aug., '44	
Evansville .....	40	8,242	10,528	8,637	- 22%	- 5%
Little Rock .....	35	3,494	3,316	3,342	+ 5	+ 5
Louisville .....	82	16,484	18,076	18,073	- 9	- 9
Memphis .....	31	5,629	6,642	6,843	- 15	- 18
Pine Bluff .....	19	6,426	6,657	7,912	- 3	- 19
St. Louis .....	140	85,848	100,664	95,439	- 15	- 10
<b>Totals .....</b>	<b>347</b>	<b>126,123</b>	<b>145,883</b>	<b>140,246</b>	<b>- 14</b>	<b>- 10</b>
*Selected industrial customers.						
LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS						
First nine days						
Aug., '45	July, '45	Aug., '44	Sept., '45	8 mos., '44	8 mos., '45	
130,813	147,534	162,521	33,986	43,520	1,250,088	1,283,982†
Source: Terminal Railroad Association of St. Louis. †Revised.						

### DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)		August, 1945, comp. with			
	August, 1945	July, 1945	August, 1944	July, '45	Aug., '44
El Dorado, Ark.....	\$ 11,004	\$ 10,167	\$ 9,362	+ 8%	+18%
Fort Smith, Ark.....	22,520	23,116	20,235	- 3	+11
Helena, Ark.....	5,183	5,003	3,315	+ 4	+56
Little Rock, Ark.....	79,415	84,521	65,437	- 6	+21
Pine Bluff, Ark.....	13,702	14,848	14,299	- 8	- 4
Texarkana, Ark.-Tex.	8,041	8,354	10,950	- 4	-27
Alton, Ill.....	14,239	15,524	12,874	- 8	+11
E.St.L.-Nat.S.Y., Ill.....	73,097	70,708	81,277	+ 3	-10
Quincy, Ill.....	17,777	16,942	15,770	+ 5	+13
Evansville, Ind.....	88,986	91,445	106,953	- 3	-17
Louisville, Ky.....	363,233	384,769	315,073	- 6	+15
Owensboro, Ky.....	18,299	18,641	14,705	- 2	+24
Paducah, Ky.....	8,011	8,038	7,850	- 0	+ 2
Greenville, Miss.....	6,496	7,306	6,994	-11	- 7
Cape Girardeau, Mo.....	5,248	5,311	4,854	- 1	+ 8
Hannibal, Mo.....	4,914	5,184	4,923	- 5	- 0
Jefferson City, Mo.....	20,752	33,963	21,205	-39	- 2
St. Louis, Mo.....	991,613	1,030,392	950,612	- 4	+ 4
Sedalia, Mo.....	5,879	5,945	5,486	- 1	+ 7
Springfield, Mo.....	33,541	35,421	31,627	- 5	+ 6
Jackson, Tenn.....	7,993	8,849	7,701	-10	+ 4
Memphis, Tenn.....	211,498	233,105	209,880	- 9	+ 1
<b>Totals .....</b>	<b>2,011,351</b>	<b>2,117,552</b>	<b>1,921,382</b>	<b>- 5</b>	<b>+ 5</b>

RETAIL TRADE

DEPARTMENT STORES

	Net Sales			Stocks on Hand Aug. 31, '45 comp. with Aug. 31, '44	Stock Turnover Jan. 1 to Aug. 31, 1945 1944
	Aug., 1945 compared with July, '45		8 mos. '45 to same period '44		
	Aug., '44	Aug., '44			
Ft. Smith, Ark.	+20%	+ 8%	+ 9%	- 1%	2.83 2.85
Little Rock, Ark.	+18	+11	+15	- 3	3.51 3.12
Quincy, Ill.	+14	+10	+13	+13	3.81 3.31
Evansville, Ind.	+ 8	- 3	+ 3	....	....
Louisville, Ky.	+ 8	+ 7	+14	- 3	4.02 3.37
St. Louis Area <sup>1</sup>	+14	+ 9	+14	+15	3.10 2.91
St. Louis, Mo.	+14	+ 9	+14	+15	3.10 2.91
E. St. Louis, Ill.	+ 8	+ 5	+ 6	..	....
Springfield, Mo.	+ 2	+17	+21	..	3.35 2.72
Memphis, Tenn.	+14	+ 7	+13	+ 2	3.46 3.19
*All other cities.	+ 6	+ 4	+ 8	+16	3.15 2.96
8th F.R. District	+13	+ 8	+13	+ 8	3.29 3.02

\*El Dorado, Fayetteville, Pine Bluff, Ark.; Alton, Harrisburg, Jacksonville, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; and Jackson, Tenn.

<sup>1</sup>Includes St. Louis, Mo., East St. Louis and Belleville, Ill.

Trading days: August, 1945—27; July, 1945—25; August, 1944—27.

Outstanding orders of reporting stores at the end of August, 1945, were 22 per cent greater than on the corresponding date a year ago.

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

	Instalment Excl. Instal.		Instalment Excl. Instal.	
	Accounts	Accounts	Accounts	Accounts
Fort Smith	.%	65%	29%	72%
Little Rock	31	61	44	74
Louisville	42	64	29	63
Memphis	49	60	42	68
Quincy			29%	72%
St. Louis			44	74
Other cities			29	63
8th F. R. Dist.			42	68

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

8th Federal Reserve District

	Aug., 1945	July, 1945	June, 1945	Aug., 1944
Sales (daily average), Unadjusted <sup>1</sup>	194	185	198	178
Sales (daily average), Seasonally adjusted <sup>2</sup>	225	250	220	207
Stocks, Unadjusted <sup>2</sup>	120	118	118	111
Stocks, Seasonally adjusted <sup>2</sup>	121	126	126	112

<sup>1</sup>Daily Average 1935-39=100.

<sup>2</sup>Monthly Average 1923-25=100.

SPECIALTY STORES

	Net Sales			Stocks on Hand Aug. 31, '45 comp. with Aug. 31, '44	Stock Turnover Jan. 1 to Aug. 31, 1945 1944
	August, 1945 compared with July, '45		8 mos. '45 to same period '44		
	Aug., '44	Aug., '44			
Men's Furnishings	+ 6%	+13%	+12%	-16%	2.44 1.90
Boots and Shoes	+ 5	+33	+17	-25	7.16 5.58

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

Men's Furnishings.....64% Boots and Shoes.....51%

Trading days: August, 1945—27; July, 1945—25; August, 1944—27.

RETAIL FURNITURE STORES

	Net Sales		Inventories		Ratio of Collections	
	August, 1945 compared with July, '45		August 31, 1945 compared with July 31, '45		Aug., 1945	Aug., 1944
	Aug., '44	Aug., '44	Aug. 31, '45	Aug. 31, '44		
St. Louis Area <sup>1</sup>	+13%	+12%	+ 1%	+ 3%	36%	33%
St. Louis	+14	+13	+ 1	+ 3	35	33
Louisville Area <sup>2</sup>	-14	- 1	+13	+20	35	31
Louisville	-18	-12	+14	+20	33	31
Memphis	- 2	+ 8	+10	+31	27	25
Little Rock	- 2	+ 7	+ 5	+ 9	31	31
Springfield	+18	+21	*	*	*	*
Pine Bluff	- 8	+ 4	*	*	36	34
8th Dist. Total <sup>3</sup>	+ 6	+10	+ 4	+ 5	34	32

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

<sup>1</sup>Includes St. Louis, Missouri; East St. Louis and Alton, Illinois.

<sup>2</sup>Includes Louisville, Kentucky; and New Albany, Indiana.

<sup>3</sup>In addition to above cities, includes stores in Blytheville, Fort Smith, Arkansas; Henderson, Hopkinsville, Owensboro, Kentucky; Greenville, Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Aug., '45	July, '44	Aug., '45
Cash Sales	20%	22%	20%
Credit Sales	80	78	80
Total Sales	100	100	100

MISSISSIPPI

Merchants & Farmers Bank..... Columbus

MISSOURI

Security Bank..... Auxvasse  
 Farmers & Merchants Bank..... Berger  
 Bank of Bourbon..... Bourbon  
 State Bank of Brownington..... Brownington  
 Bank of Brumley..... Brumley  
 The Bank of Bunker..... Bunker  
 Bank of Bynumville..... Bynumville  
 Canton State Bank..... Canton  
 United Bank of Chamois..... Chamois  
 Clarence State Bank..... Clarence  
 Farmers Savings Bank..... Clifton Hill  
 Farmers & Merchants Bank..... Eureka  
 Farmers Bank of Green City..... Green City  
 The Hermann Bank..... Hermann  
 Jefferson Trust Company..... Hillsboro  
 Bank of Houston..... Houston  
 Humansville Bank..... Humansville  
 Bank of Iberia..... Iberia  
 Bank of Kennett..... Kennett  
 Cotton Exchange Bank..... Kennett  
 Linn State Bank..... Linn  
 Lowry City Bank..... Lowry City  
 Manchester Community Bank..... Manchester  
 Community Bank of Morrison..... Morrison  
 Citizens Bank of New Haven..... New Haven  
 Ralls County State Bank..... New London  
 Johnson-Lucas Banking Co..... Osceola  
 Citizens Bank of Owensville..... Owensville  
 Bank of Raymondville..... Raymondville  
 Pulaski County Bank..... Richland  
 Bank of Rothville..... Rothville  
 Farmers & Merchants Bank..... St. Clair  
 Bank of Sullivan..... Sullivan  
 Bank of Tuscumbia..... Tuscumbia  
 Bank of Wellsville..... Wellsville  
 Bank of Wheaton..... Wheaton

TENNESSEE

Cottage Grove Bank & Trust Co.—  
 Cottage Grove  
 The First State Bank..... Henderson  
 Henry Branch of the Commercial  
 Bank & Trust Co., Paris, Tenn..... Henry  
 Jack's Creek Bank..... Jack's Creek  
 Central State Bank..... Lexington  
 McKenzie Banking Company..... McKenzie

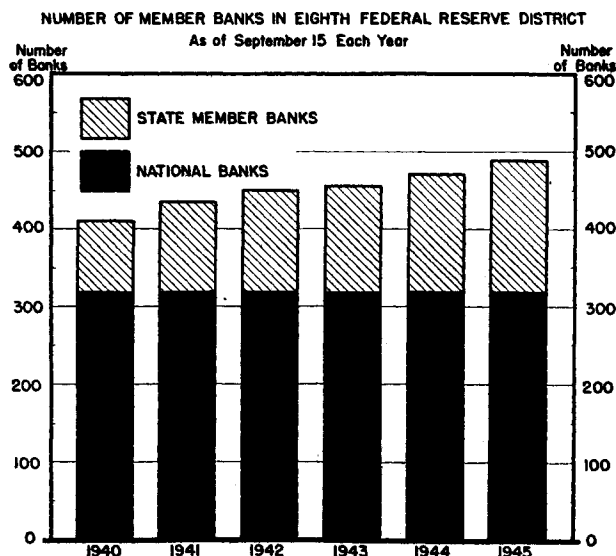
Commercial Bank & Trust Co.....	Paris
First Trust & Savings Bank.....	Paris
Farmers Bank & Trust Co.....	Puryear
Bank of Ripley.....	Ripley
Farmers Union Bank.....	Ripley
The Bank of Sharon.....	Sharon
Bank of Commerce.....	Trenton
Bank of Trenton & Trust Co.....	Trenton

### NEW MEMBER BANKS

Since the last issue of this review the Farmers Bank of Lincoln, Lincoln, Missouri, became a member, bringing the total membership of the Federal Reserve Bank of St. Louis to 490 banks holding over 70 per cent of the deposits of all banking institutions in the Eighth District.

Lincoln is located in Benton County about 21 miles south of Sedalia. The Farmers Bank of Lincoln was chartered January 11, 1890, and has a capital of \$25,000, surplus of \$25,000 and deposits of approximately \$940,000. Its officers are J. A. Autrieth, President; John W. Guthrie, Vice-President; S. O. Brill, Cashier; A. D. Hunt, Assistant Cashier, and Addie Love, Assistant Cashier. It is the fourteenth state bank in the Eighth District to join the System in 1945.

In the last five years 80 state banks in the Eighth Federal Reserve District have become members of the Federal Reserve System. Eighth District state bank membership thus has increased 88 per cent in that period.



### WHOLESALE

Lines of Commodities	Net Sales		Stocks
	August, 1945 July, '45	compared with Aug., '44	
Data furnished by Bureau of Census, U. S. Dept. of Commerce.*			
Automotive Supplies .....	+ 13%	+ 21%	.....%
Boots and Shoes.....	+ 30	— 5	.....
Drugs and Chemicals.....	+ 7	+ 5	.....
Dry Goods .....	+ 11	+ 21	—27
Electrical Supplies .....	+ 6	+ 13	+49
Furniture .....	+ 30	— 20	—30
Groceries .....	+ 12	— 3	— 2
Hardware .....	+ 14	— 3	.....
Plumbing Supplies .....	+ 20	+ 60	.....
Tobacco and its Products.....	+ 23	+ 3	— 8
Miscellaneous .....	+ 11	— 6	—14
Total all lines**.....	+ 12	— 8	—18

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

### CONSTRUCTION

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1945	1944	1945	1944	1945	1944	1945	1944
Evansville .....	450	7	\$ 137	\$ 23	151	111	\$ 65	\$ 37
Little Rock.....	58	26	108	76	133	220	43	85
Louisville .....	73	49	714	152	33	35	20	23
Memphis .....	338	248	832	358	206	222	119	96
St. Louis.....	146	111	1,432	214	246	204	501	201
Aug. Totals.....	1,065	441	3,223	823	769	792	748	442
July Totals.....	707	572	1,704	454	862	675	693	316

### BANKING

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

(In thousands of dollars)	Sept. 19, 1945	Change from	
		Aug. 15, 1945	Sept. 20, 1944
Industrial advances under Sec. 13b.....	\$ .....	.....	.....
Other advances and rediscounts.....	30,550	+ 21,900	+ 4,030
U. S. securities.....	1,045,844	+ 33,401	+389,707
Total earning assets.....	1,076,394	+ 55,301	+393,737
Total reserves .....	577,668	+ 12,818	+105,353
Total deposits.....	643,774	+ 339	+ 80,478
F. R. notes in circulation.....	1,010,208	+ 15,555	+172,708
Industrial commitments under Sec. 13b.....	.....	.....	.....

#### PRINCIPAL RESOURCE AND LIABILITY ITEMS OF REPORTING MEMBER BANKS

(In thousands of dollars)	Sept. 19, 1945	Change from	
		Aug. 22, 1945	Sept. 20, 1944
Total loans and investments.....	\$1,929,153	— 36,389	+270,565
Commercial, industrial, agricultural loans*	244,573	+ 3,777	+ 25,623
Loans to brokers and dealers in securities	8,391	+ 330	+ 1,725
Other loans to purchase and carry securities .....	44,604	— 5,298	+ 18,660
Real estate loans .....	67,247	— 336	+ 2,642
Loans to banks.....	2,595	+ 146	+ 1,281
Other loans .....	88,194	+ 1,717	+ 11,133
Total loans .....	455,604	— 3,098	+ 61,064
Treasury bills .....	33,154	— 12,998	— 6,909
Certificates of indebtedness.....	247,043	— 16,907	— 79,083
Treasury notes .....	328,512	— 2,406	+ 99,933
U. S. Bonds .....	729,690	+ 2,869	+195,501
Obligations guaranteed by U. S. Govt.....	524	+ 1	— 23,556
Other securities .....	134,626	+ 1,888	+ 23,615
Total investments .....	1,473,549	+ 33,291	+209,501
Balances with domestic banks.....	112,364	— 10,195	+ 545
Demand deposits—adjusted** .....	1,098,731	+ 15,076	+128,383
Time deposits .....	328,086	+ 6,838	+ 70,969
U. S. Government deposits.....	247,890	— 67,066	+ 23,522
Interbank deposits .....	586,659	+ 10,200	+ 90,235
Borrowings .....	28,700	+ 18,750	+ 2,200

\*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.

# National Summary of Conditions

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

**Industrial production**—Industrial production declined 11 per cent in August, reflecting primarily the sharp curtailment of activity in aircraft, shipbuilding and ordnance plants in the last half of the month, and the Board's seasonally adjusted index was 188 per cent of the 1935-39 average as compared with 211 in July.

The largest part of the decline was in the machinery and transportation equipment industries, where activity during the month averaged about 20 per cent below July. Output of steel and of nonferrous metal products likewise declined with the sudden elimination of almost all military demands. In September steel output increased with the receipt of orders in large volume from the automobile and other steel-consuming industries now rapidly converting to civilian production. Output of lumber and stone, clay and glass products declined slightly in August.

Production of nondurable goods in August was also below the July level, reflecting primarily military contract cancellations affecting output in the chemicals and rubber products industries. Cattle slaughter at Federally inspected plants rose sharply in August and the first two weeks of September. Output of shoes and newspaper publishing activity also increased in August. Output of textiles, most manufactured food products, and other nondurable goods showed little change or declined slightly. Immediately after Japan's capitulation, rationing was ended for gasoline, fuel oil, and canned fruits and vegetables. Increased supplies of dairy and meat products and tobacco products were also made available for civilians.

Minerals production declined somewhat in August reflecting chiefly a 4 per cent decrease in coal production. In the first part of September output of bituminous coal advanced. Crude petroleum output was maintained in August at the record July level, but due to the substantial decline in military demands for petroleum products, the production rate in the first half of September was about 8 per cent below August.

Awards for the construction of privately-owned factories and commercial buildings continued to increase sharply in August. Contracts for private residential construction were awarded at about the same rate as in June and July, which was about twice the value of awards in the summer of 1944.

**Distribution**—Railroad shipments of revenue freight in the last two weeks of August and the early part of September were in almost as large a volume as in the period prior to the week of Japanese surrender and only 7 per cent smaller than during the same period last year. In the middle of September shipments of most classes of freight were as large or larger than a year ago; loadings, however, of miscellaneous manufactured products which include munitions were at a reduced level.

**Commodity prices**—Prices of agricultural commodities declined from the early part of August to the early part of September but since that time have increased somewhat.

Maximum prices of petroleum products have been reduced somewhat since the early part of August, owing to lower transportation charges, while maximum prices of cotton goods, building materials, and various other industrial commodities have been increased.

**Agriculture**—Crop prospects continued to improve during August and total production is expected to equal the record harvests of 1942 and 1944. Cotton production, however, is forecast at only 10 million bales, which is about 2 million smaller than last year's crop and the average for the past 10 years. Total carryover of raw cotton in this country on August 1 was about 11 million bales, slight more than in the two previous seasons.

**Bank credit**—In the first month of peace, Federal Government expenditures though reduced were still well in excess of receipts, and war loan balances at commercial banks were accordingly reduced. Adjusted demand and time deposits of weekly reporting banks increased by 1.8 billion dollars during the five weeks ended September 19, while war loan balances at these same banks declined by 3.4 billion. Thus, as in other periods between Treasury financing drives, Treasury expenditures tended to increase deposits of business and individuals at small banks more than at large ones.

Reserve funds during the five-week period were supplied by an increase of 1.1 billion dollars in Reserve Bank holdings of Government securities and by a small increase in member banks borrowings from the Reserve Banks. This increase met the currency outflow and increased average reserve balances by close to 550 million dollars; this was about as much as the increase in required reserves, and excess reserves remained near one billion dollars.