



# 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

Volume XXIX

FEBRUARY 1, 1947

Number 2

## A Program of Regional Economic Development

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In an article appearing in this Review last month, Mr. Chester C. Davis referred to the interest of the Federal Reserve Bank of St. Louis in the problem of regional development. The concern of this bank with the promotion of balanced economic development in the district is not a new or passing one.

The entire Federal Reserve System has an interest in encouraging economic stability and growth in the various regions of the nation. It is obvious that a nation with our far-flung and diversified economic interests would show considerable variation in economic activity from one section to another. Even with the growth of interdependence of all parts of our economy it remains true that a sound balance of agricultural, commercial and industrial activity within any particular region is the basis for national stability.

The immediate responsibility of the Federal Reserve System is the maintenance of a sound structure of credit and the supervision of monetary policy. However, since financial and monetary strength is an outgrowth of fundamental economic conditions which promote stability, the concern of the System with promotion of regional development is clear. Moreover, it is essential to the formulation of sound monetary and credit policy that as complete factual information as possible concerning economic developments throughout the nation be made available.

Perhaps it can be summed up this way: This nation is too vast in its economic ramifications

to permit understanding in terms of national totals or averages alone. If sound policies are to be developed, we must have available information concerning conditions in the various parts of the nation's economy.

The Eighth Federal Reserve District, served by the Federal Reserve Bank of St. Louis, has a peculiar interest in this problem of regional development. In some respects the Eighth District is typical of the nation as a whole. It is centrally located and consequently, in environment, is part north, part south, part east, and part west. It has major manufacturing areas, primary distribution centers, and most types of agriculture that flourish in the United States. Its industry is very well diversified—the St. Louis industrial area alone contains two-thirds of the various manufacturing types classified by the Census of Manufactures. Its basic resources are equally well diversified—it produces commercially, coal, gas, oil, lumber, lead, zinc, manganese, fluorspar, bauxite, iron, and a host of other raw materials, even including diamonds. It produces more cotton than any other Federal Reserve district, but is also a primary producer of corn, oats, tobacco, rice, wheat, truck crops and fruit. Each of the five basic farm commodities is grown in sizable volume in the district. It has and is aware of the Negro problem, the soil conservation problem, the slum problem, and a multitude of other problems common to the national scene. For these reasons the Eighth District is an excellent laboratory for the study of national problems on a smaller and more workable scale.

## **ECONOMIC PROBLEMS OF THE EIGHTH DISTRICT**

In other respects the problems of the Eighth District differ from the national picture, and in that variation they point up some of the more serious economic problems that we must face. This is a district which is in process of change from an older form of agriculture to a newer, more balanced type of farming, and it is also a district which typifies the shift from agricultural to industrial activities in a marked degree. The southern portion of this district in particular, including the State of Arkansas and parts of the States of Kentucky, Tennessee and Mississippi, reflects the "growing pains" of the Old South as the area shifts from its heavy dependence on cash crops, such as cotton and tobacco, to a more diversified use of the soil, and as industrialization spreads more rapidly than in other sections of the nation.

The Eighth District, in so many respects typical of the nation, is out of line in that it has a less-than-average per capita income. It faces the problem of catching up with the national average, a problem which has characterized the less industrialized regions of the nation.

Among the special problems of economic development in this district are those of improving the balance in agricultural production, increasing the industrialization of rural areas, and the task of urban redevelopment. In the December issue of this Review an article on "Agricultural Changes in the Mid-South" emphasized the rapid shifts which have taken place from the older cotton economy in that region to a more diversified type of agriculture. Throughout the entire district substantial improvement in per capita income on the part of the farming population can be secured through improvements in soil conservation and farm management practices.

One of the most challenging opportunities in these middle states centers in the possibility of industrialization in the smaller cities and towns. Much is now happening on this front, but it is important to make sure that in addition to the legitimate interest which each community has in industrial expansion, a sound over-all program for the region results. We need to know our industrial resources better, and we need to develop a program for their more effective utilization.

All larger cities and metropolitan areas are facing problems of economic development or, perhaps we had better say, redevelopment. Eighth District cities are no exception. A metropolitan area such

as St. Louis is facing many problems which result from the growth of population and of industrial and commercial activity. As in all such centers, difficult questions of public finance, of depressed business and residential areas, and of traffic congestion have given birth to metropolitan planning organizations which are struggling with these economic problems. Just as depletion of the soils is a problem calling for wise management and earnest thought, so are the problems of loss of urban property values through deterioration, and the myriad problems of transportation which focus in an urban center. Moreover, the social problems of health, education and recreational opportunities are fundamentally tied to the questions of economic development and economic planning within such an area.

Running through all of these problems of economic development is the common thread of necessary financing method. It is probably fair to say that our technical knowledge of desirable soil conservation practices and of the engineering and planning requirements of metropolitan areas is much more advanced than is the development of appropriate and adequate means of financing these needed improvements and adjustments.

The contribution of this bank to the solution of the problem of balanced farm production has been in the encouragement of a sound program of bank credit for soil conservation. In the matter of industrialization of the area, no question is more important than that of capital investment, its availability and sources. And one needs only to read the newspapers to discover that the chief difficulty in the way of developing needed improvements in most metropolitan areas is financial. Hence the pervading interest of this bank and its member banks in the whole range of problems of economic development of the district. It is not primarily a question of adequacy of funds. It is a question of devising methods, procedures and programs both in the field of private and public finance that will facilitate these developments.

### **A PROGRAM OF REGIONAL RESEARCH**

In the interest of facilitating regional development, this bank has inaugurated a program of regional economic research. There are no new or particularly unique ideas involved in this program, nor is it a program which this bank can develop on its own responsibility. It must be a cooperative venture in which many agencies, private and public, join. We visualize this regional research program in three steps.

The first is a rather dull and routine activity but one which is essential. It consists of bringing together in compact usable form comprehensive economic information concerning all of the states, counties and political subdivisions making up the Eighth Federal Reserve District. With the cooperation of many other organizations and agencies this information is being gradually drawn together.

The second step consists of publication of articles and pamphlets which present parts of this information in the interest of broader public understanding of the problems. Beginning with the November, 1946, issue of the Monthly Review published by this bank, we have inaugurated a series of special articles dealing with certain phases of economic development in the district. We invite the cooperation of readers in suggesting particular topics for inclusion in this series of articles and in suggesting ways of improving the material and making it more useful. From time to time it is expected that the studies will result in special publications. As an illustration, the emphasis on soil conservation has resulted to date in one or two publications which have had rather wide circulation throughout the district. Some 17,000 copies of "Bank Credit for Soil Conservation" have been distributed to bankers and others interested in the development of better balanced farming.

The third step might be described as an extension activity of this research program. It consists of meetings and conferences which are arranged with individuals interested in particular problems of economic development. Over a period of fifteen months this bank has been promoting the development of soil conservation and balanced farm production through a series of meetings held throughout the district. To date, 27 meetings have been held in five of the seven states represented in the district—Mississippi, Arkansas, Tennessee, Kentucky and Illinois—with a total attendance of approximately 3,000, mostly country bankers and key farmers. While this bank has sponsored and arranged the meetings, in all instances the state bankers association, the state university, the soil conservation service and other agencies have cooperated in promoting the meetings, and the state university and other groups have helped in providing speakers and illustrative material.

As a follow-up of these meetings we are discussing with interested groups the possibility of additional series of meetings dealing with the proper development of pasture acreage and with the development of forestry and use of timber resources.

More recently arrangements have been made to initiate some discussions of problems of economic development with a group of bankers and businessmen in one or two cities in the district. Out of these discussions it is hoped that a particular program may develop in the industrialized and urban areas somewhat paralleling the farm development program now under way. It is also planned to schedule some discussion groups among the bankers concerned more specifically with credit and financial problems.

If such a program is to succeed there must be close cooperation among the many groups interested in the economic development of the region. The job is of such size that it would be a great misfortune to have duplication of effort. A pooling of all resources and energies is essential. In the agricultural program splendid cooperation has been received from the bankers, the university groups, and the various Governmental agencies concerned with soil conservation, as well as interested private individuals.

Contacts are being established with the various state and metropolitan planning bodies throughout the district and with national and regional groups that are interested in these problems of regional economic development. Cooperative arrangements have been set up with such agencies as the research committee of the Cotton Council, the National Planning Association's committee of the South, the Council of Economic Advisers to the President, and the Committee for Economic Development. In the latter four instances, officers of this bank are serving on the committees of these organizations and endeavoring to coordinate the research work of this bank with the broader programs of these agencies.

Fact gathering and analysis will not in and of itself produce solutions of economic problems. Nevertheless, such studies are essential first steps in providing the background of knowledge necessary to policy formulation.

The task of regional economic development is much too large for any single organization to undertake successfully. This bank is devoting its limited resources to two objectives.

1. The coordination of some of the factual material relating to economic conditions in the district.
2. The encouragement of cooperation among the many agencies which in the final analysis have the resources and the capacity to carry out the task of creating a stable, high level economy in this district which is at the very heart of America.

## A Review of 1946

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General business activity in the Eighth District in 1946 was at a record peacetime level. In some lines performance was equal to or above the peak war years. Construction volume, in terms of value, was greater than in any year except 1941 and 1942 when the war plant expansion program was in full sway. Nonagricultural employment and income rose steadily during the year, and higher prices for agricultural products resulted in an increase in farm income. Retail trade volume was at an all-time peak. Taking the year as a whole, manufacturing establishments operated at a lower level than in 1945. Production in the first half of 1946 averaged substantially less than in the comparable period in 1945 when war manufacturing was still a major factor, but in the last five months of this year manufacturing output was well above that of the last five months of 1945. Coal and lead mining output also declined but crude oil output was larger than in the previous year.

Although over-all activity was at a high level in 1946, the district economy did not function as smoothly as might be inferred from the record. The large volume of output was achieved in the face of numerous difficulties. One great advantage was that physical reconversion of plant and equipment was largely completed during the last part of 1945, particularly in the nondurable goods industries where production of war goods had required few changes from normal peacetime operations. In the heavy industries the change-over from war production to manufacture of civilian goods was more difficult. However, even in the durable goods industries, physical reconversion was well along at the opening of 1946.

In some respects the transition was less difficult in the Eighth District than in many other parts of the country. While output was curtailed early in the year as a result of work stoppages in the basic industries, the decline in over-all business activity was not as precipitous here as in the major steel and automobile producing centers. Neither was industrial output affected by the coal strike in early 1946 to the degree characteristic of other regions.

In part, the ability of the district economy to move upward during the year in the face of major nationwide disturbances reflects the broadly diversified character of industry in the area. It also reflects the fact that the proportion of district productive capacity involved in war goods production com-

pletely dissimilar to normal operations was smaller than in many other sections and thus the transition to peacetime operations was facilitated here. The expansion of existing facilities and the operation of new enterprises also contributed to the upward trend during the year. Finally, the high level of agricultural income in 1946 was of major importance in maintaining district income.

### EMPLOYMENT

The upward trend in business activity during 1946 resulted in the achievement of a substantially higher level of employment by the end of the year, and in the year the number of unemployed workers was reduced considerably. For the district as a whole, total nonagricultural employment in December averaged about 10 to 15 per cent larger than in January. The number of women employed in district industries declined through most of the year but began to level off in the closing months. Employment of World War II veterans increased during the year, although at the year-end unemployed ex-servicemen constituted a large proportion of the total unemployed in the district.

The number of regular unemployment compensation claims filed by applicants in the major industrial areas of the district declined steadily throughout the year and in December averaged about 50 per cent of the number filed in January, 1946. The drop in claims was greater than the reduction in the number of persons unemployed, however, as in part it reflected exhaustion of benefits.

The past year was one of apparent contradictions in the field of employment in view of the fact that labor shortages and surpluses existed coincidentally. While the labor scarcities varied as between industries, there were continuing shortages of certain types of workers throughout the year. Particularly was this true of skilled office workers, construction workers, and certain types of factory machine operators. In contrast, many regions had surpluses of other kinds of workers.

The withdrawal of women from employment in industry in this district was at a relatively rapid rate during the first part of 1946. However, during the latter months the decline was retarded, partly due to seasonal influences, particularly in the trades and services, and partly due to higher living costs, which made it necessary for increasing numbers of women to return to work in order to supplement family incomes.

## INDUSTRY

Total industrial activity in this district trended upward throughout 1946, but within the industrial structure divergent movements were apparent. In general, durable goods production, except the basic steel industry, was at its lowest point in the first quarter and increased considerably more than non-durable goods during the remainder of the year.

Industrial power consumption in the major district cities averaged 12 per cent higher in the June quarter than in the first three months. In the third quarter, industries increased their use of power an additional 12 per cent, and in the final quarter held their consumption at about the same level as in the previous three months.

Among the important developments in 1946 were the widespread growth of new industries in the district and the disposal of a substantial number of war plants to peacetime operators. The development of new enterprises and the expansion of existing facilities reached major proportions during the year in virtually all parts of the district. Part of this movement was facilitated by the availability of surplus war plants. For example, a portion of the ordnance plant at Milan, Tennessee was purchased by a manufacturer of footwear. In Evansville, the large aircraft plant has been converted to the manufacture of refrigerators and coolers. Much of the aluminum processing capacity and the synthetic rubber capacity in the district has been taken over by their wartime operators. Current production is considerably smaller than during the war years, but substantial employment has resulted from these continued operations.

**Steel**—After operating at less than one-third of theoretical capacity during the first half of the year, the basic steel industry in the St. Louis area increased its schedules during the third quarter and in the last three months of 1946 operated at an average of 60 per cent of capacity. Through August, production was below that in the comparable months of 1945. In September, the industry's operating rate climbed above that of a year earlier and in the remainder of the year not only averaged above the fourth quarter of 1945 but was at the highest level since the second quarter of that year.

**Lumber**—Production of lumber in district states during 1946 is estimated at approximately 5.4 billion board feet. During the first nine months, production was as large as in the entire previous year, despite adverse weather conditions early in 1946, shortages of equipment and skilled labor and dissatisfaction with respect to price ceilings during

most of the year. The latest available figures indicate gains over 1945 ranging from 24 per cent in Indiana to 39 per cent in Illinois. The increase in district output during the year was substantially greater than in the nation as a whole. In the first nine months, district production amounted to 16 per cent of national output as compared with 14 per cent in the same period of 1945.

**Shoe Manufacturing**—Production of shoes in district establishments in 1946 reached the highest level on record, totaling an estimated 88 million pairs as compared with 84 million in 1945 and 85 million in the previous peak year of 1941. The performance of the industry in 1946 was particularly noteworthy in view of the difficulties experienced during most of the year in maintaining an adequate flow of raw materials inventories. Hides, skins and leather were in extremely short supply, in part due to the low volume of livestock receipts through legal channels and in part due to artificial scarcities resulting from the storage of hides and skins by dealers and others in the first half of 1946 in anticipation of revisions or revocations of the then existing price ceilings. By the end of the year the sharp advance in raw materials prices following decontrol and subsequent increases in shoe prices had resulted in varying degrees of consumer resistance, and current trade reports indicate the possibility of a softening in shoe prices early in 1947, particularly in the higher-priced lines.

**Meat Packing**—Activity in the meat packing industry in 1946 was below the 1945 level in terms of total number of animals slaughtered. Although receipts of livestock declined through the first three quarters of 1946, extraordinarily large shipments to market in July, as a result of the temporary lapse of price controls, and in the final quarter, after the collapse of OPA, were almost sufficient to offset the low level of receipts in the balance of the year. In the St. Louis area, total slaughter of livestock under Federal inspection amounted to 4.4 million as compared with 4.7 million in 1945. Most of the decline was in the slaughter of cattle and calves, although the number of sheep killed also was less than in 1945.

**Whiskey**—Although Kentucky distilleries operated far below capacity during 1946 as a result of restrictions on the quantity of grains allocated to the industry, whiskey production in the first eleven months was 35 per cent larger than in the same period of 1945. During the early part of 1946 the industry received quotas of grains sufficient to maintain operations for about fifteen 8-hour days per month. By midyear, allocations were reduced

to a point where production was restricted to about nine 8-hour days, and operations continued at this level through most of the remainder of the year. Restrictions on grain usage were eased somewhat in the final quarter and supplies of grains available to the industry were increased slightly, resulting in some gain in output of whiskey.

**Mining and Oil**—Coal production in the Eighth District during 1946 was sharply curtailed as a result of work stoppages in the second and fourth quarters. Total output amounted to 165 million tons as compared with 184 million tons in 1945. About 40 per cent of the coal mined in the district during the year was produced in Kentucky. Illinois mines accounted for 37 per cent of the district output. Production in Indiana represented 14 per cent of the total and 9 per cent was produced in the remainder of the district, largely in Arkansas.

Production of crude oil increased slightly in 1946 for the first time since 1940, and amounted to almost 122 million barrels as compared with 119 million barrels in 1945. Although reports indicate that output in Arkansas fields declined during the year, increases occurred in Illinois, Indiana and Kentucky.

**Construction**—The value of both residential and nonresidential construction in the Eighth District increased during 1946, reaching a total of \$446 million as compared with \$330 million in 1945. Residential contracts amounted to \$144 million or 4.8 times larger than in 1945, while nonresidential construction increased less than one per cent to \$302 million.

The dollar volume of construction overstates the physical volume of building actually begun or completed during the year as compared with earlier years because of the sharp increase in construction costs. Nationally, building costs at the year-end were estimated to be about 15 per cent higher than at the beginning of the year.

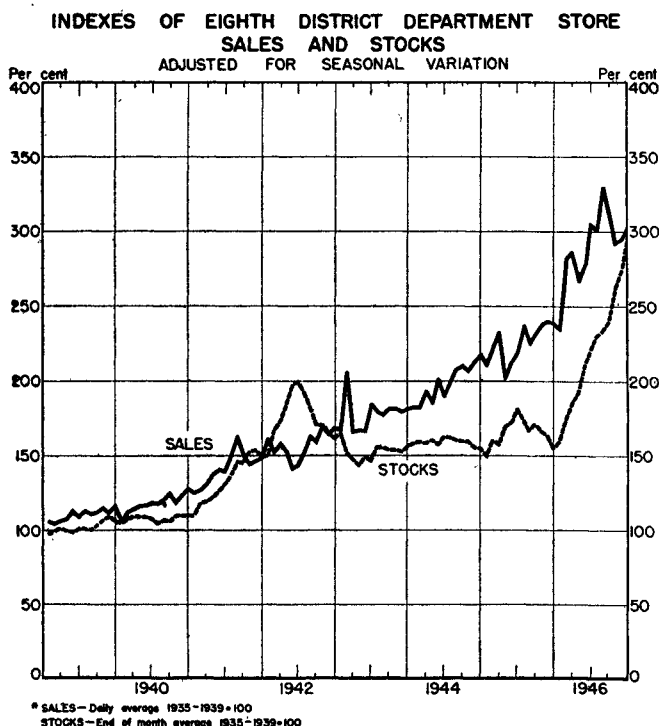
During the past year the construction industry in this district, as in the nation as a whole, was confronted with an almost unprecedented volume of demand. Residential building requirements alone, swollen by the return to civilian life of large numbers of World War II veterans whose housing needs were added to the demand which had accrued during and before the war, would have represented a substantial achievement by the industry had they been fully met. In addition to residential requirements, commercial and industrial expansion programs exerted heavy pressure on the construction industry. A third major source of demand resulted from the fact that repairs and maintenance require-

ments were large, since activity of that type was deferred during the war period except where war production warranted such use of materials.

### TRADE

The 1946 dollar volume of sales at Eighth District retail outlets was at the highest level yet recorded. Much of the increased sales volume was due to direct price advances. After midyear there was no effective price control and the Bureau of Labor Statistics Consumers Price Index advanced abruptly from 133 in June to 152 in November. The past year was marked by irregular supply of goods, and, in the later stages, by a trend toward more selective and discriminatory consumer buying and some resistance to high prices.

Normally, changes in consumer expenditures for goods and services follow rather closely changes in national income. During the war years, however, this relationship shifted considerably. With few durables available, consumers saved a larger portion of income than in prewar years. The lack of durable goods also resulted in a distortion of the relation between sales of durable and non-durable types of merchandise. During the past year, with the reappearance of many items, a movement back to the prewar relationship of expenditures to income occurred. Expenditures for nondurable goods, however, remained high relative to income, and expenditures for durables (because of low supply relative to demand) failed to reach the amount that



might have been expected on the basis of prewar experience. By the close of the year, the prewar ratio of durables expenditures to income was being approached. The key question for 1947 is whether rising sales of durables will infringe seriously on nondurables sales.

At department stores in the Eighth District the dollar volume of sales in 1946 amounted to almost \$400 million, more than double the volume in 1941. Sales might have been even larger had supplies been more adequate. As shown on the accompanying graph, daily average sales at Eighth District reporting department stores, adjusted for seasonal factors, reached an all-time high during August, 1946, with the index at 330 per cent of the 1935-39 average. Sales volume during December was 24 per cent more than in November and 25 per cent more than in December, 1945, and was the largest ever attained in the holiday month. The seasonally adjusted index of sales, however, was 303 per cent of the 1935-39 daily average, appreciably lower than in August. Some observers have taken experience in the last quarter of 1946 to mean a general downturn in retail trade is in store for 1947.

Marked sales gains from the previous year were registered in department store divisions selling durable goods. Normally, the major portion of total store sales volume has been in the nondurables divisions—mainly in sales of women's and misses' apparel. During the war years, with no durable goods available, the nondurables divisions accounted for an increasing portion of total store volume.

The 1946 dollar sales of women's and misses' apparel divisions in department stores, while about one-fifth greater than in 1945, accounted for only 35 per cent of total annual volume in 1946 as compared to 38 per cent during 1945. Men's wear divisions gained more than one-third in annual sales in comparison with the previous year and accounted for approximately 11 per cent of total store volume as against 10 per cent during 1945. Increased inventories of homefurnishings made possible a sales increase of about 75 per cent over 1945 with this division's relative position rising from 14 per cent of total store volume in 1945 to 19 per cent during 1946. Consumer demand for higher quality merchandise was reflected in 1946 sales volume of basement store merchandise where an increase of 19 per cent over 1945 compared unfavorably with an average increase of 28 per cent during the same period in main store divisions.

The erratic movement of total department store inventories which marked the wartime years was not evident during 1946. The past year saw steadily

increasing inventories, perhaps the most startling gains ever registered in a one-year period. There remained, however, serious unbalance between various lines of merchandise. Currently outstanding orders of department stores (in dollar volume) at the close of 1946 were somewhat lower than at the same time last year, but were considerably greater than in the prewar years.

Volume of sales at district furniture stores in 1946 was about one and one-half times that of 1945, a smaller gain than was recorded in the comparable divisions of department stores. Inventories at the end of the year were almost double (in terms of dollar value) those at the end of 1945.

Women's apparel stores in 1946 experienced the smallest gain over 1945 in total sales volume of any reporting retail trade line, being only 10 per cent larger. The chief factors accounting for this were: (1) The substantial decline in female employment; (2) increasing resistance to higher prices and selective buying; and (3) expectation of style changes. Inventories at women's wear stores (dollar amount) were approximately one-half again as large at the end of 1946 as on the comparable date in 1945. Unit volume of inventories was estimated at about 25 per cent larger than at the end of last year.

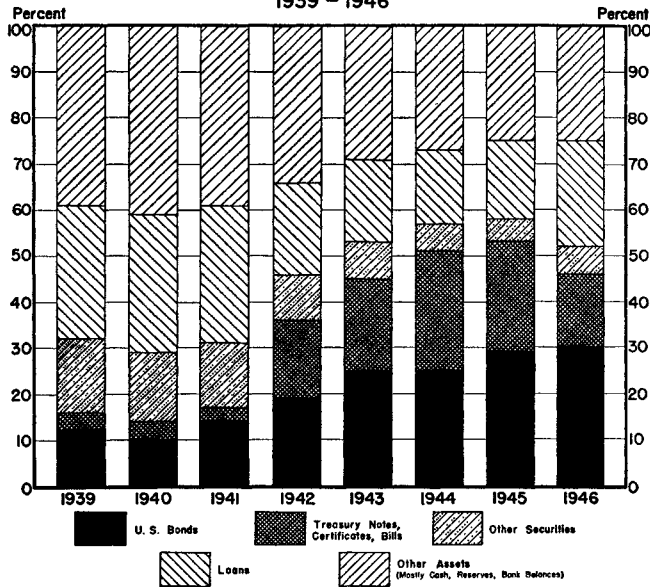
The increased sales volume during 1946 at reporting men's wear stores probably would have been more striking had a more plentiful supply of merchandise been available. The gain of 25 per cent for 1946 compared to 1945 was considerably less than the increase in the comparable men's wear divisions of department stores. Inventories of men's wear stores at the end of 1946 were about double those held at the end of 1945 but were still low relative to demand.

#### BANKING AND FINANCE

The year 1946 was unique in recent financial history. It marked the end of a long era of expansion in the national debt and in commercial bank holdings of Government securities. It was the first year since 1930 to register a net decrease in the gross Federal debt. The large cash balance built up during the Victory Loan drive enabled the Treasury to redeem \$23.2 billion of its maturing issues for cash despite a net budget deficit for 1946. The gross Federal debt, which rose from \$16 billion in 1930 to a peak of \$279 billion at the end of February, 1946, declined to \$259 billion on December 31, 1946. Commercial bank holdings of Government securities which had increased annually since 1929, except for a slight decline in 1937, also began to drop as a result of the Treasury program.

Private credit, which declined during most of the

ASSETS OF EIGHTH DISTRICT MEMBER BANKS  
1939 - 1946



war period, continued in 1946 the expansion which began in the latter part of 1945, reflecting the high level of production and employment in private industry. Business firms borrowed to meet working capital requirements and to obtain funds for plant and equipment. Consumer credit expanded as the supply of durable goods increased, despite the record amount of liquid assets held by individuals, an increase in disposal income and a sharp decrease in the rate of personal savings. Corporate security flotations also were appreciably above the wartime level and the increased expenditure for plant and equipment was reflected in a sharp rise in the proportion of the securities issued for new money instead of refunding; nearly one-half in 1946 as compared to only one-fifth in 1945.

Commercial banking, both regionally and nationally, reflected the diverse trends in private and public credit during 1946. Total earning assets of commercial banks dropped about 8 per cent, an expansion of about 30 per cent in non-security loans being insufficient to compensate for the sharp drop in Government security holdings and in loans on Government securities. Significant changes also occurred in the composition of bank assets. Loans showed the largest increase relative to investments of any year since 1929, and accounted for 30 per cent of weekly reporting member bank earning assets at the end of 1946 as compared with 24 per cent a year ago. The cash redemption program and the sale of short-term issues to secure funds for loans and reserves resulted in a substantial lengthen-

ing of maturities in Government security portfolios. At the beginning of 1946, bills and certificates constituted 29 per cent, notes 16 per cent and bonds 55 per cent of total Government security holdings of weekly reporting member banks, as compared to 17, 8 and 75 per cent respectively at the year end.

In the weekly reporting banks of this district, total loans were up \$123 million, or 20 per cent, as compared to an increase of only 5 per cent for all weekly reporting banks in the United States. The loan expansion here was not sufficient, however, to offset the decline of \$449 million in investments, the result being a net decrease of \$326 million, or 15 per cent, in earning assets.

Total bank deposits declined in 1946. The cash redemption of an estimated \$6 billion of Government securities held by nonbank investors plus the loan expansion, resulted in a \$4 billion increase in deposits of individuals and business firms at weekly reporting member banks in the United States. Government deposits of reporting member banks were off \$15 billion, however, reflecting withdrawals for the redemption of Treasury securities.

There was considerable variation geographically in deposit changes during 1946 at weekly reporting banks. Personal and business demand deposit growth averaged 8 per cent for the nation as a whole and ranged from a high of 13 per cent in the Minneapolis district to a low of 4 per cent in the Philadelphia and San Francisco districts. The St. Louis district registered an above-average gain of 12 per cent. Nationally, time deposits increased 11

INDUSTRY

| CONSUMPTION OF ELECTRICITY |                   |            |            |            |                          |          |
|----------------------------|-------------------|------------|------------|------------|--------------------------|----------|
| (K.W.H. in thous.)         | No. of Customers* | Dec., 1946 | Nov., 1946 | Dec., 1945 | Dec., 1946 compared with |          |
|                            |                   | K.W.H.     | K.W.H.     | K.W.H.     | Nov., '46                | Dec. '45 |
| Evansville ....            | 40                | 7,352      | 6,486      | 5,579 R    | +13%                     | +32%     |
| Little Rock..              | 35                | 3,633      | 3,768      | 3,383      | - 4                      | + 7      |
| Louisville ....            | 79                | 33,858     | 35,589     | 29,342 R   | - 5                      | +15      |
| Memphis ....               | 31                | 5,253      | 5,157      | 5,489      | + 2                      | - 4      |
| Pine Bluff ....            | 19                | 1,554      | 1,564      | 1,393      | - 1                      | +12      |
| St. Louis.....             | 96                | 62,220     | 58,268     | 43,601 R   | + 7                      | +43      |
| Totals .....               | 300               | 113,870    | 110,832    | 88,787 R   | + 3                      | +28      |

\*Selected industrial customers.  
R—Revised.

| LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS |           |           |                 |           |             |             |
|--|-----------|-----------|-----------------|-----------|-------------|-------------|
| Dec., '46  | Nov., '46 | Dec., '45 | First nine days |           |             |             |
|  |           |           | Jan., '47       | Jan., '46 | 12 mos. '46 | 12 mos. '45 |
| 124,085  | 109,661   | 109,245   | 30,495          | 31,739    | 1,483,070   | 1,711,510   |

Source: Terminal Railroad Association of St. Louis.

| COAL PRODUCTION         |           |           |           |                       |           |
|-------------------------|-----------|-----------|-----------|-----------------------|-----------|
| (In thousands of tons)  | Dec., '46 | Nov., '46 | Dec., '45 | Dec., '46, comp. with |           |
|                         |           |           |           | Nov., '46             | Dec., '45 |
| Illinois .....          | 4,949     | 3,943     | 6,097 R.  | +26%                  | -19%      |
| Indiana .....           | 1,875     | 1,501     | 2,222 R.  | +25                   | -16       |
| Kentucky .....          | 5,256     | 4,835     | 5,819 R.  | + 9                   | -10       |
| Other District States.. | 1,307     | 1,154     | 1,520 R.  | +13                   | -14       |
| Total .....             | 13,387    | 11,433    | 15,658 R. | +17                   | -15       |

R.—Revised.



per cent in 1946, ranging from a high of 20 per cent in the Philadelphia district to a low of 8 per cent in the San Francisco district. In the St. Louis district a 10 per cent gain was registered. United States Government deposits declined percentage-wise about the same in all districts, about 90 per cent.

**PERCENTAGE CHANGE IN LOANS, INVESTMENTS AND DEPOSITS DURING 1946, WEEKLY REPORTING BANKS, EIGHTH DISTRICT**

|   | Eighth District | St. Louis | Louisville | Memphis | Little Rock | Evansville |
|---|-----------------|-----------|------------|---------|-------------|------------|
| <b>Loans and Investments</b>                |                 |           |            |         |             |            |
| Total                                       | -15             | -17       | -23        | + 2     | - 5         | -12        |
| Loans—Total                                 | +20             | +29       | +16        | + 8     | +12         | +12        |
| Commercial, Industrial & Agricultural Loans | +24             | +41       | +28        | - 4     | + 9         | +57        |
| Real Estate Loans                           | +47             | +42       | +63        | + 73    | +73         | +33        |
| Loans on Securities                         | -44             | -42       | -35        | - 64    | -65         | -70        |
| Other Loans                                 | +57             | +45       | +55        | +107    | +37         | -15        |
| Investments—Total                           | -28             | -34       | -34        | - 9     | - 9         | -19        |
| Treasury Bills, Certificates & Notes        | -62             | -77       | -58        | - 36    | -31         | -57        |
| Treasury Bonds                              | - 5             | - 9       | -13        | + 5     | +57         | +12        |
| Demand Deposits, Adjusted*                  | +12             | + 9       | +14        | + 19    | +11         | + 9        |
| Time Deposits                               | +10             | +11       | + 5        | + 15    | +11         | + 4        |
| U. S. Government Deposits                   | -87             | -87       | -89        | - 87    | -79         | -89        |

\* Other than interbank and U. S. Government deposits, less cash items in process of collection.

Loans, investments and deposits moved in the same direction, but not at the same rate at district weekly reporting centers. The maturity distribution of investment portfolios was lengthened at all reporting centers by the cash redemption of short-term issues and at Little Rock, Evansville and Memphis by an increase in bond holdings. Even though bonds increased 57 per cent at Little Rock, these banks still had only 31 per cent of their total investments in bonds as compared to a high of 77 per cent for reporting banks in St. Louis.

The outlook for banking in 1947 is favorable. Cash redemption of Treasury securities will be con-

siderably less than in 1946, and the effects are likely to be partially offset by some further expansion in loans. Consumer loans probably will rise further as the supply of major consumer durable items increases and as individual savings are reduced. The high level of building activity anticipated in 1947 probably will result in a large volume of real estate loans. Business loans may continue to rise but probably at a slower rate than in 1946. Retarding factors are likely to be a further decrease in loans to purchase or carry U. S. securities and a much smaller increase in loans to build up inventories. It is likely, however, that loan expansion will be sufficient to largely offset the decrease in Government security holdings so that the decrease in earning assets, if any, should be relatively small. Total deposits should, therefore, be fairly stable.

**AGRICULTURE**

The year 1946 broke all previous records in total agricultural production. The aggregate volume of farm output in 1946 was 2 per cent larger than the previous record of 1942, 7 per cent above 1945, and 26 per cent in excess of the 1923-1932 average.

Last year's 3.3 billion bushel corn crop, 1.2 billion bushel wheat crop, 2.2 billion pound tobacco crop, 71.5 million bushel rice crop, and 196.7 million bushel soybean crop topped all previous records. In addition, 1946 production of potatoes, truck crops, peas, peaches, plums, and cherries also was record breaking. The oat crop (1.5 billion bushels) was of near record proportions, as was the output of peanuts and grapes. There were relatively few

**AGRICULTURE**

**CASH FARM INCOME**

| (In thousands of dollars) | November  |           | Cumulative for 11 months |             |             |
|---------------------------|-----------|-----------|--------------------------|-------------|-------------|
|                           | 1946      | 1945      | 1946                     | 1945        | 1944        |
| Arkansas                  | \$ 89,983 | \$ 53,999 | \$ 404,557               | \$ 287,787  | \$ 305,361  |
| Illinois                  | 193,618   | 119,471   | 1,261,023                | 1,071,523   | 1,078,335   |
| Indiana                   | 98,333    | 68,640    | 695,840                  | 623,633     | 623,999     |
| Kentucky                  | 28,772    | 17,369    | 333,245                  | 340,787     | 296,875     |
| Mississippi               | 63,802    | 57,827    | 320,040                  | 302,139     | 318,479     |
| Missouri                  | 114,478   | 70,446    | 742,629                  | 634,079     | 656,659     |
| Tennessee                 | 64,778    | 33,370    | 354,503                  | 280,669     | 284,796     |
| Totals                    | \$653,764 | \$421,122 | \$4,111,837              | \$3,540,617 | \$3,564,504 |

**RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS**

|                   | Receipts   |            |            | Shipments  |            |            |
|-------------------|------------|------------|------------|------------|------------|------------|
|                   | Dec., 1946 | Nov., 1946 | Dec., 1945 | Dec., 1946 | Nov., 1946 | Dec., 1945 |
| Cattle and Calves | 147,236    | 169,623    | 111,116    | 51,197     | 78,550     | 57,577     |
| Hogs              | 213,324    | 212,678    | 228,553    | 57,661     | 48,614     | 80,199     |
| Horses and Mules  | 3,552      | 3,392      | 3,123      | 3,552      | 3,392      | 3,363      |
| Sheep             | 44,604     | 50,665     | 67,645     | 6,776      | 8,370      | 15,206     |
| Totals            | 408,716    | 436,358    | 410,437    | 119,186    | 138,926    | 156,345    |

**DEBITS TO DEPOSIT ACCOUNTS**

| (In thousands of dollars)  | Dec., 1946 | Nov., 1946 | Dec., 1945 | Dec., '46 comp. with Nov., '46 | Dec., '45 |
|----------------------------|------------|------------|------------|--------------------------------|-----------|
| El Dorado, Ark.            | \$ 18,930  | \$ 15,857  | \$ 13,168  | +19%                           | +44%      |
| Fort Smith, Ark.           | 35,323     | 33,946     | 41,806     | + 4                            | -16       |
| Helena, Ark.               | 10,498     | 8,310      | 7,265      | +26                            | +45       |
| Little Rock, Ark.          | 113,208    | 104,131    | 93,194     | + 9                            | +21       |
| Pine Bluff, Ark.           | 29,348     | 25,966     | 24,126     | +13                            | +22       |
| Texarkana, Ark.-Tex.       | 10,156     | 9,071      | 9,662      | +12                            | + 5       |
| Alton, Ill.                | 21,808     | 18,763     | 18,792     | +16                            | +16       |
| E. St. L.-Nat. S. Y., Ill. | 103,386    | 98,397     | 74,604     | + 5                            | +39       |
| Quincy, Ill.               | 26,521     | 23,135     | 20,515     | +15                            | +29       |
| Evansville, Ind.           | 93,966     | 84,283     | 78,122     | +11                            | +20       |
| Louisville, Ky.            | 480,300    | 417,389    | 443,941    | +15                            | + 8       |
| Owensboro, Ky.             | 28,936     | 23,389     | 23,778     | +24                            | +22       |
| Paducah, Ky.               | 15,498     | 12,121     | 10,860     | +28                            | +43       |
| Greenville, Miss.          | 18,952     | 15,218     | 12,991     | +25                            | +46       |
| Cape Girardeau, Mo.        | 10,015     | 8,618      | 7,004      | +16                            | +43       |
| Hannibal, Mo.              | 7,374      | 6,936      | 5,859      | + 6                            | +26       |
| Jefferson City, Mo.        | 35,769     | 32,770     | 25,968     | + 9                            | +38       |
| St. Louis, Mo.             | 1,500,269  | 1,242,753  | 1,285,971  | +21                            | +17       |
| Sedalia, Mo.               | 9,707      | 8,955      | 7,573      | + 8                            | +28       |
| Springfield, Mo.           | 52,435     | 54,005     | 36,765     | - 3                            | +43       |
| Jackson, Tenn.             | 17,876     | 20,303     | 13,993     | -12                            | +28       |
| Memphis, Tenn.             | 529,411    | 465,333    | 376,699    | +14                            | +41       |
| Totals                     | 3,169,686  | 2,729,649  | 2,632,656  | +16                            | +20       |

## RETAIL TRADE

### DEPARTMENT STORES

|                                   | Net Sales                               |            | Stocks on Hand                            |       | Stock Turnover          |       |
|-----------------------------------|---|------------|---|-------|-------------------------|-------|
|                                   | December, 1946 compared with Nov., 1946 |            | 12 mos. 1946 to same period Dec. 31, 1945 |       | Jan. 1 to Dec. 31, 1946 |       |
|                                   | Nov., 1946                              | Dec., 1946 | 1945                                      | 1945  | 1946                    | 1945  |
| Ft. Smith, Ark.....               | +36%                                    | - 3%       | + 9%                                      | + 66% | 4.90                    | 5.41  |
| Little Rock, Ark.....             | +24                                     | + 9        | +20                                       | + 91  | 5.73                    | 6.13  |
| Quincy, Ill. ....                 | +30                                     | +20        | +26                                       | + 67  | 5.40                    | 5.61  |
| Evansville, Ind. ....             | +35                                     | +33        | +29                                       | + 42  | 4.21                    | 3.76  |
| Louisville, Ky. ....              | +30                                     | +27        | +30                                       | + 77  | 6.19                    | 6.40  |
| St. Louis Area <sup>1</sup> ..... | +19                                     | +31        | +30                                       | + 82  | 5.06                    | 5.25  |
| St. Louis, Mo.....                | +19                                     | +30        | +30                                       | + 82  | 5.06                    | 5.26  |
| E. St. Louis, Ill.....            | +28                                     | +77        | +54                                       | ..... | .....                   | ..... |
| Springfield, Mo. ....             | +33                                     | +19        | +36                                       | +102  | 5.61                    | 4.96  |
| Memphis, Tenn. ....               | +27                                     | +20        | +29                                       | + 82  | 5.61                    | 5.95  |
| *All other cities.....            | +30                                     | +18        | +31                                       | + 71  | 5.28                    | 5.32  |
| 8th F. R. District.....           | +24                                     | +25        | +29                                       | + 81  | 5.34                    | 5.53  |

\*El Dorado, Fayetteville, Pine Bluff, Ark.; Alton, Harrisburg, Jackson, 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: 1946—25; 1945—25; November, 1946—25; December, 1945—25.

Outstanding orders of reporting stores at the end of December, 1946, were 28 per cent less than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding December 1, 1946, collected during December, by cities:

|                  | Instalment Accounts |     | Excl. Instal. Accounts |  |
|------------------|---------------------|-----|------------------------|--|
| Fort Smith.....  | 59%                 | 40% | 76%                    |  |
| Little Rock..... | 35                  | 42  | 60                     |  |
| Louisville.....  | 49                  | 42  | 65                     |  |
| Memphis.....     | 56                  | 44  | 58                     |  |

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

|  | Dec., 1946 | Nov., 1946 | Oct., 1946 | Dec., 1945 |
|--|------------|------------|------------|------------|
| Sales (daily average), Unadjusted <sup>2</sup> .....       | 463        | 371        | 313        | 365        |
| Sales (daily average), Seasonally adjusted <sup>2</sup> .. | 303        | 294        | 293        | 239        |
| Stocks, Unadjusted <sup>3</sup> .....                      | 246        | 293        | 295        | 130        |
| Stocks, Seasonally adjusted <sup>3</sup> .....             | 292        | 274        | 263        | 155        |

<sup>2</sup> Daily Average 1935-39=100.  
<sup>3</sup> End of Month Average 1935-39=100.

### SPECIALTY STORES

|                        | Net Sales                               |            | Stocks on Hand                            |       | Stock Turnover          |       |
|------------------------|---|------------|---|-------|-------------------------|-------|
|                        | December, 1946 compared with Nov., 1946 |            | 12 mos. 1946 to same period Dec. 31, 1945 |       | Jan. 1 to Dec. 31, 1946 |       |
|                        | Nov., 1946                              | Dec., 1946 | 1945                                      | 1945  | 1946                    | 1945  |
| Men's Furnishings..... | +24%                                    | +20%       | +25%                                      | +144% | 5.93                    | 4.77  |
| Boots and Shoes.....   | +31                                     | +27        | +24                                       | +191  | 7.92                    | 10.49 |

Percentage of accounts and notes receivable outstanding December 1, 1946, collected during December:  
Men's Furnishings.....58% Boots and Shoes.....47%  
Trading days: December, 1946—25; November, 1946—25; December, 1945—25.

### RETAIL FURNITURE STORES

|                                    | Net Sales                   |            | Inventories                 |               | Ratio of Collections |            |
|------------------------------------|-----------------------------|------------|-----------------------------|---------------|----------------------|------------|
|                                    | December 1946 compared with |            | Dec. 31, 1946 compared with |               | Dec., 1946           |            |
|                                    | Nov., 1946                  | Dec., 1946 | Nov. 30, 1946               | Dec. 31, 1946 | Dec., 1946           | Dec., 1945 |
| St. Louis Area <sup>1</sup> .....  | + 7%                        | + 26%      | - 9%                        | + 65%         | 50%                  | 54%        |
| St. Louis.....                     | + 6                         | + 26       | - 9                         | + 65          | 49                   | 53         |
| Louisville Area <sup>2</sup> ..... | +38                         | + 26       | - 7                         | + 62          | 35                   | 36         |
| Louisville.....                    | +42                         | + 34       | - 6                         | + 86          | 34                   | 33         |
| Memphis.....                       | +14                         | + 8        | - 4                         | + 50          | 28                   | 29         |
| Little Rock.....                   | + 8                         | + 5        | *                           | *             | 36                   | 31         |
| Springfield.....                   | +11                         | - 0        | *                           | *             | *                    | *          |
| Fort Smith.....                    | + 7                         | + 21       | *                           | *             | *                    | *          |
| 8th Dist. Total <sup>3</sup> ..... | +14                         | + 21       | - 5                         | + 75          | 40                   | 41         |

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

<sup>1</sup>Includes St. Louis, Missouri; 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, Pine Bluff, Arkansas; Henderson, Hopkinsville, Owensboro, Kentucky; Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

### PERCENTAGE DISTRIBUTION OF FURNITURE SALES

|                   | Dec., '46 | Nov., '46 | Dec., '45 |
|-------------------|-----------|-----------|-----------|
| Cash Sales.....   | 27%       | 26%       | 30%       |
| Credit Sales..... | 73        | 74        | 70        |
| Total Sales.....  | 100       | 100       | 100       |

crops in which 1946 production was below average—cotton being the most notable example. The 1946 cotton crop was the smallest since 1895 and total output of 8,482,000 bales was one-third below average.

Weather during 1946 again was generally favorable. Small grains went into the winter in fair condition, and in the spring excellent weather put them off to a good start. Favorable conditions continued through April, but in May there was a cold spell of almost winter proportions with damaging frost prevalent over much of the midwest area. Crops were set back seriously. In late May and June, weather became ideal over much of the corn belt, although in the Ohio Valley and some other sections frequent heavy rains resulted in fields being too wet for seeding, proper cultivation, or harvest of early crops. By July 1, conditions generally had become fairly good but later dry spots developed, particularly in the Great Plains region and in a lesser degree in some other areas. Early fall rains prevented serious damage, however, and the fall season was favorable for harvest.

The farm labor situation in 1946 was generally favorable. While there may have been instances of a shortage of labor in some localities during periods of peak requirements, there was little evidence of difficulty from this source. Actually there was an abundance of workers during the harvest season in some sections of the country where a large amount of hand labor is used.

## NEW MEMBER BANKS

The Bank of Tuscumbia, Tuscumbia, Missouri and the Bank of Bluffs, Bluffs, Illinois, became members of the Federal Reserve System in January, 1946. This brings the total membership of the Federal Reserve Bank of St. Louis to 497.

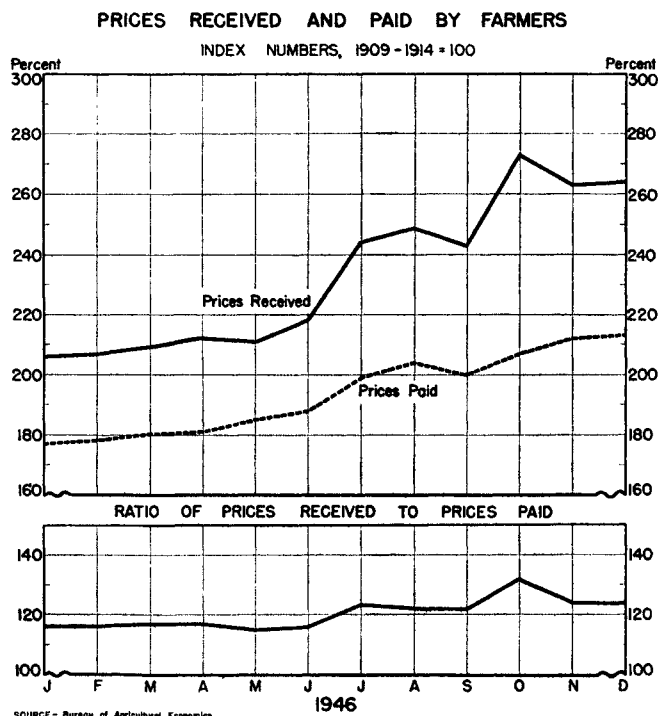
The Bank of Tuscumbia was organized in 1903. Its capital is \$30,000, surplus and undivided profits \$29,000, and total resources \$926,000. The officers are: W. S. Stillwell, President; R. M. Marshall, Vice President; Byron H. Hix, Cashier, and G. A. Berry, Assistant Cashier.

The Bank of Bluffs started as a private bank in 1893 and was chartered as a state bank in 1920. Its capital is \$50,000, surplus and undivided profits \$25,000, and total resources \$1,035,000. The officers are: J. A. Knoepfel, President; C. R. Wills, Vice President and Cashier; and Vera H. McCaleb, Assistant Cashier.

Farm equipment continued in short supply relative to the pent-up demand. Even though production was substantially above the prewar level, the backlog of demand remained largely unfilled. The supply of fertilizer was also inadequate to meet the demand. While 1946 output exceeded the prewar level of production, demand has increased greatly and considerably more fertilizer would have been used if it had been available.

Farm production in the Eighth District in 1946 followed a pattern similar to that of the nation. Output of most crops was of record or near record proportions. In much of the district, the wet spring was expected to hold back production but, particularly in Missouri and Illinois, mechanized equipment enabled farmers to offset the disadvantages of the late season. Some sections, notably northern Mississippi and parts of Arkansas, however, had poor crops. The wet spring retarded planting in both of these areas, materially reducing cotton acreage.

Prices received by farmers reached an all-time high in October, 1946. The index of prices received by farmers rose rather consistently, except for a temporary sag in September, to a high of 273 (1909-14=100) in October. Prices received dropped sharply following the October high to 263 on November 15 and were up slightly to 264 on December 15. Prices paid, including interest and taxes, followed a pattern similar to prices received,



## WHOLESALE

| Lines of Commodities  | Net Sales                |           | Stocks                      |
|---|--------------------------|-----------|-----------------------------|
|   | Dec., 1946 compared with |           | Dec. 31, 1946 compared with |
| Data furnished by Bureau of Census, U. S. Dept. of Commerce.* | Nov., '46                | Dec., '45 | Dec. 31, 1945               |
| Automotive Supplies.....                                      | 2%                       | + 31%     | .....%                      |
| Drugs and Chemicals.....                                      | 9                        | + 10      | .....                       |
| Dry Goods .....   | 6                        | + 57      | + 89                        |
| Groceries .....   | 16                       | + 29      | + 51                        |
| Hardware .....  | 9                        | + 49      | + 24                        |
| Tobacco and its Products.....                                 | -0-                      | + 15      | .....                       |
| Miscellaneous .....   | 9                        | + 29      | + 92                        |
| Total all lines**.....  | 7                        | + 37      | + 64                        |

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

## CONSTRUCTION

| (Cost in thousands) | BUILDING PERMITS |      |       |        |               |      |       |        |
|---------------------|------------------|------|-------|--------|---------------|------|-------|--------|
|                     | New Construction |      |       |        | Repairs, etc. |      |       |        |
|                     | Number           |      | Cost  |        | Number        |      | Cost  |        |
|                     | 1946             | 1945 | 1946  | 1945   | 1946          | 1945 | 1946  | 1945   |
| Evansville .....    | 30               | 32   | \$ 85 | \$ 661 | 32            | 67   | \$ 20 | \$ 183 |
| Little Rock .....   | 52               | 62   | 276   | 476    | 84            | 116  | 77    | 87     |
| Louisville .....    | 79               | 63   | 719   | 1,466  | 26            | 28   | 17    | 39     |
| Memphis .....       | 269              | 474  | 622   | 3,889  | 126           | 126  | 86    | 192    |
| St. Louis .....     | 228              | 136  | 432   | 1,189  | 152           | 139  | 307   | 202    |
| Dec. Totals .....   | 658              | 767  | 2,134 | 7,681  | 420           | 476  | 507   | 703    |
| Nov. Totals .....   | 1,032            | 773  | 3,780 | 5,484  | 526           | 771  | 544   | 783    |

## BANKING

| CHANGES IN PRINCIPAL ASSETS AND LIABILITIES |               |               |               |       |
|---|---------------|---------------|---------------|-------|
| FEDERAL RESERVE BANK OF ST. LOUIS           |               |               |               |       |
|   | Change from   |               |               |       |
| (In thousands of dollars)                   | Jan. 15, 1947 | Dec. 18, 1946 | Jan. 16, 1946 |       |
| Industrial advances under Sec. 13b...\$     | .....         | .....         | .....         | ..... |
| Other advances and rediscounts.....         | 9,958         | - 20,162      | + 5,835       |       |
| U. S. securities .....                      | 1,132,969     | + 45,597      | + 50,152      |       |
| Total earning assets.....                   | 1,142,927     | + 25,435      | + 55,987      |       |
| Total reserves .....                        | 640,716       | + 459         | + 16,080      |       |
| Total deposits .....                        | 678,584       | + 29,899      | + 14,360      |       |
| F. R. notes in circulation.....             | 1,106,771     | - 15,398      | + 53,715      |       |
| Industrial commitments under Sec. 13b       | 4,225         | - 40          | + 4,225       |       |

| PRINCIPAL RESOURCE AND LIABILITY ITEMS             |               |               |               |  |
|--|---------------|---------------|---------------|--|
| OF REPORTING MEMBER BANKS                          |               |               |               |  |
|  | Change from   |               |               |  |
| (In thousands of dollars)                          | Jan. 15, 1947 | Dec. 18, 1946 | Jan. 16, 1946 |  |
| Total loans and investments.....                   | \$1,886,501   | + 5,827       | -352,251      |  |
| Commercial, industrial, and agricultural loans*    | 438,791       | + 10,102      | + 94,654      |  |
| Loans to brokers and dealers in securities .....   | 6,162         | + 48          | - 4,490       |  |
| Other loans to purchase and carry securities ..... | 45,216        | - 3,476       | - 37,522      |  |
| Real estate loans.....                             | 101,566       | + 1,506       | + 31,873      |  |
| Loans to banks .....                               | 1,013         | - 1,091       | - 1,464       |  |
| Other loans .....                                  | 136,973       | - 9,144       | + 41,237      |  |
| Total loans .....                                  | 729,721       | + 2,055       | +124,288      |  |
| Treasury bills .....                               | 21,397        | + 6,326       | - 46,994      |  |
| Certificates of indebtedness .....                 | 103,190       | + 3,639       | -190,029      |  |
| Treasury notes .....                               | 135,344       | - 2,670       | -191,066      |  |
| U. S. Bonds .....                                  | 763,048       | + 719         | - 43,374      |  |
| Obligations guaranteed by U. S.                    |               |               |               |  |
| Government .....                                   | 368           | + 2           | - 1,484       |  |
| Other securities .....                             | 133,433       | - 134         | - 3,592       |  |
| Total investments .....                            | 1,156,780     | + 7,882       | -476,539      |  |
| Balances with domestic banks.....                  | 109,823       | + 2,114       | - 9,590       |  |
| Demand deposits—adjusted**.....                    | 1,158,826     | -16,084       | + 79,627      |  |
| Time deposits .....                                | 375,176       | + 5,017       | + 33,206      |  |
| U. S. Government deposits.....                     | 54,252        | + 3,879       | -432,928      |  |
| Interbank deposits .....                           | 640,454       | + 63,519      | - 63,620      |  |
| Borrowings .....                                   | 5,000         | - 18,900      | + 2,515       |  |

\*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.

except that the rise was less pronounced and continued upward after October 15, reaching 213 (1909-14=100), the highest level of the year, on December 15.

The parity ratio remained about constant from January to June. With the temporary relaxation of OPA controls, however, it increased to 123 on July 15 and then remained relatively constant through September. Following the termination of OPA, the ratio increased to an all-time high of 132 on October 15 and then dropped sharply to 124 on November 15, remaining there through December. Record levels of production and prices received by farmers raised farm income to an all-time high. Cash receipts from farm marketings totaled \$21.6 billion for the first 11 months of 1946 and were probably close to \$24 billion for the year as compared to the previous high of \$20.7 billion in 1945.

The outlook for agriculture continues favorable, although some declines from 1946 levels are prob-

able. Total farm production, prices received by farmers and cash receipts from farm marketings set records in 1946 which are not likely to be equaled or surpassed for some time to come. Prices received by farmers are leveling off and the future trend will probably be downward. On the other hand, prices paid by farmers have continued to rise and present indications are that any material reduction is unlikely in the near future. Thus the purchasing power of the farm dollar is declining and may be materially lower in 1947.

It is most unlikely, however, that farm production and income will return to prewar levels. Industrial production and income payments to individuals continue at or near peak levels and foreign demand for food and other agricultural products is still great. It appears, therefore, that the demand for agricultural products will be sufficient to maintain farm production and income appreciably above prewar levels.

### INDUSTRIAL ACTIVITY IN THE EIGHTH DISTRICT, 1939-1946 1939 = 100 PERCENT

