Monthly Review

FEDERAL RESERVE BANK OF ST. LOUIS

Volume XXIX OCTOBER 1, 1947 **Number 10**

Bank Loans to Farmers

The farm loan estimates presented in this article are based on the results of recent nationwide surveys conducted by the Federal Reserve System and Federal Deposit Insurance Corporation. Ninety-five Eighth District insured banks, 38 of them Federal Reserve member and 57 nonmember banks, participated in each survey.

To determine the sample, banks were classified in groups by size, class and geographic area, and individual banks were drawn at random from each group. The sample banks provided data on every fifth nonreal estate loan to farmers and every farm mortgage loan in their portfolios. Respondent banks which were members of the Federal Reserve System filled out the questionnaires as of June 20, 1947, while questionnaires for nonmember banks were filled out by the bank examiners of the Federal Deposit Insurance Corporation in the course of their bank examinations conducted during the period June 2 to July 18.

The volume of farm debt recently turned upward after declining during most of the war period. Commercial banks have always been an important source of credit to farmers and recently bank loans to farmers have risen both absolutely and relative to credit from other lending agencies. A major purpose of the agricultural loan surveys was to examine the amount and terms upon which commercial banks are extending credit to farmers.

Farmers came out of the war in a much improved financial position, and their position has continued to improve since. From the end of 1939 to the end of 1946 total farm assets more than doubled, increasing from $54 billion to $111 billion. A record level of income has enabled farmers to save substantial amounts and their liquid asset holdings (cash, bank deposits and Government securities) alone increased from about $5 billion at the end of 1939 to about $22 billion at the end of 1946. Farm indebtedness decreased from about $10 billion to about $8 billion during the same period despite a general rise in prices of goods farmers buy, and in expenses of production. As a result the farmer has increased his ownership equity considerably, the ratio of total farm assets to total farm liabilities increasing from about 5 to 1 at the end of 1939 to 13 to 1 at the end of 1946.

Trends in Farm Indebtedness—Farm indebtedness customarily has shown wide fluctuations in total amount outstanding and in the relative amount held by various lenders. During the decade, 1910-1920, total farm indebtedness increased sharply. The amount outstanding was estimated at $4.5 billion in 1910, $6.7 billion in 1915, and $12.3 billion in 1920. The earlier part of this period was characterized by expanding farm production with relatively stable prices. With the outbreak of World War I, however, higher farm production costs resulted in a substantial increase in shortterm loans to farmers. Agricultural prices rose and higher farm income initiated and nourished a spirit of optimism which soon manifested itself in heavy speculation in farm real estate. The index of farm land value per acre jumped from 103 in 1915 to 170 in 1920. Farm mortgage debt which was estimated at $3 billion in 1910 increased to over $10 billion by the end of 1920, most of the gain occurring in the war and early postwar periods.

The depression which began in the latter part of 1920 brought a sharp drop in prices received by farmers relative to prices paid, greatly impairing capacity to meet expenses and debt payments. There was a sharp drop in short-term farm loans but mortgage loans increased due in part to the refunding of short-term loans into longer term mortgages. Following the readjustments brought about by the depression, the volume of farm indebtedness remained fairly stable during the remainder of the Twenties.

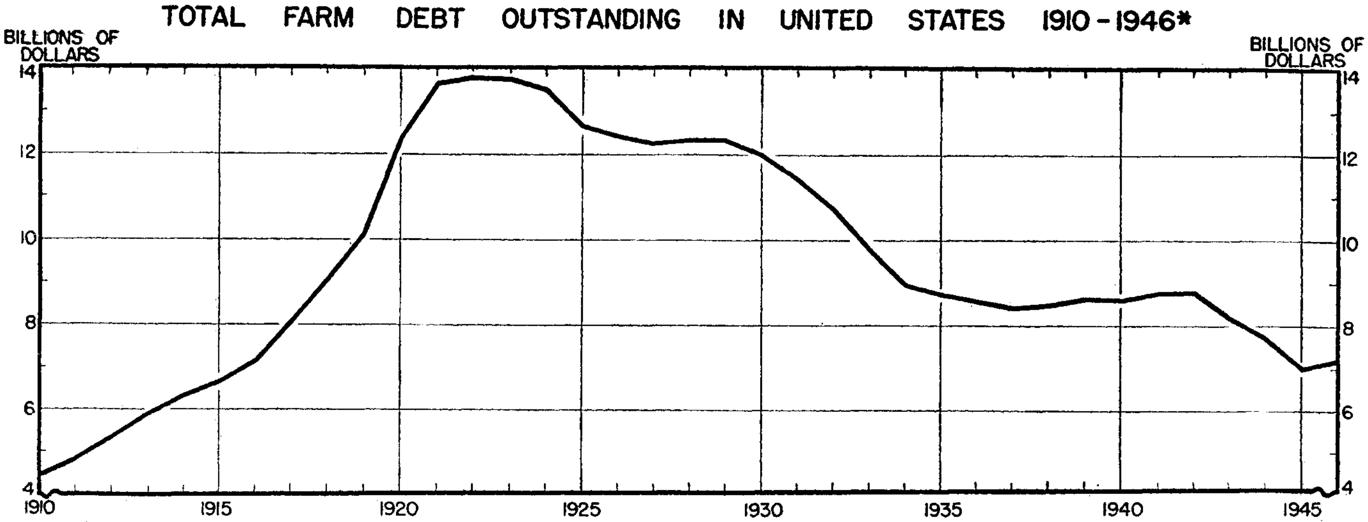
The period, 1930-1933, was one of severe deflation which was especially drastic in agriculture. The gap between farm income and expenses was widened, resulting in a severe adverse balance of payments for agriculture. A wave of farm failures caused banks to curtail loans in the face of an increasing need for farm credit. As a result many farm loans were foreclosed. The generally distressed financial condition in agriculture led to the organization of new Federal credit agencies. Farm production loans dropped from $2.5 billion outstanding at the beginning of 1930 to $900 million at the end of 1933. Inability to repay or to refund short-term loans into long-term mortgages, together with heavy foreclosures, brought a drop in farm mortgage loans outstanding from $9.6 billion to $7.7 billion during the same period. After the drastic liquidation in the early Thirties the volume of farm indebtedness leveled off and showed little change during the remainder of the decade.

One of the most significant features of the trend in farm indebtedness over the past quarter century is the contrast between what happened in World War II and World War I. World War II brought a sharp increase in prices received relative to prices paid by farmers which resulted in a substantial rise in net farm income. Instead of using this surplus as a down payment to buy more land at inflated prices thus increasing the volume of farm loans, it was used to pay off outstanding debts and to accumulate liquid assets. From the end of 1939 to the end of 1945 farm mortgage loans outstanding decreased more than 20 per cent in contrast to an increase of nearly 100 per cent from the end of 1915 to the end of 1920. In 1946, however, farm mortgage debt turned upward and registered a gain of about $170 million.

Another contrast with World War I was that despite many factors which increased farm costs, there was no substantial change in the volume of short-term farm loans during World War II. Some increase occurred in 1940 and 1941; if loans granted by the Commodity Credit Corporation are excluded, the peak of the war period was reached in 1942.

The trend of farm indebtedness in Eighth District states has been similar to that in the nation as a whole. Liquidation of farm mortgage loans was somewhat faster during the early Thirties with the result that Eighth District states' percentage of the national total decreased from 18.3 at the end of 1929 to 17.6 at the end of 1932. During the latter part of the Thirties farm mortgage debt outstanding in Eighth District states decreased somewhat more slowly than nationally, resulting in a slight increase in these states' proportion of the national total. At the end of 1945 Eighth District states accounted for 19.2 per cent of all farm mortgage loans outstanding in the United States.

TOTAL FARM DEBT OUTSTANDING IN UNITED STATES 1910-1946*



*FARM MORTGAGE DEBT JAN. 1 PLUS ANNUAL AVERAGE OF SHORT-TERM DEBT HELD BY COMMERCIAL BANKS AND FEDERAL AGENCIES

Distribution Among Lenders—Between 1929 and 1939 there were significant shifts in the distribution of farm mortgage indebtedness by lenders. The major development was the steadily decreasing importance of life insurance companies in the farm mortgage field and the increasing importance of Federal Land Banks and the Federal Farm Mortgage Corporation. At the end of 1929, life insurance companies held 22 per cent of farm mortgages outstanding and the Federal Land Banks held only 12½ per cent. At the end of 1939, however, life insurance companies held less than 15 per cent of farm mortgages, Federal Land Banks held over 30 per cent, and the Federal Farm Mortgage Corporation held 11 per cent of the total.

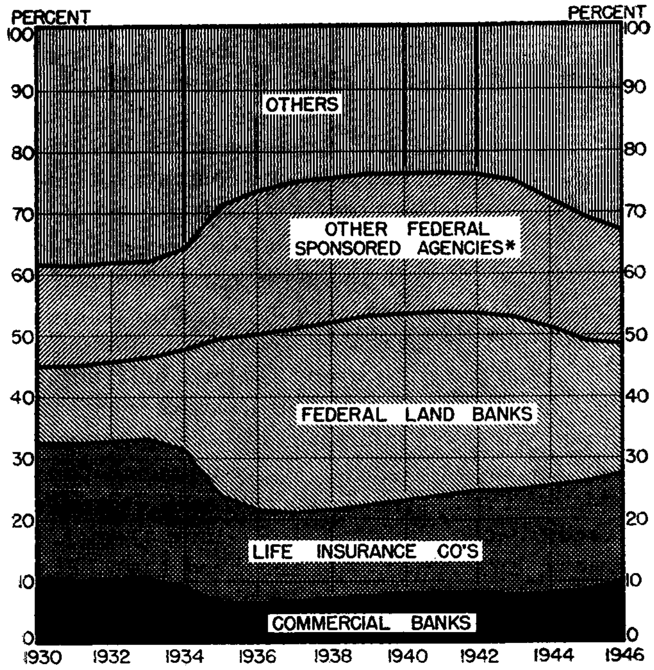
Commercial banks and other lenders, including individuals, also supplied a decreasing proportion of farm mortgage credit during the Thirties. At the end of 1929 non-institutional lenders held nearly 50 per cent of the total farm mortgage debt and insured commercial banks held 10.4 per cent, but by the end of 1939 non-institutional lenders held less than 34 per cent and insured commercial banks accounted for only 8.1 per cent.

There were several factors responsible for the shift of farm mortgage indebtedness from private lending agencies during the decade of the 1930's. The most important factor was the financial distress of the farmer which made him an unsound credit risk in the eyes of private lending sources. Another important factor was the severe curtailment of loans by private lenders induced by the general economic collapse. The large number of farm bankruptcies and the shortage of credit on suitable terms led to the establishment by the Government of special credit agencies to help the farmer and to liberalization of credit terms by some existing Federally sponsored agencies. For example, the Federal Land Banks broadened their maximum loan limits and reduced their interest rates. In 1934, Federally sponsored agencies made $1.3 billion in farm mortgage loans or nearly three-fourths of the total recorded by all lenders. Many borrowers refinanced their loans with the Federal Land Banks and the Farm Mortgage Corporation.

During the present decade farm mortgage lending has shifted back toward the private agencies. At the end of 1945 life insurance companies had increased their proportion of total farm mortgage debt outstanding to 17.4 per cent, non-institutional lenders to 43 per cent, and commercial banks to 10 per cent.

Several factors were involved in this shift back toward the private lenders. High farm real estate prices led to the sale of many real estate holdings which had been foreclosed in the early Thirties. Such sales often resulted in new loans to the purchasers and since more of these sales were made by private lenders than Government-sponsored agencies, the effect was to maintain or even increase their relative share of farm mortgages. The large increase in farm mortgages held by individuals since 1940 also suggests that many real estate sales resulted in the liquidation of institutional loans and a relative gain in mortgages held by individuals. Finally, individuals and private institutions have experienced a substantial increase in available funds and therefore have sought an outlet for these funds in loans and investments. The establishment of farm loan departments by many country banks is evidence of their interest in the farm loan market.

FARM MORTGAGE DEBT OUTSTANDING IN U. S.
BY LENDER GROUPS 1930-1946



* FEDERAL FARM MORTGAGE CORP, FARM SECURITY ADMINISTRATION, JOINT STOCK LAND BANKS

There are some important differences between the lender distribution of farm mortgage loans in Eighth District states and in the United States. Life insurance companies and insured commercial banks hold a larger proportion of the loans in this area than nationally, and Federal agencies and the "other" group, mostly individuals, account for a smaller proportion of the total. Insured commercial banks accounted for nearly 13 per cent of the total in district states at the end of 1945 as compared to 10 per cent for the country as a whole.

Considerable variation also existed among Eighth District states in the proportion of total farm mortgage debt held by commercial banks. Indiana, Kentucky and Tennessee were above the district average at the end of 1945, with percentages of 15, 24, and 26, respectively. On the other hand, Mississippi, Illinois and Arkansas were substantially below the regional average, commercial banks holding 8, 8, and 7 per cent, respectively.

Commercial banks have been the largest holders of short-term farm loans both nationally and in Eighth District states. Data for insured commercial banks are available since the beginning of 1935. At that time this group of banks held slightly more than 70 per cent of the total of such loans (including loans guaranteed by the Commodity Credit Corporation) held by commercial banks, Production Credit Associations, Federal Intermediate Credit Banks, Regional Agricultural Credit Corporations, Emergency Crop and Feed Loan Office, and the Farm Security Administration. Insured commercial banks in Eighth District states supplied an even larger proportion of the total—74 per cent. The proportion supplied by commercial banks decreased during the latter part of the Thirties, and reached a low of approximately 47 per cent in July, 1936. There was some recovery after that, but in the nation as a whole, insured commercial banks held only 54 per cent of the short-term farm loans held in July, 1942 by the institutional lenders mentioned above. The banks have improved their position considerably since that time and in July, 1946 it was estimated that they held approximately 63 per cent of the short-term loans to farmers. In Eighth District states the proportion supplied by insured commercial banks ranged from 60 to 74 per cent during the period 1939 to July, 1946.

Just as commercial banks are an important source of credit for the farmer, so is the farmer an important market for commercial bank loans. Farm loans constitute an important part of the loan portfolio of commercial banks both nationally and in Eighth District states. For example, at the end of 1939 farm loans constituted 16 per cent of all Eighth District member bank loans. This proportion, however, decreased steadily during the war and postwar periods. It amounted to only 6 per cent at the end of 1946. This decrease was due to two factors: (1) a contraction in farm loans, especially farm production loans reflecting the improved financial position of farmers, and (2) the rapid expansion in business and consumer loans, especially since the end of the war, which reduced farm loans relative to total loans.

The ratio of farm to total loans held in member bank portfolios, however, is not an accurate indication of the importance of farm credit to the individual bank. Naturally, farm loans are more important to banks in rural areas. At the end of 1939, real estate and non-real estate farm loans constituted 20 per cent of the total loans of all country member banks in the Eighth District. Although the proportion is at present somewhat smaller, such loans still constitute one of the major parts of the country bank portfolio. Furthermore, farm loans are much more important for many of the small banks in rural areas than even this average indicates.

NON-REAL ESTATE FARM LOANS*

Insured commercial banks in the Eighth District held aproximately 320,200 non-real estate loans (exclusive of CCC loans) to farmers in mid-1947 for an aggregate of $140 million. Thus, the average loan of this type held by district commercial banks was about $440.

Banks with total deposits under $2 million had 42 per cent of the total dollar loan volume, those with deposits of $2 to $10 million, 51 per cent, and those with deposits of over $10 million, 7 per cent. In number of loans they held 52, 46, and 3 per cent, respectively.

Terms of Loans—Over one-half of the non-real estate loans to farmers made by insured commercial banks were for less than $250. The total dollar value of such loans amounted to only 12 per cent of the dollar value of all non-real estate farm loans made by these banks. About 86 per cent of these loans were for less than $1,000 each and their dollar value amounted to 44 per cent of the total. Loans of less than $1,000 provided 47 per cent of the income insured commercial banks received in the form of interest on non-real estate farm loans.

The typical rate charged by district commercial banks was 6 per cent. Non-real estate farm loans which bore an annual interest rate of 6 to 6.9 per cent accounted for 53 per cent of the total number, 54 per cent of the total dollar amount, and provided the banks with 52 per cent of their total interest income from this type of farm loan.

---

* This section deals with all bank loans not secured by real estate to farmers. Such loans are for a variety of purposes—production expenses, living costs, refinancing, etc. In terms of dollar amount, by far the largest share of such loans is for production expenses. There are, however, a substantial number of loans (mostly small) for living expenses. Most of the loans are classified in the call report under "other loans to farmers" but some of them are classed under consumer loans and other categories. Loans guaranteed by the Commodity Credit Corporation are not included.

Non-Real Estate Farm Loans of Eighth District Insured Commercial Banks, by Interest Rate, Mid-1947

Annual Rate Charged	No. of Loans	Dollar Amount (Millions)	Percentage Distribution No.	Percentage Distribution Amount
Under 5%	11,100	$ 12.4	3%	9%
5 to 5.9	11,800	17.7	4	12
6 to 6.9	168,300	76.2	53	54
7 to 7.9	22,800	8.0	7	6
8 to 8.9	60,800	14.7	19	11
9 and over	45,400	11.7	14	8
Total	320,200	$140.1	100%	100%

It is significant to note that the loans which carried a low rate of interest accounted for a larger proportion of the total dollar amount than of the total number. Over one-half of the loans for $5,000 and above were made at rates below 6 per cent as compared to less than 5 per cent of the loans for amounts of less than $500.

The production cycle in agriculture is usually less than one year. This is reflected in the maturity distribution of non-real estate farm loans. Over 95 per cent of such loans held by district insured commercial banks matured within one year, and more than two-thirds within 6 months. Those

Non-Real Estate Farm Loans of Eighth District Insured Commercial Banks, by Maturity, Mid-1947

Mature Within	No. of Loans	Dollar Amount (Millions)	Percentage Distribution No.	Percentage Distribution Amount
3 months*	69,700	$ 28.6	22%	21%
3 to 6 months	152,100	61.8	48	44
6 to 9 months	48,500	19.7	15	14
9 mos. to 1 year	34,600	20.8	11	15
Over 1 year	11,000	7.2	3	5
Past Due	4,900	2.0	1	1
Total	320,200	$140.1	100%	100%

* Includes demand loans.

maturing in 9 to 12 months accounted for 11 per cent of the total number, but 15 per cent of the dollar amount, and those repayable in over one year accounted for only 3 per cent of the number and 5 per cent of the total amount. Loans for the longer maturities, though small in number, were above average in size.

A large majority of the non-real estate farm loans—93 per cent—were repayable in a single payment. This was to be expected, since most non-real estate farm loans are repaid out of products which in a majority of cases yield an income return only once or twice during the life of the loan. However, about 5 per cent of these loans were repayable in regular instalments and 2 per cent in irregular instalments.

Terms of repayment varied both with respect to size of loan and type of farm. The proportion of instalment to total loans increased with the size of loan until the rather large loans were reached. For example, only 4 per cent of the loans for amounts under $250 were repayable in instalments, the proportion gradually increasing until it reached 14 per cent of the total number of loans in the $1,500 to $2,490 and $2,500 to $4,999 brackets. None of the large loans ($5,000 and over) were payable in installments. The highest proportion of instalment loans went to borrowers engaged in truck, dairy and poultry farming. Receipts from marketing in these lines are distributed over a period of time at fairly regular intervals. No instalment loans were recorded in fruit farming where receipts are concentrated in one period of the year.

Non-Real Estate Farm Loans of Eighth District Insured Commercial Banks, by Type of Security, Mid-1947

Security	No. of Loans	Dollar Amount (Millions)	Percentage Distribution No.	Percentage Distribution Amount
Unsecured:				
Not endorsed	104,000	$41.8	33%	30%
Endorsed, comaker	62,100	20.5	20	14
Livestock	71,600	30.8	22	22
Combination of crops, machinery and livestock	52,000	29.4	16	21
Machinery	13,900	9.6	4	7
Crops	2,200	0.9	1	1
G.I. guarantee	1,000	1.2	a	1
Other security	9,400	4.2	3	3
Unknown	4,000	1.7	1	1
Total	320,200	$140.1	100%	100%

a Less than ½ of 1 per cent.

A little over half of the non-real estate farm loans held by district commercial banks were unsecured, if endorsed and comaker notes are included in this category. However, they accounted for but 44 per cent of the total dollar amount. The endorsed and comaker notes, which were considerably below average in size, constituted one-fifth of the total number but only 14 per cent of the dollar volume. The next largest group of non-real estate farm loans were those secured by livestock, this category making up 22 per cent of the number and dollar amount. A large number of farm borrowers offered a combination of crops, livestock and machinery as security for their loans. G.I. guarantees secured about 1,000 loans for a total of $1.2 million. These loans and those secured by machinery were above average in size as both groups made up a larger proportion of the dollar volume than of the total number.

Characteristics of Borrowers—The typical district non-real estate farm borrower was engaged in general farming, was operating a farm of from 70 to 140 acres, and had a net worth of $2,000 to $10,000. Borrowers, however, included a relatively large number of very small operators and a small number of large-scale operators with net worth of $100,000 and over.

The survey showed that the principal farm production credit market for district commercial banks was the general farmer. Operators engaged in general farming supplied about 47 per cent of the interest received by these banks from non-real estate farm loans. They also accounted for one-half of the loans which aggregated 48 per cent of the total dollar amount. In terms of number of loans, livestock farmers ranked second with 14 per cent of the total, cotton farmers were third with 12 per cent, and tobacco and dairy farmers were next with 7 per cent each.

Non-Real Estate Farm Loans by Size of Farm and Net Worth of Borrower, Mid-1947

Size of Farm in Acres	No. of Loans	Dollar Amount (Millions)	Percentage Distribution No.	Percentage Distribution Amount
Under 30	25,400	$ 4.8	8%	4%
30-69	54,700	13.2	17	9
70-139	118,600	36.6	37	26
140-259	79,600	42.8	25	31
260 and over	27,200	32.3	8	23
Unknown	14,700	10.4	5	7
Total	320,200	$140.1	100%	100%
Net Worth of Borrower				
Under $2,000	104,300	$ 19.7	33%	14%
$2,000-9,999	161,600	61.5	51	44
$10,000-24,999	36,600	29.2	11	21
$25,000 and over	13,500	28.1	4	20
Unknown	4,200	1.6	1	1
Total	320,200	$140.1	100%	100%

District commercial banks appear to be taking care of the credit needs of the operators of small farms which are typical of this district. Over 14,000 loans were extended to operators with less than 10 acres of land and over 100,000 loans, or one-third of the total number, to farm borrowers with a net worth of less than $2,000. Operators with farms of less than 140 acres received nearly two-thirds of the loans. The relatively large operators, however, accounted for an important part of the loan volume and of total interest receipts from farm production loans. Operators with 140 acres and over, took over one-half of the total loan volume and provided over one-half of the interest district commercial banks received from farm production loans. Those with 500 acres and over owed district commercial banks over $11 million or 8 per cent of the total.

In terms of net worth, 83 per cent of the loans for 58 per cent of the total amount were made to farm borrowers with net worth of less than $10,000. A considerable number of loans were made, however, to borrowers with substantial financial resources. There were over 12,000 loans to operators with net worth of $25,000 to $100,000, and over 1,000 loans to borrowers with net worth of $100,000 and over. These two groups accounted for 20 per cent of the farm production loan volume and about 17 per cent of the annual interest paid district insured commercial banks on such loans.

FARM REAL ESTATE LOANS

Eighth District insured commercial banks held an estimated 39,600 farm mortgage loans for a total of approximately $78 million in mid-1947. The annual interest received from these loans was slightly over $4 million or an average return of about 5 cents per dollar of such loans held.

Banks with total deposits of less than $2 million held 48 per cent of the loans and 41 per cent of the dollar amount. The next size group, with deposits of $2 to $10 million, held approximately the same number of farm mortgages for an aggregate of $39 million or 50 per cent of the total dollar volume. Banks with deposits of $10 million and over, held on the average larger loans which, although accounting for only 4 per cent of the number, made up 9 per cent of the total amount.

About two-thirds of the loans held by insured commercial banks were made for the purchase of land, about 8 per cent for the repair and construction of buildings, and about 18 per cent for miscellaneous purposes. A relatively small number of mortgages were unclassified as to purpose.

Despite the fact that the majority of the loans were for the purchase of land, the average size loan was relatively small. Forty per cent of the farm mortgages held were for less than $1,000, and over 90 per cent of them were for less than $5,000. Approximately 50 per cent of the loans were for amounts from $1,000 to $5,000.

Terms of Loans—Slightly more than one-half the number and 45 per cent of the dollar amount of farm mortgage loans held by district insured banks were repayable within one year. Farm mortgages maturing within one to five years accounted for 26 per cent of the number and 29 per cent of the total dollar volume. Only 12 per cent of the number and 21 per cent of the total dollar volume had maturities in excess of five years.

Percentage Distribution of Number of Farm Mortgage Loans held by Eighth District Insured Commercial Banks, by Maturity and Purpose of Loan, Mid-1947

Mature Within	Total	Purpose of Loan: To Buy Land	Purpose of Loan: Construct or Repair Buildings	Purpose of Loan: Other
6 months*	16%	16%	13%	17%
6 to 12 months	37	34	45	47
1 to 3 years	12	12	16	12
3 to 5 years	14	13	16	14
5 to 10 years	8	10	3	3
Over 10 years	4	5	3	**
Past due	9	10	4	7
Total	100%	100%	100%	100%

* Includes 800 demand loans for a total of $1.2 million.
** Less than 0.05%.

The purpose of a loan is usually an important factor in determining the length of time funds are needed by the borrower. Purpose of the loan, however, has had only a limited effect on the length of maturity of the farm mortgage loans covered in this survey, although the purchase of land made up a large proportion of the total in the longer term loans. Even in the short-term loans maturing within one year, approximately two-thirds were for the purpose of buying land. A very large majority of the loans maturing in over five years were for this purpose.

Two factors probably contributed to the high proportion of short-term farm real estate loans. One was the policy that some banks have of making a loan for a short period of time with the understanding that it will be renewed at maturity if necessary. The other was that a large proportion of the loans held on June 20 were made in the last two years when farm prices, farm income, and liquid asset holdings were at record levels. The improved financial condition of the farmer has tended to decrease both the length of time and amount of credit needed.

Since a majority of the farm real estate loans were short-term, it is not surprising that a majority were also repayable in a lump sum. Two-thirds of the loans aggregating 59 per cent of the dollar volume were single payment and only one-third for 41 per cent of the total dollar amount were repayable in installments.

There was some variation in method of repayment with respect to the type of farming in which the borrower was engaged. Instalment loans made up an above-average proportion of the total to borrowers engaged in cotton, truck, poultry, dairy and general farming. Sixty per cent of the loans to cotton farmers were repayable in instalments as compared to only 33 per cent of all farm mortgage loans held by insured commercial banks. Fruit, tobacco, livestock and grain farm mortgages included a large proportion of single payment loans.

The survey showed that the instalment method of repayment was growing in popularity. Practically all notes which were made prior to the war and were still being held in district commercial bank farm mortgage loan portfolios were single payment. The proportion of instalment loans increased somewhat during the war; and 41 per cent of the notes which were made in 1946 and still in the note portfolio were repayable in instalments.

Interest rates on farm mortgage loans clustered around 6 per cent, this being the rate paid on 60 per cent of such loans held by district insured banks. Approximately 88 per cent of the loans held, carried an annual rate of 6 per cent or less. A decline in farm mortgage interest rates was indicated by the fact that a larger proportion of

Annual Rate Paid on Farm Real Estate Loans Held by District Insured Commercial Banks, Mid-1947

Annual Rate (per cent)	Number of Loans	Dollar Amount (Millions)	Average Size of Loan Outstanding
4 and under*	5,900	$24.0	$4,070
5	5,500	16.5	3,000
6	23,600	34.5	1,460
7 and over	4,600	3.0	650
Total	39,600	$78.0	$1,970

* Includes less than 50 loans at 3 per cent.

the loans made in the last two years bore rates of 6 per cent or less, than had been the case in prior years. Moreover, practically all of the loans bearing a rate of 4 per cent or less were made after 1944.

The effect of the size of loan on interest rate was also evident. The small loans naturally carried the higher rates, those for 7 per cent and above averaging $650 per loan as compared to an average of nearly $2,000 for all farm real estate loans outstanding. On the other hand, the low rate loans of 4 and 5 per cent interest were considerably above average in size.

Data supplied by a sample of insured banks indicate that they are not willing to lend as large a proportion of the current selling price of farm real estate now as in 1940. In 1940 over nine-tenths of the banks which reported were willing to lend from 50 to 66⅔ per cent of the selling price at that time. About 5 per cent were unwilling to lend even 50 per cent of the selling price. In 1947, however, about one-fourth of the reporting banks were making loans only up to 40 per cent of the current selling price and only two banks of those surveyed were willing to make loans up to 60 per cent or more.

Characteristics of Borrowers—A large proportion of the farm mortgage loans held by district insured commercial banks were made to borrowers engaged in general farming. This group of borrowers accounted for 62 per cent of the number of mortgages and 60 per cent of the total dollar amount. The next largest number—3,600 or 9 per cent of the total—were advanced to operators of livestock farms. Other types of farming of importance in the district and the per cent of the total number of farm real estate loans each accounted for were: grain, 7 per cent; tobacco, 6 per cent; dairy, 5 per cent, and cotton, 4 per cent.

The relatively small farm provided the largest market for farm real estate loans. Borrowers

Farm Real Estate Loans Outstanding at District Insured Commercial Banks, by Size of Farm,* Mid-1947

Size of Farm in Acres	Number of Loans	Dollar Amount (Millions)	Average Size of Loan Outstanding
Under 30	3,600	$ 4.4	$1,220
30 to 69	10,500	13.6	1,300
70 to 139	14,900	24.9	1,670
140 to 259	7,400	20.6	2,780
260 and over	2,800	13.7	4,890
Unknown	400	0.8	2,000
Total	39,600	$78.0	$1,970

*Based on number of acres of land mortgaged.

operating less than 140 acres of land obtained nearly three-fourths of the loans, aggregating 55 per cent of the total dollar amount. Moreover, these operators supplied insured commercial banks with 57 per cent of their annual interest earned from farm real estate loans. District insured commercial banks held approximately 2,800 real estate loans to farmers with 260 acres and over. Loans to these operators were large, averaging nearly $5,000 per loan as compared to an average of about $2,000 for all farm real estate loans.

Clay J. Anderson

Survey of Current Conditions

The sharp increase in prices during recent weeks points to ever-growing dangers in the economic situation. Continued and intensified price maladjustments are persistently narrowing the chances for moderate readjustments of economic distortions. While no immediate severe slump seems likely, the probability of an eventual large-scale break is becoming greater.

The fact that prices have continued to move upward during the past year is not the result of a low absolute level of production. Actually, the physical volume of total industrial output since October, 1946, has averaged about 85 per cent larger than in 1935-39, and 15 per cent larger than in 1941. Obviously, the quantity of finished goods produced in the last twelve months is less than might be inferred from total production figures, since these indexes also measure the output of raw materials and semi-processed goods. Nevertheless, the supply situation at the consumers' level is vastly improved over a year ago, with automobiles and housing constituting the most obvious exceptions.

Although production has held at a high level, the quantity of goods produced has not been large enough to offset inflationary pressures resulting from a tremendous demand for goods. For a number of months the domestic economy has operated at or near capacity—in terms of output and employment. Full employment and record income have provided more people with more money than they have ever had before — and American consumers traditionally buy what is available when they have the money, or credit, to do so. Added to domestic demand are export requirements, a factor of particular importance in the demand for certain items. Just what the volume of future foreign shipments will be is somewhat uncertain at present. As far as domestic demand is concerned there are few convincing signs it is in serious danger of a slump in the near future. Consumers are protesting verbally against current prices but these protests have yet to be translated into any widespread refusal to buy, at any rate a refusal effective enough to result in a break in prices.

It is obvious, of course, that without compensating income increases, rising prices will force many consumers out of the market for more and more items. When the basic necessities have first claim on an abnormally large part of an individual's income, less money is available for purchasing other items. Consequently, unless consumer income continues to rise coincident with price increases, a continuation of recent trends in food costs, for example, would tend to force reductions in consumers' expenditures for non-food items which in turn would be reflected in production and employment cut-backs in the industries producing such goods.

It is worth noting that a break in the price structure similar in severity to that in 1920-1922 still would not mean extremely low prices. As a matter of fact, a decline of that magnitude applied to present prices would drop consumers' prices to about the same level as in the second quarter of 1946—just prior to the end of OPA. Average wholesale prices would be at approximately the 1942 level, while wholesale prices of manufactured goods would be about where they were in 1943.

EMPLOYMENT

Total employment in the nation dropped slightly below 60 million during August as agricultural employment declined seasonally. Nonagricultural employment continued to increase and reached an all-time high in the month. Unemployment dropped almost half a million, as many persons who had temporarily entered the labor force in early summer had left it or found jobs by August.

Between 1940 and mid-1947, total nonagricultural employment in the United States rose 35 per cent. None of the five major Eighth District cities had as large a percentage increase in nonagricultural employment as the nation. Evansville, with a 33 per cent increase, came closest to it. Corresponding employment gains in other metropolitan areas were: 32 per cent in Memphis, 31 per cent in St. Louis, 29 per cent in Little Rock and 23 per cent in Louisville. During the war years, employment increased somewhat more in these areas than in the nation, but the immediate postwar decline was sharper and recovery from that low was not sufficient to match the national average gain.

In manufacturing employment, Little Rock, Evansville, and Louisville exceeded the national gain of 46 per cent with increases of 57 per cent, 54 per cent, and 50 per cent, respectively. Manufacturing employment increased 43 per cent in St. Louis and 38 per cent in Memphis between 1940 and July, 1947. District areas had a much larger relative increase in manufacturing employment than in total nonagricultural employment during the war. They also had a correspondingly larger drop in manufacturing employment immediately after the war.

No general labor shortage is present or is expected in the district. Current demand for certain types of workers exceeds the supply, but the shortages are not very serious. Jobs difficult to fill include those requiring qualified stenographers, office machine operators and various professional and skilled workers. Generally, a small surplus of male trainees, older workers, and inexperienced office clerks exists.

INDUSTRY

Industrial activity in the Eighth District in August turned upward after the mild decline that had occurred earlier in the summer. The course of district industry thus is following rather closely the national trend. In August, industrial power consumption, building activity and output of some basic raw materials, registered increases over the levels of the previous month and the comparable month a year earlier.

Industrial power consumption in the major district cities in August was 3 per cent larger than in July and 5 per cent more than in August, 1946. Better than average gains over July were registered in St. Louis, Memphis, Little Rock and Pine Bluff; Evansville's increase approximated the combined city average; while in Louisville consumption was off 6 per cent, reflecting curtailed production of synthetic rubber and aluminum products. Power consumption in Louisville in August was also off appreciably from August, 1946.

Manufacturing—Seasonal factors affected output of some industries in this district during August but the general trend in the month was upward. Among the more important lines lumber output increased as did activity in the chemicals, machinery, and automotive lines; steel production held about the same, while declines occurred in production of whiskey and meat packing.

Scheduled operations of the steel industry in the St. Louis area continued at 65 per cent of capacity in August, a rate which has held fairly steady since June. In August, 1946, operations were scheduled at 36 per cent of capacity.

Lumber production was up in August according to preliminary estimates. Reporting Southern hardwood mills were operating at 97 per cent of capacity—up from 83 per cent a month earlier. Average weekly production of southern pine was slightly larger than in July. Both pine and hardwoods mills indicated marked increases over August, 1946.

At the end of August only 20 Kentucky whiskey distilleries were in operation. This was one less than a month earlier and was the smallest number in production on that date since 1941. Total whiskey production in Kentucky in July was 4.2 million gallons, the lowest output of any month in 1947. July, 1947 production, however, exceeded that of July, 1946, by about one-third, and 1947 production for the first seven months alone was substantially larger than the entire 1946 output. Indications are that there will be increased opera-

INDUSTRY

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	No. of Customers*	Aug., 1947 K.W.H.	July, 1947 K.W.H.	Aug., 1946 K.W.H.	Aug., 1947 Compared with July,'47	Aug., 1947 Compared with Aug.,'46
Evansville	40	9,473	9,176	7,976	+ 3%	+ 19%
Little Rock	35	4,263	3,716	3,679	+ 15	+ 16
Louisville	80	53,291	56,635	59,264R.	— 6	— 10
Memphis	31	5,306	3,762	5,144	+ 41	+ 3
Pine Bluff	22	6,450	5,867	1,218	+ 10	+430
St. Louis	99	70,917	65,734	64,775R.	+ 8	+ 10
Totals	307	149,700	144,890	142,056R.	+ 3%	+ 5%

*Selected industrial customers.
R—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

			First Nine Days			
Aug. '47	July, '47	Aug., '46	Sept., '47	Sept., '46	8 mos. '47	8 mos. '46
122,223	114,412	133,703	31,577	31,920	1,007,365	977,495

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION

(In thousands of bbls.)	Aug., '47	July, '47	Aug., '46	Aug., '47 comp. with July, '47	Aug., '47 comp. with Aug., '46
Arkansas	81.7	80.9	79.2	+ 1%	+ 3%
Illinois	174.0	181.3	207.5	— 4	—16
Indiana	17.1	17.7	18.3	— 3	— 7
Kentucky	25.2	26.2	30.8	— 4	—18
Total	298.0	306.1	335.8	— 3%	—11

TRADE

DEPARTMENT STORES

	Net Sales: August, 1947 compared with July,'47	Net Sales: August, 1947 compared with Aug.,'46	Net Sales: 8 mos.'47 to same period '46	Stocks on Hand: Aug. 31, '47 comp. with Aug. 31,'46	Stock Turnover Jan. 1 to Aug. 31, 1947	Stock Turnover Jan. 1 to Aug. 31, 1946
Ft. Smith, Ark.	+2 %	—20%	—13%	—18%	2.59	3.26
Little Rock, Ark.	+15	—14	— 3	— 9	3.07	3.78
Quincy, Ill.	+ 4	—23	+ 1	+12	2.88	3.56
Evansville, Ind.	+33	+16	+15	— 4	2.38	2.76
Louisville, Ky.	+ 4	— 8	+ 8	+ 2	3.07	4.11
St. Louis Area[1]	+ 4	— 9	+ 8	+ 2	2.55	3.37
St. Louis, Mo.	+ 4	—11	+ 6	+ 2	2.55	3.37
E. St. Louis, Ill.	+ 5	+79	+92			
Springfield, Mo.	+ 7	— 8	+ 2	+20	2.62	3.71
Memphis, Tenn.	+11	—18	+ 1	+ 7	2.78	3.73
*All other cities	+ 9	— 4	+ 4	+17	2.56	3.53
8th F. R. District	+ 7	—10	+ 5	+ 3	2.68	3.54

*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.

[1] Includes St. Louis, Mo., East St. Louis and Belleville, Ill.

Trading days: Aug., 1947—26; July, 1947—26; Aug., 1946—27

Outstanding orders of reporting stores at the end of August, 1947, were 39 per cent less th?n on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding August 1, 19?7, collected during August, by cities:

	Instalment Accounts	Excl. Instalment Accounts		Instalment Accounts	Excl. Instalment Accounts
Fort Smith	%	51%	Quincy	37%	64%
Little Rock	29	53	St. Louis	35	60
Louisville	30	50	Other cities	27	61
Memphis	34	45	8th F.R. Dist.	33	55

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

	Aug., 1947	July, 1947	June, 1947	Aug., 1946
Sales (daily average), Unadjusted[2]	264	249	259	284
Sales (daily average), Seasonally adjusted[2]	307	320	299	330
Stocks, Unadjusted[3]	273	257	267	255
Stocks, Seasonally adjusted[3]	250	247	267	234

[2] Daily Average 1935-39=100.
[3] End of Month Average 1935-39=100.

SPECIALTY STORES

	Net Sales: August,'47 compared with July,'47	Net Sales: August,'47 compared with Aug.,'46	Net Sales: 8 mos.'47 to same period '46	Stocks on Hand: Aug. 31,'47 comp. with Aug. 31,'46	Stock Turnover Jan. 1 to Aug. 31, 1947	Stock Turnover Jan. 1 to Aug. 31, 1946
Men's Furnishings	+ 9%	—22%	+ 2%	+77%	2.28	4.39
Boots and Shoes	+ 6	— 3	+ 4	+39	3.01	5.43

Percentage of accounts and notes receivable outstanding August 1, 1947, collected during August:
Men's Furnishings ....50%   Boots and Shoes....................37%

Trading days: Aug., 1947—26; July, 1947—26; Aug., 1946—27.

RETAIL FURNITURE STORES

	Net Sales: Aug., 1947 compared with July,'47	Net Sales: Aug., 1947 compared with Aug.,'46	Inventories: Aug., 1947 compared with July,'47	Inventories: Aug., 1947 compared with Aug.,'46	Ratio of Collections Aug.,'47	Ratio of Collections Aug.,'46
St. Louis Area[1]	+ 7%	+12%	— 2%	+52%	63%	64%
St. Louis	+ 5	+12	— 2	+52	69	66
Louisville Area[2]	+18	+11	-0-	+14	26	35
Louisville	+14	+10	-0-	+12	24	34
Memphis	+ 9	—10	+ 3	+ 9	22	35
Little Rock	+16	+12	— 4	+ 3	30	35
Springfield	— 7	—22	*	*	*	*
8th Dist. Total[3]	+10	+ 7	— 2	+24	41	47

*Not shown separately due to insufficient coverage, but included in Eighth District totals.
[1] Includes St. Louis, Missouri; East St. Louis and Alton, Illinois.
[2] Includes Louisville, Kentucky; and New Albany, Indiana.
[3] In addition to above cities, includes stores in Blytheville, Fort Smith and Pine Bluff, Arkansas; Henderson, Hopkinsville, Owensboro, Kentucky; Greenville, Greenwood, Mississippi; Hannibal, Missouri; and Evansville, Indiana.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Aug., '47	July, '47	Aug., '46
Cash Sales	18%	20%	26%
Credit Sales	82	80	74
Total Sales	100	100	100

tions in the near future, in spite of higher grain prices, because of fears of possible grain allotment programs due to world grain shortages.

District shoe production in July was at a new low for the year, slightly less than 7 million pairs, about 250,000 less than in June. July, 1947 output, however, was 440,000 pairs more than in July, 1946, and was the largest production for that month since 1942.

Meat packing operations in the St. Louis area decreased in August from the July level but were above that of August, 1946. The total number of animals slaughtered at St. Louis under Federal inspection in August was 393,000 compared with 465,000 in July. This decrease was due primarily to a sharp drop in hog slaughter. The number of sheep slaughtered decreased slightly, while slaughter of cattle and calves was higher than in July.

Construction—The value of building permits awarded in the major district cities in August was $8.4 million, as compared with $8.3 million in July. A sharp rise in value of building permit awards in Louisville was enough to offset declines in St. Louis, Little Rock and Evansville, while activity in Memphis remained about the same.

TRADE

At Eighth District reporting department stores during August, dollar sales were 7 per cent greater than in July but were 10 per cent under the volume in August, 1946. This less-than-seasonal increase from the previous month and the decline from the comparable period last year does not necessarily mark the beginning of a downturn in department store sales. On a seasonally adjusted basis the August, 1947, index was just about the same as that of December, 1946, and the average for the first seven months of this year. The fact that sales have not expanded, however, does indicate that rising prices have resulted in a larger share of the consumer dollar being earmarked for the necessities of living.

In terms of dollars, inventories at department stores at the end of August, 1947, were not much changed from both the previous month, and August

CONSTRUCTION

BUILDING PERMITS
(Month of August)

(Cost in thousands)	New Construction Number 1947	New Construction Number 1946	New Construction Cost 1947	New Construction Cost 1946	Repairs, etc. Number 1947	Repairs, etc. Number 1946	Repairs, etc. Cost 1947	Repairs, etc. Cost 1946
Evansville	84	68	$ 307	$ 146	109	162	$ 65	$ 209
Little Rock	130	149	753	778	246	152	172	151
Louisville	258	176	1,957	784	83	76	80	46
Memphis	821	754	2,228	1,289	163	197	389	134
St. Louis	250	258	1,863	2,042	332	302	536	906
Aug. Totals	1,543	1,405	$7,108	$5,039	933	889	$1,242	$1,446
July Totals	1,525	1,197	$7,101	$6,018	978	914	$1,194	$ 906

31, 1946. In view of the increased prices of goods, unit volume of inventories apparently is considerably lower than at the same date a year earlier.

Sales at women's apparel stores during August were 24 per cent larger than in July but were 24 per cent below volume in August, 1946. The widely publicized objections to the new styles plus some resistance to current price levels apparently has limited sales volume at women's stores. Men's wear stores in August showed an increase in sales volume of 9 per cent over the previous month but sales were 22 per cent below August, 1946. On August 31, inventory gains of 16 per cent from the end of July and 77 per cent from August 31, 1946, point to the fact that more complete lines of men's clothing are now available.

BANKING AND FINANCE

Cashing of terminal leave bonds by veterans, which began September 2, swelled Treasury disbursements and contributed to the continued rise in Eighth District reporting member bank resources during the four weeks from mid-August to mid-September. Terminal leave bonds cashed in this district up to September 20 numbered 281,005 pieces and totalled $57.7 million. Private credit continued the recent expansion which began in the early part of July. Total reporting bank resources were up sharply, the total rising to within $20 million dollars of the level of a year ago.

Earning assets of weekly reporting banks were up $35 million and cash assets gained $47 million during the four weeks ending September 17. Loans expanded $22 million due primarily to increases in business and agricultural, real estate and "other" loans.

Business and agricultural loans rose $16 million in the four week period to a total of $468 million—a gain of $115 million over a year ago. Real estate loans reached a new postwar high of $135 million, a gain of $33 million over the same date last year. The rise of $5 million in other loans (mostly consumer) was substantially above the monthly average gain of approximately $2.5 million for the past year.

WHOLESALING

Lines of Commodities	Net Sales		Stocks
Data furnished by Bureau of Census, U. S. Dept. of Commerce*	August, 1947 compared with June, '47	Aug., '46	Aug. 31, 1947 compared with Aug. 31, 1946
Automotive Supplies	+11%	+ 5%	....
Drugs and Chemicals	— 4	+ 2	....
Groceries	— 9	+ 5	+34
Hardware	— 5	+ 4	+43
Plumbing Supplies	—14	+47	....
Tobacco and its Products	- 0 -	- 0 -	— 2
Miscellaneous	+20	+ 9	+33
Total all lines**	+ 1	+ 1	+35

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

PRICES

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Aug., '47	July, '47	Aug., '46	Aug., '47 compared with July, '47	Aug., '46
All Commodities	153.6	150.6R.	129.1	+2.0	+19.0
Farm Products	181.7	181.4	161.0	+0.2	+12.9
Foods	172.3	167.1	149.0	+3.1	+15.6
Other	136.0	133.4R.	111.6	+1.9	+21.9

R—revised.

RETAIL FOOD PRICES

Bureau of Labor Statistics (1935-39=100)	July 15, 1947	June 15, 1947	July 15, 1946	July 15,'47 Comp. with June 15,'47	July 15,'46
U. S. (51 cities)	193.1	190.5	165.7	+ 1%	+17%
St. Louis	200.9	196.8	169.7	+ 2	+18
Little Rock	193.6	189.8	159.3	+ 2	+22
Louisville	185.4	183.4	155.2	+ 1	+19
Memphis	210.1	205.1	174.6	+ 2	+20

CONSUMER PRICE INDEX

Beginning with September, data on the local consumer price index will be available for Memphis and St. Louis only on a quarterly basis. This information has been published on a monthly basis for St. Louis, heretofore.

BANKING

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

(In thousands of dollars)	Sept. 17, 1947	Change from Aug. 20, 1947	Sept. 18, 1946
Industrial advances under Sec. 13b	$	$	$ ....
Other advances and rediscounts	8,929	— 14,849	— 17,966
U. S. securities	1,119,323	+ 9,095	+ 74,737
Total earning assets	1,128,252	— 5,754	+ 56,771
Total reserves	630,694	+ 11,865	+ 26,223
Total deposits	653,302	— 21,722	+ 46,524
F. R. notes in circulation	1,102,204	+ 26,445	+ 38,533
Industrial commitments under Sec. 13b	580	- 0 -	— 3,460

PRINCIPAL ASSETS AND LIABILITIES WEEKLY REPORTING MEMBER BANKS

(In Thousands of Dollars) Assets	Sept. 17, 1947	Change from Aug. 20, 1947	Sept. 18, 1946
Total loans and investments	$2,074,071	$+ 35,256	$— 70,344
(Commercial, industrial, and agricultural loans, open market paper)	468,175	+ 15,677	+115,069
Loans to brokers and dealers in securities	5,323	+ 179	— 5,358
Other loans to purchase and carry securities	50,856	— 236	— 34,038
Real Estate loans	135,456	+ 1,881	+ 32,874
Loans to banks	3,010	— 932	— 302
Other loans	168,467	+ 5,127	+ 30,816
Total loans	831,287	+ 21,696	+139,061
Treasury bills	14,205	+ 5,027	— 27,889
Certificates of indebtedness	95,870	+ 5,601	— 73,024
Treasury notes	138,151	+ 3,421	— 76,143
U. S. Bonds including guaranteed obligations	840,187	— 5,587	— 38,279
Other securities	154,371	+ 5,098	+ 5,930
Total investments	1,242,784	+ 13,560	—209,405
Cash assets	743,448	+ 47,167	+ 50,528
Other assets	24,066	— 441	+ 279
Total assets	$2,841,585	+$81,982	—$19,537
Liabilities			
Demand deposits—total	$2,177,212	$+ 88,389	$— 40,728
Individuals, partnerships, and corporations	1,438,498	+ 61,500	+115,232
Interbank demand deposits	589,357	+ 27,366	— 10,077
U. S. Government deposits	34,708	+ 1,003	—156,136
Other demand deposits	114,649	— 1,480	+ 10,253
Demand deposits—adjusted*	1,332,338	+ 15,414	+ 89,617
Time deposits	472,825	+ 1,150	+ 25,182
Borrowings	10,120	— 8,540	— 11,180
Other liabilities	15,227	— 295	— 380
Total capital accounts	166,201	+ 1,278	+ 7,569
Total liabilities and capital accounts	$2,841,585	$+ 81,982	$— 19,537

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

Total deposits of district reporting banks registered a gain of $89 million, reflecting mainly an increase of $62 million in demand deposits of individuals and business firms. Time deposits registered the first gain in several weeks, the total having remained nearly constant since the last of June. The rise in time deposits apparently was due in part to the deposit of some of the proceeds of the cashing of terminal leave bonds. Several banks reported that veterans were placing some of these funds in savings accounts.

AGRICULTURE

The Government crop estimates on September 1 did not point to as unfavorable a situation in the 1947 grain supply as had been indicated in some trade channels. The anticipated supply of feed grains for the coming season was but slightly lower than estimated at the middle of August. Still, the sharp reduction in such supply from the level hoped for at the beginning of the planting season has resulted in a 10 per cent reduction in the amount of grain scheduled to be exported.

Output of most agricultural products this year will be at an all-time high and in the aggregate, despite the short corn crop, agricultural production in 1947 is expected to attain a new record, 37 per cent above the 1935-39 average and slightly higher than last year. This estimate is based on the August 15 corn crop condition and the August 1 condition of other crops.

A corn crop of 2,404 million bushels was forecast on September 1, a reduction of 33 million bushels from the August 15 estimate. A crop of this size would be about 900 million bushels less than last year's record crop. The September 1 estimate of other feed grain supply, primarily oats and barley, was not greatly different from a month earlier since these crops were made before the July drouth.

The total supply of feed concentrates this season is expected to be 22 per cent less than last year's supply. If carry-over and anticipated increase in use of wheat for feed are considered, supplies will be only 12 per cent less than last year, and will be larger than in any year between 1937 and 1941. With fewer livestock to be fed than in recent years, feed concentrate supply per animal unit for the 1947-48 feeding season will be close to the 10-year average. Hay supplies per animal unit are the largest of record, making possible some substitution of roughage for concentrates in livestock rations.

UNITED STATES PROSPECTIVE CROP PRODUCTION 1947

	Sept. 1 indicated production (thousands)	Sept. 1 indicated Yield (per acre)	1947 production and yield compared with 1946 Production	1946 Yield	1936-45 Avge. Production	1936-45 Avge. Yield
Corn. (bu.)	2,403,913	28.5	—27%	—23%	— 9%	— 3%
Oats (bu.)	1,226,792	31.6	—19	— 9	+ 6	+ 1
Cotton (bales)	11,849	269 lbs.	+37	+14	— 4	+ 7
Tobacco (lbs.)	2,150,511	1,124	— 7	— 5	+39	+16
Soybeans (bu.)	181,247	16.9	— 8	—18	+54	— 7
Rice (bu.)	76,047	46.9	+ 6	+ 3	+31	— 1

Prospective cotton production in district states was lower on September 1 than a month earlier. The Arkansas cotton crop was estimated at 1,425,000 bales, a decrease of 215,000 bales since August 1. This was offset to some extent by a prospective 100,000 bale increase in the Mississippi crop. For the nation, the September forecast was virtually unchanged from a month earlier, being 11,849,000 bales. In contrast, estimated tobacco production in the district states of Kentucky and Tennessee was about 2 million pounds higher for each on September 1 than a month earlier. The national estimate was upped 25 million pounds to a total of 2,151 million pounds.

DEBITS TO DEPOSIT ACCOUNTS

(In thousands of dollars)	Aug., 1947	July, 1947	Aug., 1946	Aug.,'47 comp. with July,'47	Aug.,'47 comp. with Aug.,'46
El Dorado, Ark.	$ 17,785	$ 18,497	$ 14,906	— 4%	+19%
Fort Smith, Ark.	32,344	31,887	32,909	+ 1	— 2
Helena, Ark.	5,191	4,861	4,548	+ 7	+14
Little Rock, Ark.	97,141	99,523	88,807	— 2	+ 9
Pine Bluff, Ark.	18,950	20,953	17,370	—10	+ 9
Texarkana, Ark-Tex.	8,407	8,751	8,716	— 4	— 4
Alton, Ill.	21,216	21,912	18,363	— 3	+16
E.St.L.-Nat.S.Y.,Ill.	108,291	110,541	86,857	— 2	+25
Quincy, Ill.	24,092	26,405	20,517	— 9	+17
Evansville, Ind.	92,042	100,392	79,546	— 8	+16
Louisville, Ky.	401,996	423,000	396,443	— 5	+ 1
Owensboro, Ky.	20,046	20,942	21,731	— 4	— 8
Paducah, Ky.	12,474	12,757	11,475	— 2	+ 9
Greenville, Miss.	11,344	12,492	11,188	— 9	+ 1
Cape Girardeau, Mo.	8,908	9,260	8,490	— 4	+ 5
Hannibal, Mo.	6,878	7,033	6,214	— 2	+11
Jefferson City, Mo.	33,950	41,543	34,939	—18	— 3
St. Louis, Mo.	1,214,503	1,346,458	1,137,184	—10	+ 7
Sedalia, Mo.	9,692	9,589	8,355	+ 1	+16
Springfield, Mo.	54,211	54,320	50,873	- 0 -	+ 7
Jackson, Tenn.	14,338	14,189	12,598	+ 1	+14
Memphis, Tenn.	338,437	338,654	316,318	- 0 -	+ 7
Totals	$2,552,236	$2,733,959	$2,388,347	— 7%	+ 7%

AGRICULTURE

CASH FARM INCOME

(In thousands of dollars)	July, 1947*	July, '47, comp. with June, 1947	July, '47, comp. with July, 1946	12 mo. total Aug. to July '46-'47	'46-'47 comp. with '45-'46	'46-'47 comp. with '44-'45
Arkansas	$ 22,796	+ 3%	- 0 -	$ 472,055	+49%	+32%
Illinois	185,106	+45	+10%	1,742,820	+38	+55
Indiana	117,618	+53	+11	979,413	+30	+47
Kentucky	38,703	+24	+ 8	500,218	+27	+19
Mississippi	13,818	—16	— 6	291,790	—13	—18
Missouri	105,663	+40	+ 9	1,015,376	+40	+42
Tennessee	30,043	—17	+ 8	445,890	+33	+27
Totals	$513,747	+33%	+ 9%	$5,447,562	+32%	+37%

* Preliminary.

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts Aug., 1947	Receipts Aug., '47 comp. with July,'47	Receipts Aug., '47 comp. with Aug.,'46	Shipments Aug., 1947	Shipments Aug., '47 comp. with July,'47	Shipments Aug., '47 comp. with Aug.,'46
Cattle and Calves	159,416	— 8%	— 19%	64,184	—22%	— 51%
Hogs	173,229	—21	+ 35	66,411	—16	+ 20
Sheep	83,936	— 8	— 13	37,901	+23	— 26
Horses and Mules	867	—25	— 86	867	—25	— 86
Total	417,448	—14%	— 2%	169,363	—12%	— 31%