



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 XXXI

JUNE, 1949

Number 6

Survey of Current Conditions

The nation's economy continues to drift toward lower levels, but there is little evidence that the downward movement has gained momentum. At the present time observers of the economic scene tend to agree that further adjustments are to be expected but that the over-all decline in activity this year will be moderate rather than precipitous.

This view of the near term future is based largely on the belief that reductions in expenditures by consumers and businesses will not be wholly offset by increased public outlays for goods and services. In the first three months this year, consumers' expenditures were estimated at about \$4.4 billion less than in the fourth quarter of 1948, on a seasonally adjusted annual basis, according to the Department of Commerce. The decline in expenditures was considerably larger than the \$1 billion reduction in aggregate income (after taxes) received by individuals, and resulted in a sharp increase in consumers' savings.

Business expenditures for equipment were at an annual rate of about \$1 billion less than in the fourth quarter of last year, while net investment in inventories declined about \$3 billion on an annual basis. Private investment in new construction was off \$2 billion, reflecting declines in residential building and other principal categories of privately financed construction. Part of the decrease in domestic investment expenditures was offset by an increase in private investment abroad. In the aggregate, however, business expenditures here and abroad were at an adjusted annual rate \$3 billion below that in the closing months last year.

These cutbacks in private expenditures were not offset, as some observers had expected, by a larger demand for goods and services by federal, state and local governments. In fact, government expenditures also declined, on an adjusted annual basis, to a total about \$1.4 billion less than in the preceding quarter. It should be noted, however, that public expenditures were relatively more important in total spending than in the fourth quarter of last year. Also, total government outlays for goods and services were larger than gross private investment expenditures here and abroad for the first time since the first half of 1946.

In general, the outlook for the remainder of the year is for some further reductions in spending by consumers and business and for a slightly higher level of expenditures by government. The anticipated declines in consumers' spending are expected to reflect some decrease in employment and income, together with further downward adjustments in

PRICES

| WHOLESALE PRICES IN THE UNITED STATES | | | | | |
|---------------------------------------|-----------|-----------|-----------|-------------------------|-----------|
| Bureau of Labor Statistics (1926=100) | Apr., '49 | Mar., '49 | Apr., '48 | Apr., '49 compared with | |
| | | | | Mar., '49 | Apr., '48 |
| All Commodities | 156.9 | 158.4 | 162.7 | - 0.9% | - 3.6% |
| Farm Products | 170.3 | 171.3 | 186.7 | - 0.6 | - 8.8 |
| Foods | 162.9 | 162.9 | 176.8 | - 0 - | - 7.9 |
| Other | 148.8 | 150.8 | 148.5 | - 1.3 | + 0.2 |

| RETAIL FOOD PRICES | | | | | |
|--|---------------|---------------|---------------|----------------------------|--------------|
| Bureau of Labor Statistics (1935-39=100) | Apr. 15, 1949 | Mar. 15, 1949 | Apr. 15, 1948 | Apr. 15, '49 compared with | |
| | | | | Mar. 15, '49 | Apr. 15, '48 |
| U. S. (51 cities)..... | 202.8 | 201.6 | 207.9 | + 0.6% | - 2.5% |
| St. Louis | 207.5 | 207.6 | 213.6 | - 0 - | - 2.9 |
| Little Rock | 201.2 | 198.0 | 206.4 | + 1.6 | - 2.5 |
| Louisville | 187.6 | 187.7 | 198.2 | - 0.1 | - 5.3 |
| Memphis | 214.9 | 211.9 | 222.2 | + 1.4 | - 3.3 |

average prices of the goods consumers buy. Business expenditures for plant and equipment are expected to total less than in 1948, with a large part of the decrease occurring in the last half of the year. Industry has virtually completed its postwar plant expansion programs. Investment in equipment is not likely to decline as rapidly as expenditures for new plant facilities but present indications point toward a smaller volume of such outlays than in 1948. The net investment in business inventories also is expected to be of less significance during the remainder of the year.

While the trend in economic activity in the coming months is toward a generally lower level than in 1948, the elements of support are still strong and the basic need for goods and services is extensive. Even adjustments of the magnitude generally forecast by observers would leave activity at an extremely high level relative to any previous year except 1948.

EMPLOYMENT

Employment in the nation increased slightly between March and April, but the increase was not so large as normally expected for this season of the year. The entire gain occurred in agriculture, with nonagricultural industries showing a small decline.

Preliminary and incomplete figures indicate that

employment in the Eighth District followed the national pattern between March and April. Agricultural employment increased, while a decline in manufacturing employment more than offset small seasonal gains in construction, trade and service. In wholesale and retail trade and in public utilities employment remained about the same.

Nonagricultural employment in the St. Louis area dropped slightly between March and April as the result of a decrease of about one per cent in manufacturing employment which was not completely offset by increases in the service and construction industries. Nonagricultural employment in St. Louis in April fell below the year ago level for the first time since May, 1946. Manufacturing employment, which dropped below the year ago level in February, continued to be lower this April than last. A slow but steady decline has been apparent in manufacturing employment since last October.

Generally, the construction industry is expected to show the largest gain during the next few months, although seasonal increases also are expected in the transportation, and trade and service industries. Manufacturing employment will probably fluctuate in the immediate future, and the extent of these fluctuations will determine the near term trend in total nonagricultural employment.

Although unemployment has been increasing in the district as the result of employment declines and the growth of the labor force, the number of unemployed persons is still considerably below prewar levels. Approximately 78,000 persons were looking for work in the five major district labor market areas in March, 1949 as compared with about 170,000 in 1940. This is a decrease of about 54 per cent as compared with a national decrease of 62 per cent.

CONSTRUCTION

| (Cost in thousands) | BUILDING PERMITS | | | | | | | |
|---------------------|------------------|-------|---------------|---------|------------------|--------|---------------|---------|
| | Month of April | | | | Repairs, etc. | | | |
| | New Construction | | Repairs, etc. | | New Construction | | Repairs, etc. | |
| | Number | Cost | | Number | Cost | Number | Cost | |
| | 1949 | 1948 | 1949 | 1948 | 1949 | 1948 | 1949 | 1948 |
| Evansville | 52 | 50 | \$ 357 | \$1,091 | 121 | 201 | \$ 83 | \$ 99 |
| Little Rock | 83 | 100 | 602 | 810 | 240 | 347 | 152 | 232 |
| Louisville | 130 | 188 | 850 | 1,375 | 75 | 108 | 68 | 107 |
| Memphis | 1,624 | 1,156 | 2,694 | 3,380 | 121 | 224 | 197 | 179 |
| St. Louis | 288 | 302 | 2,058 | 1,755 | 281 | 366 | 512 | 423 |
| Apr. Totals | 2,177 | 1,796 | \$6,561 | \$8,411 | 838 | 1,246 | \$1,012 | \$1,040 |
| Mar. Totals | 1,475 | 1,793 | \$6,265 | \$9,567 | 841 | 836 | \$1,276 | \$ 819 |

INDUSTRY

Over-all industrial activity in the district during April declined somewhat from the March level. In some lines, however, activity was at a slightly higher level. Production of such basic raw materials as lumber and steel decreased, as did manufacturing output in nearly all lines. Production of crude oil and coal was higher, although the increase in coal was exaggerated by the fact that the mine holiday curtailed March production. Construction activity was fractionally higher than in March, but expected seasonal increases were not apparent.

Electric power consumption in the district's major industrial centers during April decreased 5 per cent, but on a daily average basis was somewhat higher than during March. Power consumption increased 4 per cent by comparison with April, 1948.

CONSUMPTION OF ELECTRICITY

| (K.W.H. in thousands) | No. of Apr., 1949 | | Mar., 1949 | | Apr., 1949 compared with | |
|-----------------------|-------------------|---------|------------|-----------|--------------------------|-----------|
| | Custom-ers* | K.W.H. | K.W.H. | K.W.H. | Mar., '49 | Apr., '48 |
| Evansville | 40 | 8,227 | 8,431 | 8,424 R | - 2.4% | - 2.3% |
| Little Rock | 35 | 4,863 | 4,479 | 4,156 | + 8.6 | +17.0 |
| Louisville | 80 | 68,942 | 70,408 | 67,940 R | - 2.1 | + 1.5 |
| Memphis | 31 | 6,167 | 6,527 | 5,773 | - 5.5 | + 6.8 |
| Pine Bluff | 26 | 4,706 | 6,111 | 4,983 | -23.0 | - 5.6 |
| St. Louis | 139 | 79,971 | 85,261 | 74,251 R | - 6.2 | + 7.7 |
| Totals | 351 | 172,876 | 181,217 | 165,527 R | - 4.6% | + 4.4% |

*Selected industrial customers.
R—Revised.

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

| Apr., '49 | First Nine Days | | | |
|---|-----------------|-----------|----------|----------|
| | Mar., '49 | Apr., '48 | May, '49 | May, '48 |
| 103,103 | 108,966 | 121,571 | 29,780 | 36,994 |
| Source: Terminal Railroad Association of St. Louis. | | | 422,398 | 484,391 |

CRUDE OIL PRODUCTION—DAILY AVERAGE

| (In thousands of bbla.) | April, 1949 | | March, 1949 | | April, 1949 compared with | |
|-------------------------|-------------|-------------|-------------|-------------|---------------------------|------------|
| | April, 1949 | March, 1949 | April, 1948 | March, 1948 | Mar., 1949 | Apr., 1948 |
| Arkansas | 81.2 | 81.6 | 87.9 | - 0.1% | - 8.9% | |
| Illinois | 175.9 | 173.9 | 172.8 | + 1 | + 2 | |
| Indiana | 23.3 | 22.9 | 19.0 | + 2 | +23 | |
| Kentucky | 23.4 | 22.9 | 24.5 | + 2 | - 4 | |
| Total | 303.8 | 301.3 | 304.2 | + 1% | - 0.1% | |

Manufacturing.—Aggregate production of the district's manufacturing industries was somewhat lower in April than in March. However, divergent trends were apparent in some parts of the district and in different lines. Decreases in total output were indicated in brewing; chemicals; electrical products; machinery; metals and metal products; stone, clay and glass products; transportation equipment and meat packing operations. Increases were shown in manufacture of automobiles, iron and steel products and rubber products, whereas manufacture of food products remained about the same as in March.

Steel.—During April, the basic steel industry in the St. Louis area operated at 70 per cent of capacity. This was 4 per cent lower than the scheduled capacity in March and 12 per cent below the rate of a year ago. The lowered April schedule was in part due to shutdowns for maintenance but also reflected some easing in demand.

Lumber.—Production of lumber in April was somewhat lower than a month ago and remained under year ago levels.

Weekly production of southern hardwood operators in April averaged only 59 per cent of capacity, the lowest monthly average since 1946. This was 24 per cent lower than in March and 32 per cent below that a year ago. Operations of reporting southern pine producers were up 2 per cent from the March level but down 12 per cent from April, 1948.

Whiskey.—Operations of Kentucky's distilleries continued at about the same rate as in previous months. Thirty-seven of the state's 63 distilleries were in operation at the end of the month as compared with 39 a month earlier and 48 at the end of April last year. In the first quarter of 1949, 23.6 million tax gallons of whiskey were produced in Kentucky, a 3 million gallon gain over 1948.

Meat Packing.—Meat packing operations in the St. Louis area in April declined from March, both on an aggregate and a daily average basis and continued below the level of the comparable month of a year ago. In April 365,000 animals were slaughtered under Federal inspection, a decrease of 12 per cent by comparison with March, and of nearly 36 per cent by comparison with April, 1948.

Shoes.—District shoe production in March, according to preliminary reports, increased 16 per cent over February. March output was estimated at 8.6 million pairs, compared with 7.4 million pairs produced in February and 9.5 million pairs produced in March, 1948. Output in the first quarter totaled nearly 24 million pairs, about 2½ million short of

the first quarter output last year when production was the largest on record.

Oil and Coal.—The daily average output of crude oil in the district states in April increased slightly over March and approximately equaled the output of a year ago. In April, output averaged 304,000 barrels daily, compared with a 301,000 barrel average in March. The gain was due to slight increases in Kentucky, Indiana and Illinois.

Recovering from the decline in March which reflected the mine holiday, April output in the district's coal mines totaled 8.5 million tons. This was a 22 per cent increase over March and 8 per cent over a year ago. Compared with last year April output increased 12 per cent in Illinois and 65 per cent in Indiana, offsetting considerable decreases in the other producing areas.

Construction.—The dollar value of permits awarded for new construction and repairs in the district's major cities in April was fractionally higher than in March but 20 per cent below that of a year ago. Authorizations totaled \$7.6 million. Permits issued for new construction totaled \$6.6 million, of which \$3.4 million was for residential dwellings. The value of new construction was 5 per cent higher than in March because of a sizable month-to-month increase in new nonresidential permits, which offset a 16 per cent decline in residential awards. Compared with 1948 the value of both residential and nonresidential permits was down.

TRADE

Consumers' expenditures in the nation in the first quarter of 1949 declined from the previous quarter for the first time since the end of the war. Purchases of goods and services in the first quarter are estimated at \$176.6 billion on a seasonally adjusted annual basis according to the U. S. Department of Commerce. In the last quarter of 1948 consumers' outlays were at an annual rate of \$181.0 billion. Although between two and three per cent below late last year, expenditures were at a higher level than in the first quarter of 1948.

WHOLESALE

| Line of Commodities | Net Sales | | Stocks |
|--|--|------|---|
| | April, 1949 compared with Mar., 1949 | | Apr. 30, 1949 compared with Apr. 30, 1948 |
| Drugs and Chemicals..... | -12% | -4% | -1% |
| Dry Goods | -12 | -13 | |
| Groceries | -9 | -7 | -4 |
| Hardware | -13 | -26 | +14 |
| Tobacco and its Products | -2 | -6 | +2 |
| Miscellaneous | -15 | -19 | +6 |
| **Total All Lines..... | -12% | -15% | +8% |
| *Preliminary. | | | |
| **Includes certain items not listed above. | | | |

TRADE

DEPARTMENT STORES

| | Net Sales | | Stocks on Hand | | Stock Turnover | |
|-----------------------------------|---|-------------------------------------|--|--------------|-------------------------------|-------|
| | Apr., '49 compared with Mar., '49 | 4 mos. '49 to same period '48 | Apr. 30, '49 comp. with Apr. 30, '48 | Apr. 30, '49 | Jan. 1 to Apr. 30, 1949 | 1948 |
| 8th F.R. District..... | +11% | +1% | -3% | -5% | 1.24 | 1.23 |
| Ft. Smith, Ark..... | +14 | +11 | +1 | -15 | 1.29 | 1.24 |
| Little Rock, Ark..... | +21 | +1 | -0 | -2 | 1.30 | 1.34 |
| Quincy, Ill. | +12 | +2 | -8 | -8 | 1.02 | 1.18 |
| Evansville, Ind. | +16 | -1 | -11 | -21 | 1.08 | 1.17 |
| Louisville, Ky. | +25 | +9 | -0 | -3 | 1.35 | 1.39 |
| St. Louis Area ¹ | +6 | -2 | -5 | -5 | 1.23 | 1.23 |
| St. Louis, Mo. | +5 | -1 | -5 | -5 | 1.23 | 1.24 |
| E. St. Louis, Ill.... | +23 | -3 | -8 | | | |
| Springfield, Mo. | +21 | -13 | -18 | -16 | .98 | 1.09 |
| Memphis, Tenn. | +9 | +4 | +2 | -1 | 1.31 | 1.19 |
| *All other cities..... | +21 | +2 | -1 | -9 | .96 | .97 |

¹El Dorado, Fayetteville, Pine Bluff, Ark.; Harrisburg, Mt. Vernon, Ill.; New Albany, Vincennes, Ind.; Danville, Hopkinsville, Mayfield, Paducah, Ky.; Chillicothe, Mo.; Greenville, Miss.; and Jackson, Tenn.

²Includes St. Louis, Mo.; Alton, Belleville, and East St. Louis, Ill. Outstanding orders of reporting stores at the end of April, 1949, were 39 per cent less than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding April 1, 1949, collected during April, by cities:

| | Instal. Accounts | | Excl. Instal. Accounts | | | Instal. Accounts | | Excl. Instal. Accounts | | |
|--------------|------------------|-----|------------------------|-------------|----------------|------------------|-----|------------------------|-----|-----|
| | 24% | 62% | Fort Smith | Little Rock | | 22% | 50% | Louisville | 25% | 49% |
| Quincy | 24% | 62% | 28 | 45 | St. Louis | 27 | 56 | Other Cities | 21 | 52 |
| St. Louis | 27 | 56 | 28 | 45 | 8th F.R. Dist. | 26 | 52 | | | |

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

| | Apr., 1949 | Mar., 1949 | Feb., 1949 | Apr., 1948 |
|---|---------------|---------------|---------------|---------------|
| Sales (daily average), unadjusted ² | 327 | 287 | 261 | 326 |
| Sales (daily average), seasonally adjusted ² | 321 | 309 | 310 | 343 |
| Stocks, unadjusted ² | 321 | 314 | 282 | 331 |
| Stocks, seasonally adjusted ² | 321 | 323 | 313 | 331 |

² Daily Average 1935-39=100.

³ End of Month Average 1935-39=100.

SPECIALTY STORES

| | Net Sales | | Stocks on Hand | | Stock Turnover | |
|-------------------|---------------------------------------|-------------------------------------|--|--------------|-------------------------------|------|
| | Apr. '49 compared with Mar. '49 | 4 mos. '49 to same period '48 | Apr. 30, '49 comp. with Apr. 30, '48 | Apr. 30, '49 | Jan. 1 to Apr. 30, 1949 | 1948 |
| Men's Furnishings | +31% | +18% | +3% | -3% | .89 | .93 |
| Boots and Shoes.. | +50 | +48 | +4 | -11 | 1.42 | 1.36 |

Percentage of accounts and notes receivable outstanding April 1, 1949, collected during April:

Men's Furnishings 42% Boots and Shoes..... 45%
Trading days: April, 1949—26; March, 1949—27; April, 1948—26.

RETAIL FURNITURE STORES **

| | Net Sales | | Inventories | | Ratio of Collections | |
|-----------------------------------|------------------------------|-----------|------------------------------|-----------|------------------------|-----------|
| | April, 1949 compared with | | April, 1949 compared with | | Apr., '49 Apr., '48 | |
| | Mar., '49 | Apr., '48 | Mar., '49 | Apr., '48 | Apr., '49 | Apr., '48 |
| 8th Dist. Total ¹ | +12% | -11% | -3% | -2% | 26% | 30% |
| St. Louis Area ² | +4 | -12 | -7 | -3 | 33 | 41 |
| St. Louis..... | +2 | -13 | -7 | -3 | 33 | 42 |
| Louisville Area ² | +30 | -25 | -5 | +14 | 19 | 20 |
| Louisville | +28 | -25 | -5 | +14 | 18 | 18 |
| Memphis | +19 | -1 | +9 | -20 | 17 | 22 |
| Little Rock | +24 | +1 | +6 | +2 | 22 | 25 |
| Fort Smith..... | +19 | +22 | * | * | * | * |

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

¹In addition to following cities, includes stores in Blytheville, Fort Smith and Pine Bluff, Arkansas; Hopkinsville, Owensboro, Kentucky; Greenville, Greenwood, Mississippi; Hannibal and Springfield, Missouri; and Evansville, Indiana.

²Includes St. Louis, Missouri; and Alton, Illinois.

³Includes Louisville, Kentucky; and New Albany, Indiana.

** 43 stores reporting.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

| | Apr., '49 | Mar., '49 | Apr., '48 |
|--------------------|-----------|-----------|-----------|
| Cash Sales | 13% | 13% | 14% |
| Credit Sales | 87 | 87 | 86 |
| Total Sales | 100% | 100% | 100% |

Apparently the increase from the first three months of 1948 reflects increased expenditures for services. The dollar volume of retail sales was 4 per cent smaller than in the first quarter of 1948 (daily average sales, seasonally adjusted, were fractionally larger than last year).

The decline in dollar volume of sales was general, affecting almost all lines of goods. Of the twenty-two major groups of retail outlets covered in the Department of Commerce reports, only the automotive group showed an increase from the first quarter of 1948. Within these twenty-two major groups, increases were reported by only six lines of trade: dairy products stores, milk dealers, radio and musical instrument stores, paint glass and wallpaper stores, automobile dealers and book stores. Increases in these stores ranged from 10 per cent in the radio and musical instrument outlets to 4 per cent in the dairy products stores. On the other hand, declines of as much as 17 per cent (lumber-building materials) were reported by other types of stores, with a few lines showing no change from last year.

In the St. Louis area, dollar volume of retail sales declined 3 per cent as compared with the 4 per cent national decrease. Automotive dealers, whose sales were up 6 per cent, and drug stores, reporting an increase of 7 per cent, recorded the only gains over last year.

Department Store Sales.—At reporting district department stores preliminary figures for the period January 1 through April 30, 1949 indicate that dollar sales volume in the four-month period was 3 per cent less than in the comparable period of 1948. In only two of four months have dollar sales at these stores totaled larger than last year: February, when sales volume was greater by 1 per cent; and April, when it was up 1 per cent over the same month last year.

For the four-month period sales volume in reporting stores in Memphis gained 2 per cent and in Fort Smith were 1 per cent larger than last year. In Little Rock and Louisville dollar sales showed little change from year ago levels but declined 5 per cent in St. Louis, 11 per cent in Evansville and 18 per cent in Springfield.

By April, however, comparisons with a year ago were more favorable than indicated by the first four-month estimates. Dollar sales registered increases in April amounting to 11 per cent in Fort Smith, 9 per cent in Louisville and 4 per cent in Memphis. In Little Rock sales were unchanged from those last year and in Evansville and St. Louis

declined 1 per cent from year ago levels. In Springfield dollar sales dropped 13 per cent below last year.

For the district as a whole, seasonally adjusted daily average sales have been under year ago figures in every month so far this year with the exception of February. Despite a much longer Easter shopping period, unseasonable and unfavorable weather plus an apparent reluctance by consumers to purchase seasonal merchandise in the pre-Easter period, resulted in a drop in the adjusted index from 343 per cent of the 1935-39 average in April, 1948 to 321 per cent in April, 1949. In St. Louis, Memphis and Little Rock seasonally adjusted sales registered much the same as those for the district as a whole. In Louisville, however, seasonally adjusted sales were 391 per cent of the five year base as compared to 368 per cent for April, 1948.

In those St. Louis department stores reporting data of sales by departments, total store sales in April were slightly less than last year. Main store departments averaged 5 per cent less than in April 1948, while the basement divisions totaled 14 per cent more than a year earlier. In the upstairs store only women's and misses' ready-to-wear accessories and miscellaneous merchandise departments gained over last year. In the former sales were up 14 per cent while in the latter a gain of 5 per cent was reported, due to a 68 per cent increase in candy sales. Women's and misses' ready-to-wear apparel sales averaged fractionally more than in April, 1948, and men's and boys' wear were down 1 per cent. The housefurnishings divisions dropped 23 per cent and small wares and piece goods and household textiles were both 5 per cent under April, 1948. Almost without exception sales in the comparable basement store divisions gained more or dropped less, percentage-wise, than in the main store. Downstairs women's and misses' ready-to-wear apparel and accessories gained 24 per cent, men's and boys' wear increased 26 per cent and housefurnishings declined 10 per cent from total of dollar sales in April, 1948.

On a seasonally adjusted basis the value of inventories held by reporting district department stores has been maintained at slightly more than three times the 1935-39 base period since December, 1947, with the exception of July and August, 1948. In the first four months of 1949 seasonally adjusted end-of-month stocks averaged less than for the same dates in 1948 but were somewhat higher in dollar value than during the first four months of 1947. On April 30 the index was at 321 per cent of 1935-39. A year ago it was 331 per cent.

BANKING

PRINCIPAL ASSETS AND LIABILITIES FEDERAL RESERVE BANK OF ST. LOUIS

| (In thousands of dollars) | Change from | | |
|---|-----------------|------------------|-----------------|
| | May 18, 1949 | Apr. 20, 1949 | May 19, 1948 |
| Industrial advances under Sec. 13b..... | \$ | \$ | \$ |
| Other advances and rediscounts..... | 12,959 | + 1,684 | + 967 |
| U.S. Securities | 1,064,970 | -85,479 | - 44,714 |
| Total earning assets..... | \$1,077,929 | \$-83,795 | \$- 43,747 |
| Total reserves | \$ 763,728 | \$+27,117 | \$+112,562 |
| Total deposits | 749,838 | -43,358 | + 59,470 |
| F.R. notes in circulation..... | 1,083,923 | - 6,862 | + 5,039 |
| Industrial commitments under Sec. 13b.... | \$ | \$ | \$- 580 |

PRINCIPAL ASSETS AND LIABILITIES WEEKLY REPORTING MEMBER BANKS EIGHTH FEDERAL RESERVE DISTRICT

(In thousands of dollars)

| ASSETS | Change from | | |
|--|-----------------|------------------|-----------------|
| | May 18, 1949 | Apr. 20, 1949 | May 19, 1948 |
| Gross, commercial, industrial, and agricultural loans and open market paper..... | \$ 517,431 | \$-29,859 | * |
| Gross loans to brokers and dealers in securities | 5,885 | + 421 | * |
| Gross loans to others to purchase and carry securities | 20,791 | - 770 | * |
| Gross real estate loans..... | 163,384 | + 2,488 | * |
| Gross loans to banks..... | 4,605 | + 3,355 | * |
| Gross other loans (largely consumer credit loans) | 206,949 | - 3,014 | * |
| Total | 919,045 | -27,379 | * |
| Less reserve for losses..... | 9,770 | + 14 | * |
| Net total loans..... | \$ 909,275 | \$-27,393 | + 8,167 |
| Treasury bills | 36,667 | + 8,552 | -11,191 |
| Certificates of indebtedness..... | 172,727 | + 699 | +47,981 |
| Treasury notes | 49,862 | + 4,004 | -36,198 |
| U.S. bonds and guaranteed obligations..... | 737,867 | +21,336 | + 968 |
| Other securities | 136,967 | + 2,181 | - 9,545 |
| Total investments | \$1,134,088 | \$+36,772 | \$- 7,985 |
| Cash assets | 755,553 | -16,614 | +33,351 |
| Other assets | 24,974 | + 1,202 | - 740 |
| Total assets | \$2,823,890 | \$- 6,033 | \$+32,793 |
| LIABILITIES | | | |
| Demand deposits of individuals, partnerships, and corporations..... | \$1,438,030 | \$+ 8,557 | \$+15,205 |
| Interbank deposits | 539,348 | - 3,514 | +13,997 |
| U.S. Government deposits..... | 33,255 | -18,391 | -18,067 |
| Other deposits | 124,790 | + 249 | + 3,372 |
| Total demand deposits..... | \$2,135,423 | \$-13,099 | \$+14,507 |
| Time deposits | 484,715 | + 2,806 | + 9,654 |
| Borrowings | 9,620 | + 3,145 | + 5,020 |
| Other liabilities | 17,537 | + 1,249 | + 212 |
| Total capital accounts..... | 176,595 | - 134 | + 3,400 |
| Total liabilities and capital accounts..... | \$2,823,890 | \$- 6,033 | \$+32,793 |
| Demand deposits, adjusted **..... | \$1,353,004 | \$+ 729 | \$+23,930 |

*Comparative data not available due to change in method of reporting.
**Other than interbank and government demand deposits, less cash items on hand or in process of collection.

DEBITS TO DEPOSIT ACCOUNTS

| (In thousands of dollars) | Apr., 1949 | | Apr., 1949 compared with Mar., '49 | |
|---------------------------|-------------|-------------|------------------------------------|-----------|
| | 1949 | 1949 | Apr., 1948 | Apr., '48 |
| El Dorado, Ark..... | \$ 20,670 | \$ 23,398 | \$ 21,701 | -12% - 5% |
| Fort Smith, Ark..... | 39,890 | 39,320 | 37,135 | + 1 + 7 |
| Helena, Ark..... | 7,034 | 7,982 | 6,952 | -12 + 1 |
| Little Rock, Ark..... | 118,345 | 132,089 | 120,298 | -10 + 2 |
| Pine Bluff, Ark..... | 26,397 | 28,643 | 22,388 | - 8 +18 |
| Texarkana, Ark.*..... | 9,806 | 11,142 | 10,244 | -12 - 4 |
| Alton, Ill. | 23,083 | 24,445 | 23,848 | - 6 - 3 |
| E.St.L.-Nat.S.Y., Ill. | 101,672 | 114,259 | 106,651 | -11 - 5 |
| Quincy, Ill. | 28,710 | 29,784 | 28,882 | - 4 - 1 |
| Evansville, Ind. | 109,488 | 108,467 | 106,350 | + 1 + 3 |
| Louisville, Ky. | 458,718 | 507,028 | 462,781 | -10 - 1 |
| Owensboro, Ky. | 26,978 | 31,012 | 26,400 | -13 + 2 |
| Paducah, Ky. | 13,414 | 14,724 | 14,354 | - 9 - 7 |
| Greenville, Miss. | 18,457 | 22,692 | 17,631 | -19 + 5 |
| Cape Girardeau, Mo. | 10,486 | 10,981 | 11,243 | - 5 - 7 |
| Hannibal, Mo. | 7,560 | 7,874 | 7,345 | - 4 + 3 |
| Jefferson City, Mo..... | 58,178 | 36,562 | 41,986 | +59 +39 |
| St. Louis, Mo..... | 1,413,310 | 1,549,525 | 1,441,441 | - 9 - 2 |
| Sedalia, Mo. | 9,883 | 9,614 | 9,818 | + 3 + 1 |
| Springfield, Mo. | 52,519 | 53,983 | 54,851 | - 3 - 4 |
| Jackson, Tenn. | 16,799 | 18,310 | 17,172 | - 8 - 2 |
| Memphis, Tenn. | 466,450 | 529,653 | 472,361 | -12 - 1 |
| Totals | \$3,037,847 | \$3,311,487 | \$3,061,832 | - 8% - 1% |

*These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$23,745.

The dollar value of inventories held by district department stores at the close of April was 3 per cent less than on March 31 and 5 per cent under the comparable date in 1948. At those St. Louis department stores where data of inventories by major divisions are available, stocks in the main store were larger than a year earlier only in two departments—housefurnishings (plus 5 per cent) and men's and boys' wear (plus 2 per cent). In the basement division, housefurnishings were up 19 per cent from a year ago.

BANKING AND FINANCE

Decreased Reserve Requirements.—Effective May 1, 1949 at non-reserve city member banks and May 5, 1949 at central reserve city and reserve city member banks, the Board of Governors reduced the reserves required against demand and time deposits. The reduction amounted to 2 points against demand deposits at central reserve city member banks (New York and Chicago), 1 point against demand deposits for all other member banks, and $\frac{1}{2}$ of 1 percentage point (from $7\frac{1}{2}$ to 7 per cent) against time deposits at all member banks. The reduction was estimated to amount to \$1,200 million nationally. In the Eighth District, approximately \$36 million was released: a total of \$18 million to the reserve city banks and about the same amount to the non-reserve city banks.

Loan Volume.—Total loans declined further in May to approximately the level of May 11, 1948. Compared with a year ago, real estate loans and "all other" (largely consumer credit) loans increased while business and agricultural loans and loans on securities declined. The decrease in total loans for the first four months of the year has been greater in 1949 than in 1948—5 per cent compared with 2 per cent. The decline at reserve city banks has been greater this year, but the seasonal expansion at rural banks has been less this year than last. It should be noted, however, that the behavior of loan volumes represents, in part, a return to normal seasonal movements.

Deposit Volumes.—Data for all member banks for the end of April show that demand deposits declined only slightly during the month ($\frac{1}{2}$ per cent) in contrast with the 3 per cent shrinkage in March which resulted principally from the heavy tax collections. The \$15 million decline in April left these demand deposits somewhat more than 1 per cent above April, 1948. Considering the four months together, the loss in demand deposits during 1949 was less than in 1948, principally reflecting the

fact that the Treasury's cash surplus developed in the first quarter of 1949 amounted to \$2.2 billion in comparison with \$5.5 billion in the first quarter of 1948.

Time deposits gained \$7 million in April at all member banks, about half at small rural banks and half at all other banks, continuing the growth which began about the first of the year. The four months' gain of \$21 million was greater than that in the corresponding period of 1948 or 1947.

Investments.—The larger member banks in the district added \$35 million to their investments in Governments in the four weeks ending May 18, 1949. From the low point reached at the end of March, the expansion in Governments totaled \$73 million, \$11 million more than in the comparable period in 1948. The small country banks, with a seasonal demand for business and agricultural credit in the spring, reduced their holdings of Governments in April. The reduction in total investments during the first four months of the year at the small country banks, however, has been \$17 million as compared with \$48 million in the same period last year.

AGRICULTURE

Crop growing conditions through the first week of May seemed to justify continued favorable reports for abundant production in 1949. The May 1 indicated wheat production was 1,021 million bushels, 2 million bushels more than a month earlier. The first estimate of spring wheat production will not be made until June 10, but even an average yield will bring total production to 1,312 million bushels. Winter wheat acreage is 1.5 per cent larger than the 1947 record acreage, and the indicated yield of 18.4 bushels per acre is only 0.3 bushels less than in 1948.

AGRICULTURE

| (In thousands of dollars) | CASH FARM INCOME | | | | | |
|--|------------------|--|-----------|----------------------------|--|-------|
| | Mar., 1949 | | | 3 month total Jan. to Mar. | | |
| | Mar. 1949 | Feb. 1949 | Mar. 1948 | 1949 | 1949 compared with 1948 1947 | |
| Arkansas | \$ 34,411 | - 5% | +36% | \$ 122,255 | +40% | +24% |
| Illinois | 138,087 | +14 | +14 | 413,812 | + 1 | - 2 |
| Indiana | 71,514 | +16 | + 1 | 202,967 | - 6 | - 1 |
| Kentucky | 22,727 | -21 | - 1 | 150,273 | +11 | -21 |
| Mississippi | 39,320 | -21 | +13 | 158,604 | +71 | +62 |
| Missouri | 63,168 | - 3 | + 5 | 207,706 | - 1 | - 5 |
| Tennessee | 25,960 | -11 | -15 | 101,960 | - 7 | -14 |
| Totals | \$395,187 | + 1% | + 8% | \$1,357,577 | + 8% | - 0-% |
| RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS | | | | | | |
| | Receipts | | | Shipments | | |
| | Apr., 1949 | Apr., 1949 compared with Mar., '49 Apr., '48 | | Apr., 1949 | Apr., 1949 compared with Mar., '49 Apr., '48 | |
| Cattle and calves | 86,215 | -10% | -23% | 29,305 | - 17% | -36% |
| Hogs | 254,807 | - 0 - | - 4 | 85,100 | + 37 | -11 |
| Sheep | 24,445 | + 2 | -55 | 11,685 | +289 | -37 |
| Horses | 840 | -58 | -51 | 840 | - 58 | -51 |
| Totals | 366,307 | - 2% | -15% | 126,930 | + 24% | -22% |

Field work throughout most of the Eighth District, as compared with other years, was advanced by mid-May as a result of good weather during the latter part of April and early part of May. Many fields of cotton were up to good stands by the end of the first week in May, and chopping was well underway in some sections. Field work progressed rapidly in the northern part of the Eighth District, with some corn already up by mid-May.

For the first time in ten years farm real estate values turned downward nationally during the four-month period ending March, 1949. The index in March, 1949 was 1 per cent less than in November but 3 per cent more than a year earlier. Among the district states, however, values showed a decrease in only one state—Indiana—during the four-month period, and values in five states increased. During the year ending March, 1949 all district states, except Indiana, registered gains in land values exceeding the national average.

**PERCENTAGE CHANGE IN AVERAGE VALUE
PER ACRE OF FARM REAL ESTATE**

| | Change in Farm Value | | |
|---------------------|-------------------------------|--------------------------------|------------------------------|
| | From Nov. '48 to March '49 | From March '48 to March '49 | From 1935-39 to March '48 |
| Arkansas | - 0 -% | +11% | +179% |
| Illinois | + 2 | + 5 | +131 |
| Indiana | - 1 | + 2 | +157 |
| Kentucky | + 3 | + 8 | +192 |
| Mississippi | + 4 | + 5 | +155 |
| Missouri | + 4 | + 6 | +109 |
| Tennessee | + 4 | + 5 | +174 |
| United States | - 1% | + 3% | +111% |

Source: U. S. Department of Agriculture, Bureau of Agricultural Economics.

About 17 per cent fewer farms were sold during the year ending March 1, 1949 than in a like period a year earlier. The amount of new farm mortgage credit was only 1 per cent less than a year earlier despite the 17 per cent decrease in the number of sales. Total outstanding farm mortgage credit was about 9 per cent larger than the low point in 1946.

Cash farm receipts for the first four months of 1949 were estimated to be 4 per cent lower than in 1948. Receipts from livestock were 7 per cent lower and receipts from crops were slightly higher than a year earlier.



