



Monthly Review

FEDERAL RESERVE BANK OF ST. LOUIS

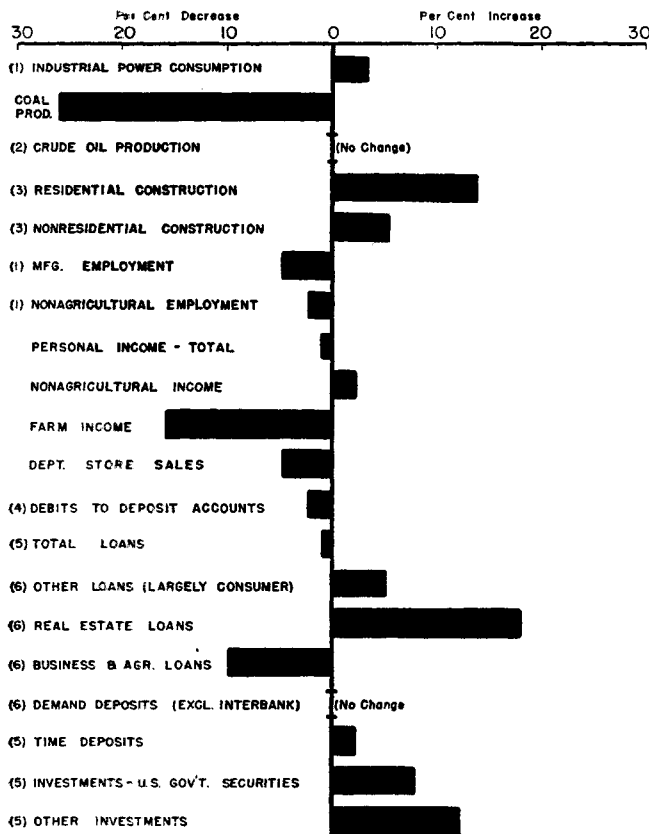
Volume XXXII

FEBRUARY, 1950

Number 2

1949: The Second Best Year

THE YEAR AT A GLANCE
EIGHTH DISTRICT TRENDS, 1948 - 1949



(1) In ST. LOUIS, EVANSVILLE, MEMPHIS, LOUISVILLE and LITTLE ROCK
 (2) District States
 (3) F. W. Dodge Corp. Reports
 (4) In 22 Selected Cities
 (5) All Member Banks, 8th District
 (6) Weekly Reporting Member Banks

The year 1949 was a good year in the Eighth Federal Reserve District. Economic activity did not quite measure up to the postwar peak year, 1948, but averaged out to a higher level than in any other year.

This high average level for the year as a whole was the significant development of 1949. There were appreciable declines from late 1948 peaks to 1949 lows in several important segments of the economy—notably industrial output and business expenditures. Farm output was smaller, and in this district was off more than nationally. Prices moved downward—especially farm prices and wholesale commodity prices. Whether these occurrences constituted a “depression,” a “recession,” or a “corrective adjustment” is a question of words—there is no question that economic activity declined. But the downtrend was arrested and reversed so that 1949 finished strong and thus averaged out just slightly off from 1948.

1949 opened on a note of pessimism. Production and employment had dropped in the closing months of 1948 and consumers had cut their expenditures. There was some feeling that the long-heralded postwar depression was getting under way. This sentiment grew during the early months of 1949 as employment continued to decline and industrial operations in some of the key industries were curtailed.

But midway through the year conditions changed. The basic measures of economic activity began to level off, then turn up. Emotions with respect to the outlook also began to change with the partial recovery of earlier losses in employment and output—and by the end of the year there was a fairly

widespread optimism underlying general business sentiment.

The decline in the first half of 1949 in this district resulted from essentially the same factors as those which produced a lower level of activity on a national plane. That is, expenditures by consumers and by business were smaller than in the second half of 1948, and while Government (Federal, state and local) spending rose, it did not completely offset the decline in consumer and business demand.

The major decrease came in business demand; consumer demand dropped in the first part of 1949, but the decline was small. The reduction in business outlays was not unanticipated. This segment of demand had begun to taper off in the previous year but the drop was concentrated in decreasing expenditures for plant and equipment. Business inventories had been expanding. From late 1948 through the third quarter of 1949, however, business cut back its spending for inventories considerably.

This cutback reflected first the stopping of inventory accumulation and then some actual inventory liquidation. The effect in both cases was to reduce demand for production that was flowing into stocks. And this resulted in cutbacks in total production and employment. Actually demand during most of 1949 was being met partly from previously produced stocks; the flow of current output was somewhat smaller than current consumption. Consumers continued to spend their money. Income remained high and was supplemented by increased use of credit and past savings.

By preliminary estimates, total personal income in the district in 1949 approximated \$10.8 billion, about one per cent less than the \$10.9 billion of 1948. Per capita income was a little less than the \$1,050 in 1948. The decrease in total income reflected mainly lower farm income, which in turn was the result of the downtrend in farm prices and the decline in production. As noted, district farm output was off relatively more from 1948 than that in the nation. Nonfarm income in this district apparently was a little higher than in 1948.

While income was off slightly, the average consumer in the district apparently maintained his expenditures at almost the same level as in 1948. Sales at district department stores were off about 5 per cent from a year earlier, but other expenditures for goods (especially automobiles) and for services stayed high or grew. The use of consumer credit increased during the year, particularly after controls expired at the end of June.

The physical volume of goods taken by consumers probably was a little larger in 1949 than in 1948.

Prices declined somewhat—according to Bureau of Labor Statistics' consumer price indexes, St. Louis consumer prices averaged 1.3 per cent lower in 1949 than in 1948 and Memphis prices about 1.1 per cent lower.

Competition for business increased in 1949 and a number of firms, primarily those with inexperienced management, were forced to give up. Failures in the year, according to Dun and Bradstreet records, totaled 365 in number and \$8.1 million in liabilities as against 152 with \$8.9 million in liabilities in 1948. But the number and aggregate liabilities were much smaller than ten years earlier, despite the much larger number of business firms.

Some of the firms—something less than 10 per cent of all failures—that could no longer compete profitably were in the construction industry. But these were not typical of the industry as a whole, which enjoyed another good year. Expenditures for construction were large and they played an important role in preventing the general decline in the economy from taking a more serious turn. The value of construction projects placed under contract was at a new peacetime peak. Both residential and nonresidential projects shared in the gain. In contrast to the national trend, the increase in this district apparently can be credited to gains in privately financed rather than publicly sponsored projects.

The high level of construction activity increased the demand for financing. There was some tightening of mortgage requirements but on the whole the demand was met. The value of real estate loans held by reporting member banks in the district was 17 per cent larger at the end of the year than at the close of 1948. The increase in these loans and in credit extended to consumers almost offset a decline in business and agricultural loans. As a result, total loan volume in the area's member banks suffered only a slight net decline during the year.

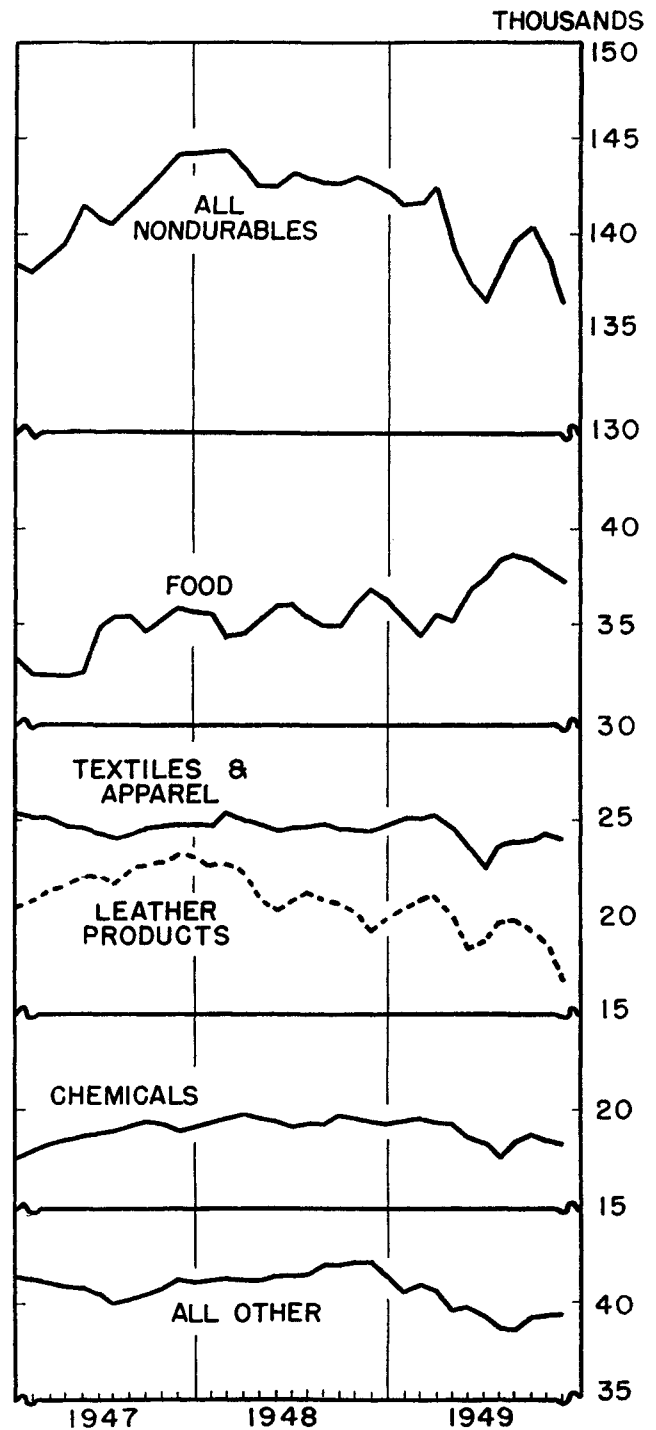
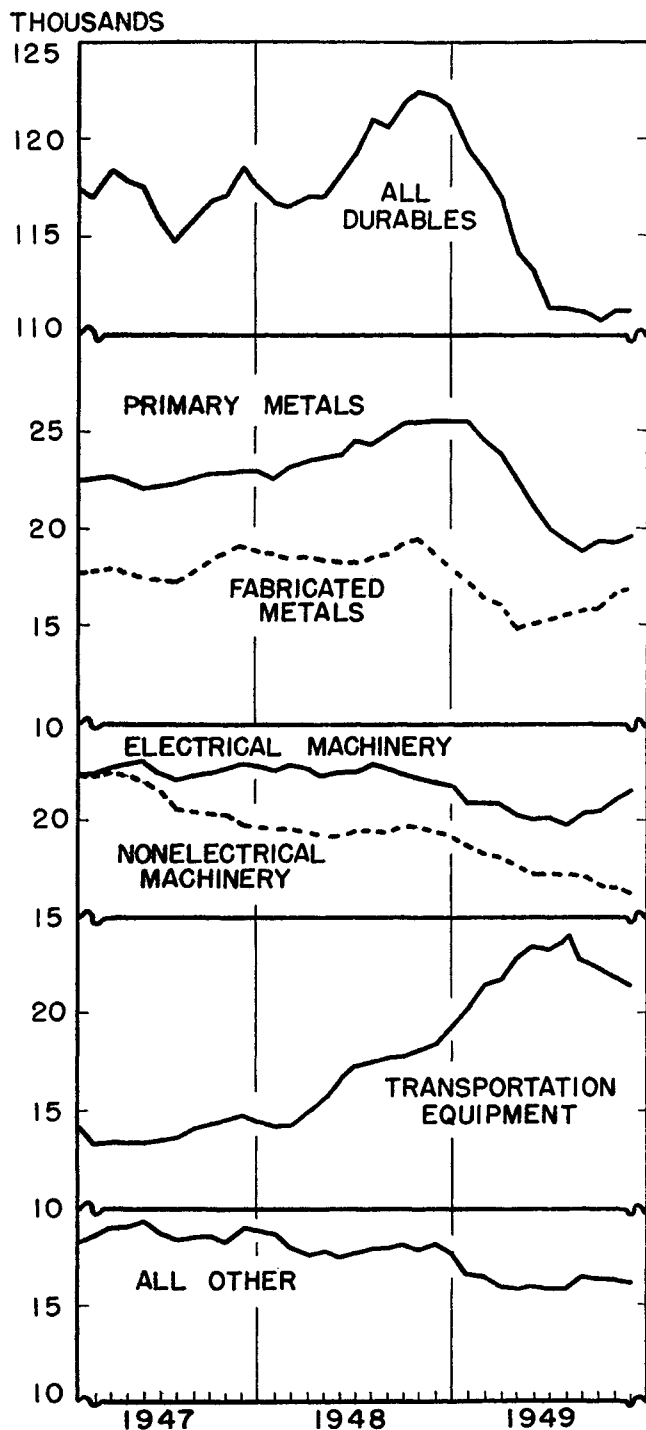
These were general trends that affected the district as a whole. However, the picture was not uniform throughout the district. Many communities had local problems; for example, those areas largely dependent upon one industry such as coal mining or agriculture. The unsettled conditions in the coal mining industry resulted in a sharp decline in output. This meant less employment and income which in turn were reflected in the general trade picture of those areas. Similarly, the decline in farm income had a disturbing effect on business conditions in some sections of the district. But in the aggregate the district record in 1949 was good.

Business Developments

The first half of 1949 was marked by declines in employment and industrial production. Manufacturing activity decreased appreciably, particularly

in the durable goods industries. In the last half of the year there was some recovery from the midyear low point. Part of the earlier losses were regained

MANUFACTURING EMPLOYMENT ST. LOUIS AREA 1947 - 1949



but the upturn did not develop momentum uniformly throughout the district.

EMPLOYMENT

Nonagricultural employment in the district's five largest cities averaged about 2 per cent less than in 1948 when an all-time peak was reached. The first half of the year was marked by declines in most of the cities, but the employment picture improved somewhat late in the year. For the first time since 1945, however, year-end employment was below that at the beginning of the year.

Average nonagricultural employment in 1949, relative to that in 1948, declined a little more in this district than it did nationally. This reflected a larger-than-national decrease in nonmanufacturing employment. Manufacturing industries, which employ almost one-third of the workers in the major district cities, reduced their employment less than nationally—5 per cent as against 8 per cent in the nation. The low point in manufacturing employment was reached in the middle of the year. Following some recovery in the third quarter, employment declined between September and November but remained above the midyear low.

Accompanying the decline in total nonagricultural employment in 1949 was an increase in unemployment. It is likely that in 1949 unemployment in the district was almost two-thirds higher than in 1948. It should be remembered, however, that 1948 unemployment was abnormally low and that unemployment in 1949 was considerably below the 1940 level.

This district currently has only two towns classified by the U. S. Department of Labor as "critical"—that is, with a very substantial labor surplus. These towns are Crab Orchard and Mt. Vernon, Illinois. Evansville and Louisville are rated as having a substantial surplus of labor, while St. Louis and Little Rock have a moderate, and Memphis a slight surplus.

St. Louis—Nonagricultural employment averaged about 1 per cent lower and manufacturing employment about 4 per cent less than in 1948. In each case, however, the gap between 1949 and the previous year was larger at the end than at the beginning of 1949. In part this reflected the failure of the seasonal upturn—and perhaps the general recovery trend—to gather a great deal of momentum in the last half of the year. But it also results from the fact that employment in the last half of 1949 was being compared with the all-time peaks reached late in the previous year.

The general trend in nonagricultural employment was downward throughout the year except for slight increases in March and September. From January

to November there was a net decrease of 5,000 workers due to a decline in manufacturing employment that was not offset by gains in other nonfarm industries. All of the nonmanufacturing industries, except Government, increased in employment between January and November.

Manufacturing industries reduced their work force in the first half of the year but added employees in the third quarter. In October and November additional cutbacks dropped total employment to the lowest level since the third quarter of 1946. Between January and November there was a net decline of 13,000 workers or 5 per cent. Almost two-thirds of this decrease was in the durable goods industries. The primary metals group alone accounted for close to half of the total decline in manufacturing employment. An additional 30 per cent reflected the decrease in employment in the leather products industries. Other industries with significant declines in employment since January, 1949 were nonelectrical machinery, fabricated metals, ordnance, chemicals, and textiles and apparel. Only three industries—electrical machinery, transportation equipment and food—experienced a net gain in employment during 1949.

Louisville—A 6 per cent drop in nonagricultural employment and a 10 per cent drop in manufacturing employment occurred between 1948 and 1949. Decreases in manufacturing, public utilities and service employment were much larger than the increases in construction, trade, finance and Government employment.

Manufacturing industries cut back employment sharply during the first half of last year but this trend was reversed after June. By November, manufacturing employment was about 9 per cent above the three-year low of mid-1949. The largest net decrease between January and November was in the primary metals industry while the furniture and tobacco industries had smaller declines. Minor gains were reported in the nonelectrical machinery and food industries.

Memphis—The employment picture in Memphis relative to that in 1948 was better than in any other major district city. Nonagricultural employment averaged less than 1 per cent below that in 1948 and manufacturing employment dropped only 3 per cent. Nonagricultural employment declined slightly in the first seven months of the year but the decrease was more than compensated for by subsequent increases. As a result, employment at the end of the year was at a higher level than in January.

Manufacturing employment also was relatively

stable between January and November, 1949 as declines in lumber, fabricated metals and food processing industries were offset by increases in the furniture and textiles industries. In the nonmanufacturing field, gains in construction, trade, finance and Government more than balanced losses in the public utilities and service industries.

Evansville—Nonagricultural employment averaged about 5 per cent and manufacturing employment about 9 per cent lower than in 1948. Employment decreased steadily during 1949 except for a leveling off period in the late summer and early fall. By November there were fewer persons employed than at any time since early 1947.

Manufacturing employment declined steadily during 1949 due to major losses in the nonelectrical machinery and fabricated metals industries and minor losses in the tobacco and apparel industries. The only significant increase in manufacturing occurred in the transportation equipment group. Non-manufacturing employment also decreased last year, as losses in the public utilities and trade industries were not equaled by a gain in construction employment.

Little Rock—Nonagricultural employment averaged about 1 per cent less than in 1948 as the result of losses in the nonmanufacturing industries. It was fairly stable—although below 1948—in the first half, but rose somewhat in the second half. Manufacturing employment averaged about the same in both years. As a result, Little Rock was the only major district city which did not show a loss in manufacturing employment and, with Memphis, was one of the two cities where total nonagricultural employment was at a higher level at the end of the year than in January.

INDUSTRY

Industrial activity in the Eighth District was at a slightly lower level in 1949 than in 1948, although the change from the previous year was smaller than the decline nationally.*

Steel—The basic steel industry in the St. Louis area operated at a slightly lower rate than in 1948.

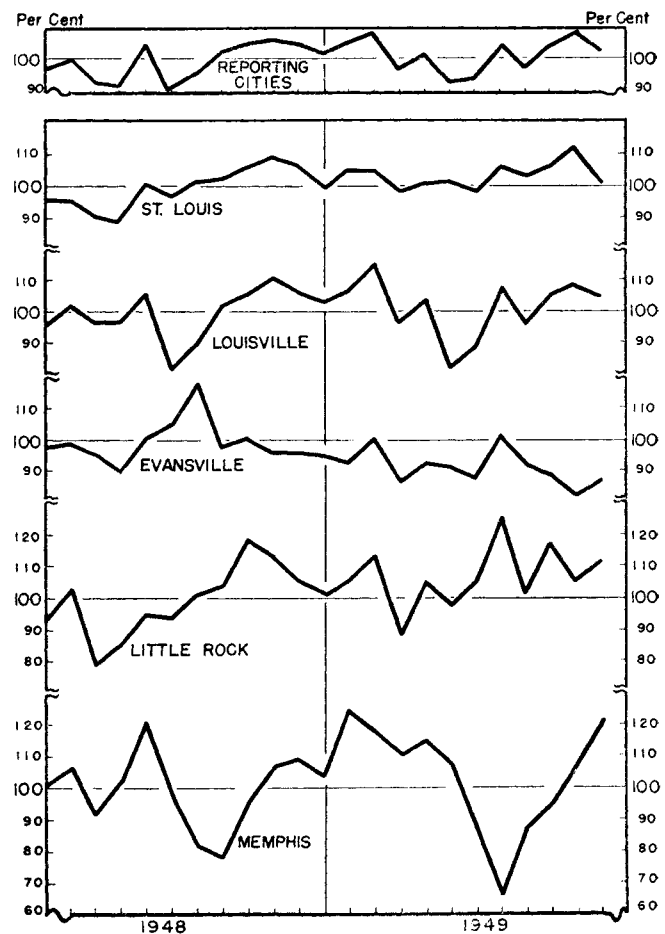
* Actual figures on aggregate industrial production for the district are not available. Ordinarily a fairly good measure of such over-all activity is found in industrial consumption of electric power, or in production man-hours worked. In periods like the present these measures suffer from some difficulties. For example, total employment and production man-hours apparently dropped more in 1949 than did physical output. This reflected some rise in productivity, which in turn was due in part to the fact that employment cutbacks tended to eliminate the less efficient workers. On the other hand, power consumption was higher in 1949 than in 1948. This partly reflected the general upward trend in electric power use (which, of course, is not confined solely to use for direct production). If adjusted roughly for this factor, the series illustrates the relatively small difference between industrial output in 1949 and 1948. The power consumption series (as shown in the charts) is most useful in 1949, however, to illustrate the fact that activity moved down in the first half of the year, but up in the second.

There was a steady decline in the first half of the year but the recovery in the second half lifted scheduled operations in December to a level equal to that in the peak month in 1948. For the year, operations were scheduled at an average of 72 per cent of capacity as against 74 per cent in 1948 and 66 per cent in 1947. The industry reached a two-year low in June, in part as a result of shutdowns for maintenance and repairs but also because of a decrease in orders. At that time consumers were buying closely in nearly every line except pipe, construction materials and steel for agricultural machinery.

In midsummer, orders began to pick up and operations increased steadily through the remainder of the year. In October production elsewhere in the nation was interrupted by the steel strike but in this area operations continued under extension of existing contracts.

There was some additional capacity installed during the year. The Granite City Steel Company

DAILY AVERAGE INDUSTRIAL CONSUMPTION OF ELECTRIC POWER, 1948-1949
1948 = 100 Per Cent



SOURCE: Based on utility company reports for respective cities

completed its \$20 million program which involved installing new continuous strip rolling equipment and a new open hearth furnace. The new furnace increases the area's open hearth capacity by about 10 per cent.

Lumber—Lumber production in the district's mills averaged considerably less than in 1948. Early in the year adverse weather conditions, coupled with a decline in demand, resulted in a sizable reduction in operations. Hardwood buying by furniture manufacturers was very slow at the winter furniture shows and the oak flooring market also was weak. There was a general softening in prices during this period, particularly in those of lower grades, and a number of marginal operators were forced out of business.

By the middle of the year production was fairly well geared to demand and the market tended to stabilize. Late in the summer the increase in construction activity, particularly residential building, began to be felt and there was marked improvement in lumber buying. The improved outlook in the furniture industry also resulted in increased orders. As a result, the rate of operations of reporting hard-

wood producers increased in each successive month from July through November. The increase in demand caused lumber prices to stiffen slightly and at year end they averaged a little higher than in July.

Even though lumber operations increased during the latter part of 1949, the year as a whole was not up to the 1948 level. Reporting southern hardwood mills operated at an average of about 69 per cent of capacity as compared with 87 per cent in 1948, while output of southern pine averaged 7 per cent less than in the previous year.

Whiskey—Kentucky's distilleries produced less whiskey last year than in 1948. Production is estimated at 70 million tax gallons—a decline of 16 million gallons or 19 per cent as compared with 1948. The decrease in Kentucky was not as large as that in the nation as a whole, however, where output was off 27 per cent. The year was the first since the end of the wartime restrictions in which bonded whiskey (four-year-old whiskey) came of age. In midyear stocks in storage reached an all-time high. This fact, coupled with the usual seasonal decline in summer, resulted in the lowest monthly output in July and August since grain rationing was in effect in the winter of 1947-48.

Meat Packing—Meat packing plants in the St. Louis area operated at a somewhat lower level than in the previous year. A total of 5 million animals was slaughtered under Federal inspection or 13 per cent fewer than in 1948. Nationally there was a 2 per cent increase. Seasonal increases failed to develop in the second quarter of the year and, while the decline to the midsummer low was less than usual, the increase in the last part of the year also was somewhat less than seasonal.

Killings of all animals decreased relative to 1948. Percentagewise the largest decline was in the slaughter of calves and sheep which were off 31 and 27 per cent, respectively. Cattle slaughter decreased 15 per cent while hog killings were off only 6 per cent.

Shoes—The shoe manufacturing industry in this district was among those reporting a sharp reduction in operations in 1949. Production totaled approximately 86 million pairs or 10 per cent fewer than in 1948. Nationally, production was off less than 1 per cent. Thus, factories in the district accounted for a smaller proportion of the nation's output than in 1948—19 per cent as against 21 per cent in the previous year.

The decline in the district's proportion of total United States output is consistent with the pattern established in earlier years. This district produces

PRODUCTION INDEXES

| COAL PRODUCTION INDEX 1935-39=100 | | | | | |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Unadjusted | | | Adjusted | | |
| Dec., '49 | Nov., '49 | Dec., '48 | Dec., '49 | Nov., '49 | Dec., '48 |
| 154 * | 149 * | 163 | 148 * | 135 * | 157 |

| SHOE PRODUCTION INDEX 1935-39=100 | | | | | |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Unadjusted | | | Adjusted | | |
| Nov., '49 | Oct., '49 | Nov., '48 | Nov., '49 | Oct., '49 | Nov., '48 |
| 104 * | 133 | 126 | 105 * | 137 | 128 |

* Preliminary.

INDUSTRY

| CONSUMPTION OF ELECTRICITY | | | | | | |
|----------------------------|--------------------|------------|------------|------------|--------------------------|-----------|
| (K.W.H. in thousands) | No. of Custom-ers* | Dec., 1949 | Nov., 1949 | Dec., 1948 | Dec., 1949 compared with | |
| | | K.W.H. | K.W.H. | K.W.H. | Nov., '49 | Dec., '48 |
| Evansville | 40 | 8,186 | 7,840 | 9,000 | + 4% | - 9% |
| Little Rock | 35 | 5,297 | 5,161 | 4,964 | + 3 | + 7 |
| Louisville | 80 | 71,318 | 69,954 | 72,136 | + 2 | - 1 |
| Memphis | 31 | 6,635 | 6,523 | 5,883 | + 2 | + 13 |
| Pine Bluff | 26 | 4,979 | 6,071 | 6,662 | -18 | -25 |
| St. Louis..... | 139 | 85,578 | 80,724 | 87,560 R | + 6 | - 2 |
| Totals | 351 | 181,993 | 176,273 | 186,205 R | + 3% | - 2% |

* Selected industrial customers.
R—Revised.

| LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS | | | | | | |
|--------------------------------------------------|-----------|-----------|---------------------------|-----------|-------------|-------------|
| Dec., '49 | Nov., '49 | Dec., '48 | First Nine Days Jan., '50 | Jan., '49 | 12 mos. '49 | 12 mos. '48 |
| 99,992 | 101,995 | 114,207 | 24,419 | 30,883 | 1,246,348 | 1,435,868 |

Source: Terminal Railroad Association of St. Louis.

| CRUDE OIL PRODUCTION—DAILY AVERAGE | | | | | |
|------------------------------------|------------|------------|------------|------------------------------|------------|
| (In thou. of bbls.) | Dec., 1949 | Nov., 1949 | Dec., 1948 | December, 1949 compared with | |
| | | | | Nov., 1949 | Dec., 1948 |
| Arkansas | 74.3 | 73.4 | 73.9 | + 1% | + 1% |
| Illinois | 176.4 | 181.0 | 178.9 | - 3 | - 1 |
| Indiana | 28.1 | 28.7 | 24.2 | - 2 | + 16 |
| Kentucky | 25.3 | 24.9 | 24.0 | + 2 | + 5 |
| Total | 304.1 | 308.0 | 301.0 | - 1% | + 1% |

a relatively high-priced shoe. In the first nine months of 1949, for example, the value of shipments from Missouri's factories averaged \$4.23 per pair. In the remainder of the nation the average was \$3.42 or 19 per cent less than the average for Missouri's output. In 1947 and 1948 the margin averaged about 12 per cent. In the past, when income tightened and consumers shifted to lower-priced shoes, the district's proportion of national output declined. In the late 1920's, for example, the district produced more than 20 per cent of the nation's shoes. In 1936-38 the ratio was down to about 16 per cent. To some extent this shift developed in 1949 and accounted for a part of the relative decline in production here.

In addition, the type of shoe manufactured in this area contributed to the relative decline in output. Factories here concentrate on all-leather shoes and on those with leather uppers. A comparatively small part of output is in the playshoe, slipper or sandal lines. During and since the war, however, there was a sizable increase in the output of these types nationally.

Finally, production in the district was curtailed somewhat when manufacturers' inventories began building up early in the year. Output in some of the early months was cut back to a level consistent with retailers' demand which at that time was being held at minimum levels.

Coal—The past year was one of unrest and of more than usual irregularity in the coal industry's operations. Work stoppages during the year took the form of mine holidays (in March), stabilized inaction (in June), annual vacation (in June and July), three-day workweek (began in July) and almost complete strikes (in September and October). In June the nation's coal stocks were at an all-time high level of 74 million tons. The subsequent series of work stoppages so curtailed production that at the year end shortages were developing. Stocks in November stood at 45 million tons or the equivalent of a 51-day industrial supply, but retailers had only a five-day supply. Stocks were reduced further by the low level of output in December.

Mines in the Eighth District produced approximately 88 million tons, or about 26 per cent less than in 1948. This was the smallest tonnage produced since 1940. However, the district fared better than the nation as a whole where output was off about 27 per cent. Since the reduced workweek program began, the district's share of United States output has increased considerably. This reflects

the fact that many of the district's mines are non-union or are operated under contract with the Progressive Mine Workers' Union. In addition, UMW mines west of the Mississippi River were allowed to resume production during the strike, which enabled those in Missouri and Arkansas to add to the district's supply.

There was little change in the relative importance of the producing areas in 1949. Illinois mines produced about 48 million tons or 55 per cent of the district total. Western Kentucky again ranked second, accounting for 19 million tons or 21 per cent of the district total. Indiana mines produced 17 million tons, equal to 19 per cent of the district total, while Missouri and Arkansas accounted for 4 per cent and 1 per cent, respectively.

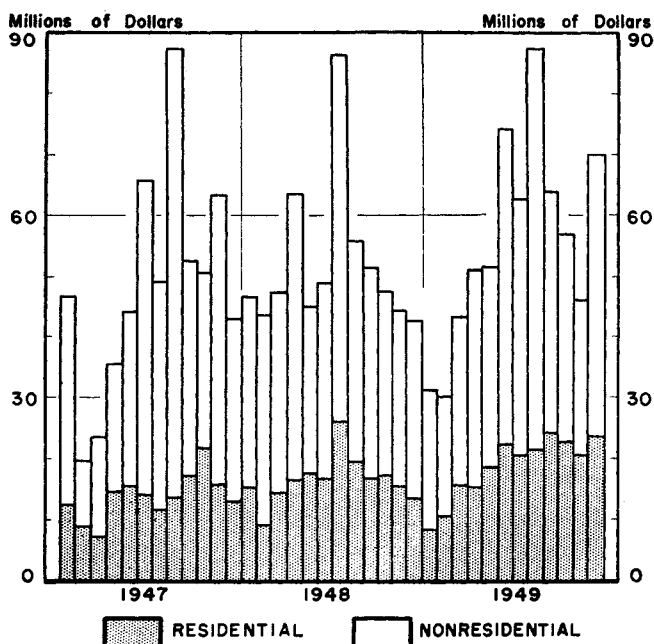
Oil—Crude oil output in the district's producing areas in 1949 averaged about the same as in 1948 when production totaled 112 million barrels. In the nation as a whole there was a decrease of 8 per cent. In the past several years the district's share of national output has averaged about 6 per cent. This ratio was maintained in 1949, although during the latter half of the year the district's proportion was slightly larger. In Illinois—which accounted for more than half the district's crude oil—and in Kentucky there was little change from the previous year's volume. Output in Arkansas, the second ranking producer of the district states, dropped nearly 6 per cent relative to 1948. Indiana wells, although producing a relatively small part of the crude oil of the district, had a 45 per cent increase over 1948.

The number of new oil wells drilled (completions) in the district increased 16 per cent over 1948. Of the 5,428 completions, 2,578 or 47 per cent reached oil. This was a slightly smaller portion than in the previous year but it was more than offset by the increase in drillings. The number of oil-producing wells completed increased in all the district's producing states with gains ranging from 5 per cent in Indiana to 43 per cent in Kentucky.

CONSTRUCTION

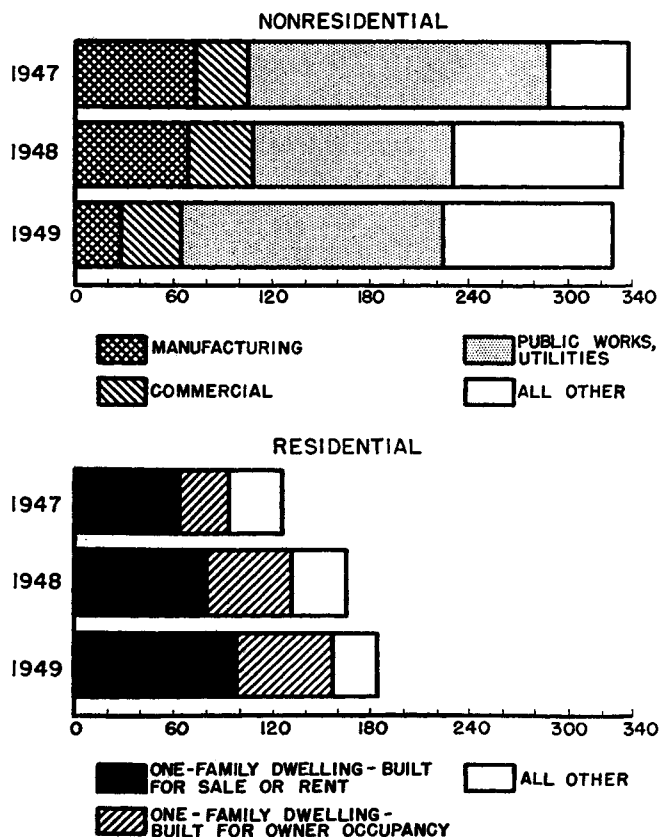
| (Cost in thousands) | BUILDING PERMITS | | | | | | | |
|---------------------|-------------------|------|----------|---------|---------------|------|-------|-------|
| | Month of December | | | | Repairs, etc. | | | |
| | New Construction | | Cost | | Number | | Cost | |
| | 1949 | 1948 | 1949 | 1948 | 1949 | 1948 | 1949 | 1948 |
| Evansville | 33 | 25 | \$ 89 | \$ 59 | 31 | 43 | \$252 | \$ 59 |
| Little Rock..... | 104 | 54 | 1,002 | 529 | 123 | 106 | 81 | 55 |
| Louisville | 111 | 82 | 2,312 | 387 | 37 | 36 | 40 | 33 |
| Memphis | 1,774 | 411 | 3,237 | 1,642 | 82 | 141 | 48 | 82 |
| St. Louis..... | 239 | 191 | 3,843 | 1,344 | 152 | 175 | 277 | 516 |
| Dec. Totals..... | 2,261 | 763 | \$10,483 | \$3,961 | 425 | 501 | \$698 | \$745 |
| Nov. Totals..... | 2,962 | 961 | \$ 6,760 | \$3,483 | 680 | 613 | \$707 | \$736 |

**CONSTRUCTION CONTRACTS AWARDED
IN EIGHTH DISTRICT
1947 - 1949**



SOURCE: F. W. Dodge Corp.

**CONSTRUCTION CONTRACTS AWARDED
ST. LOUIS TERRITORY, 1947 - 1949***
(Millions of Dollars)



* INCLUDES EAST MISSOURI, SO. AND GE. ILLINOIS, WEST TENNESSEE, ARKANSAS
SOURCE: Based On F. W. Dodge Corp. Reports

Construction—After a slow start, construction activity in the district increased considerably in 1949 and for the year as a whole was at a new peacetime high. The value of construction for which contracts were awarded during the year totaled \$671 million, according to the F. W. Dodge Corporation reports, or 8 per cent more than in 1948. Not since the wartime expansion program was at its peak in 1942 was the dollar volume of contracts as large as in 1949.

Residential awards were valued at \$226 million—an increase of 13 per cent over the previous year's volume. Nonresidential construction was valued at \$446 million or 5 per cent larger than in 1948. The increase in residential volume was smaller than the 17 per cent gain in the 37-state area covered by the Dodge reports, but comparable increases occurred in nonresidential awards.

In the residential field there was a sizable increase in the Eighth District in the construction of single-family units for sale or rent. In the St. Louis territory covered by the Dodge reports (roughly equivalent to the Eighth District less the portion in Indiana, Mississippi and Kentucky) this type of speculative building increased 22 per cent over 1948 and accounted for 50 per cent of the value of all residential contracts awarded in that area in 1949. Ninety-five per cent of the total residential construction represented private financing compared with 96 per cent in 1948.

St. Louis, including St. Louis County, and Louisville were the only major cities in the district to show an increase in residential construction contracted for in 1949. The value of housing contracts in St. Louis totaled \$77 million or 18 per cent more than in 1948, and in Louisville totaled \$19 million, a gain of 11 per cent. Declines in the other cities amounted to 12 per cent in Memphis, 15 per cent in Little Rock, and 38 per cent in Evansville.

In the nonresidential field the slight increase over 1948 principally reflected large increases in public utilities and public works (including privately and publicly financed projects in each category). The value of utilities awards in the St. Louis territory increased 61 per cent over the 1948 volume and totaled \$73 million. Contracts for public works increased 20 per cent in aggregate value and amounted to \$87 million. A larger proportion of the combined value in these two categories was financed privately in 1949—40 per cent as against 21 per cent in 1948.

Commercial construction showed little change relative to 1948, totaling \$37 million. However, the value of manufacturing facilities contracted for continued to decline and amounted to only \$28 million

or about 40 per cent of the value in 1948. In Memphis, Louisville and Little Rock there was an increase in the manufacturing group and in Louisville there was a gain in commercial building. The other cities reported declines in each class.

TRADE

Expenditures of Eighth District consumers were almost as large last year as in the peak year 1948. According to tentative estimates, outlays for consumer goods and services apparently declined just about 1 per cent from the previous year. Part of the decline, of course, reflects lower average prices and hence tends to understate the physical volume of goods that moved into the hands of consumers. While aggregate expenditures in the district's retail establishments probably amounted to a little less than in 1948, in some parts of the district and in some retail lines fairly sizable decreases occurred.

Total retail trade last year was supported in this district as elsewhere in the nation by the strong demand for automobiles. Sales of other consumers' durable goods were generally smaller than in 1948, although in the St. Louis area (including St. Louis City and County and East St. Louis) a large increase in demand for television sets helped maintain total sales of durables (other than automobiles) at about the previous year's level. Expenditures for durables such as furniture and major electrical appliances picked up in the last half of the year, following the elimination of consumer credit controls, but not enough to lift the year's volume to that in 1948.

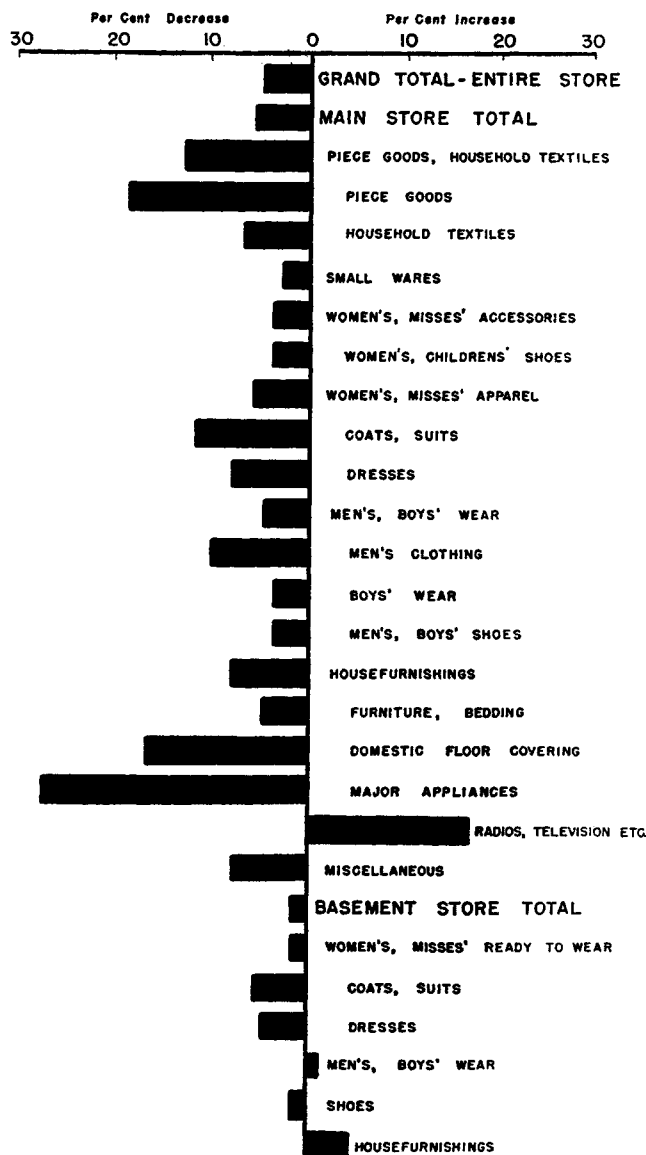
Consumers also spent less money for nondurable goods. Apparel sales totaled less than in 1948, both in men's and women's apparel lines. Expenditures for food were relatively unchanged from those in the previous year although price declines here were an important factor. In department stores, sales of piece goods and household textiles declined, although here, too, the smaller dollar volume partly resulted from relatively lower prices.

A major part of the year's decline came in the early part of the year. Sales generally began turn-

ing down late in 1948 and, except in February, continued to decline through the first quarter of 1949. This experience caused most store executives to give careful attention to their inventory position. In the face of declining sales, and what then seemed to be the prospect of further weakening in consumers' spending, retailers began reducing their outstanding orders.

By the middle of the second quarter the value of department stores' outstanding orders had dropped to the lowest level since 1942. In April, when orders relative to the value of inventories are usually at the low for the year, the orders outstanding at the district's department stores were

**EIGHTH DISTRICT DEPARTMENT STORE SALES
BY MAJOR DIVISIONS AND SELECTED DEPARTMENTS
1949 COMPARED TO 1948**



WHOLESALE

| Line of Commodities | Net Sales | | Stocks |
|------------------------------|---------------------------------------|-------------------------------------------|--------------------------------------------------|
| | U.S. Dept. of Commerce* Nov., 1949 | Dec., 1949 compared with Dec., 1948 | Dec. 31, 1949, compared with Dec. 31, 1948 |
| Automotive Supplies..... | -17% | -14% | -18% |
| Drugs and Chemicals..... | 0 | + 6 | |
| Dry Goods | -28 | + 2 | + 1 |
| Groceries | -16 | -13 | + 6 |
| Hardware | -10 | -20 | - 8 |
| Tobacco and its Products.... | + 2 | - 6 | + 3 |
| Miscellaneous | -25 | - 9 | -16 |
| ** Total All Lines..... | -10% | -15% | - 4% |

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

TRADE

DEPARTMENT STORES

| | Net Sales | | Stocks on Hand | | Stock Turnover | |
|-----------------------------------|------------------------------------|-----------|---------------------------------|--------------|--------------------------|-------|
| | Dec., 1949 compared with Nov., '49 | | 12 mos. '49 to same period 1948 | | Jan. 1, to Dec. 31, 1949 | |
| | Dec., 1949 | Dec., '48 | Dec. 31, '49 | Dec. 31, '48 | 1949 | 1948 |
| 8th F. R. District..... | +42% | -1% | -5% | -7% | 4.23 | 4.20 |
| Ft. Smith, Ark..... | +69 | -5 | -3 | -14 | 4.38 | 4.06 |
| Little Rock, Ark..... | +41 | -4 | -6 | +2 | 4.42 | 4.57 |
| Quincy, Ill. | +42 | -4 | -6 | -7 | 3.68 | 3.75 |
| Evansville, Ind. | +35 | -8 | -12 | -21 | 3.87 | 3.84 |
| Louisville, Ky. | +51 | -0 | -4 | -6 | 4.67 | 4.75 |
| St. Louis Area ¹ | +35 | +1 | -6 | -8 | 4.20 | 4.13 |
| St. Louis, Mo..... | +35 | -0 | -6 | -9 | 4.21 | 4.14 |
| E. St. Louis, Ill..... | +47 | +8 | -1 | | | |
| Springfield, Mo. | +43 | -5 | -14 | -18 | 3.57 | 3.66 |
| Memphis, Tenn. | +48 | -2 | -3 | +2 | 4.33 | 4.31 |
| *All other cities..... | +56 | -4 | -6 | -14 | 3.44 | 3.37 |

| | Instalment Accounts | | Excl. Instal. Accounts | | Instalment Accounts | | Excl. Instal. Accounts | |
|-------------|---------------------|--------|------------------------|--------|---------------------|--------|------------------------|--------|
| | |% | |% | |% | |% |
| Fort Smith | |% | |% | |% | |% |
| Little Rock | |% | |% | |% | |% |
| Louisville | |% | |% | |% | |% |
| Memphis | |% | |% | |% | |% |

INDEXES OF DEPARTMENT STORE SALES AND STOCKS

| | 8th Federal Reserve District | | | |
|---------------------------------------------------------------|------------------------------|------------|------------|------------|
| | Dec., 1949 | Nov., 1949 | Oct., 1949 | Dec., 1948 |
| Sales (daily average), unadjusted ² | 504 | 378 | 331 | 517 |
| Sales (daily average), seasonally adjusted ² | 330 | 300 | 309 | 338 |
| Stocks, unadjusted ³ | 259 | 329 | 333 | 376 |
| Stocks, seasonally adjusted ³ | 309 | 308 | 298 | 229 |

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

SPECIALTY STORES

| | Net Sales | | Stocks on Hand | | Stock Turnover | |
|------------------------|-----------------------------------|-----------|--------------------------------|--------------|--------------------------|------|
| | Dec., '49 compared with Nov., '49 | | 12 mos. '49 to same period '48 | | Jan. 1, to Dec. 31, 1949 | |
| | Dec., '49 | Dec., '48 | Dec. 31, '49 | Dec. 31, '48 | 1949 | 1948 |
| Men's Furnishings..... | +63% | -1% | -6% | -1% | 2.86 | 3.03 |
| Boots and Shoes..... | +49 | -2 | -2 | -5 | 4.45 | 4.55 |

Percentage of accounts and notes receivable outstanding December 1, 1949, collected during December:
 Men's Furnishings 50% Boots and Shoes..... 43%
 Trading days: December, 1949—26; November, 1949—25; December, 1948—26.

RETAIL FURNITURE STORES **

| | Net Sales | | Inventories | | Ratio of Collections | |
|------------------------------------|------------------------------------|-----------|------------------------------------|-----------|----------------------|-----------|
| | Dec., 1949 compared with Nov., '49 | | Dec., 1949 compared with Nov., '48 | | Dec., '49 Dec., '48 | |
| | Nov., '49 | Dec., '48 | Nov., '49 | Dec., '48 | Dec., '49 | Dec., '48 |
| 8th Dist. Total ¹ | +29% | +13% | -13% | -14% | 22% | 22% |
| St. Louis Area ² | +27 | +18 | -10 | -18 | 28 | 22 |
| St. Louis..... | +28 | +20 | -10 | -18 | 27 | 22 |
| Louisville Area ³ | +26 | +22 | -15 | -13 | 16 | 18 |
| Louisville..... | +25 | +24 | -14 | -13 | 14 | 16 |
| Memphis..... | +19 | -5 | -17 | -5 | 14 | 18 |
| Little Rock..... | +39 | +11 | -19 | +1 | 18 | 23 |
| Springfield..... | +28 | +25 | * | * | 25 | 19 |
| Fort Smith..... | +37 | -9 | * | * | * | * |

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

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

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

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

** 39 stores reporting.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

| | Dec., 1949 | | |
|--------------------|------------|------------|------------|
| | | Nov., 1949 | Dec., 1948 |
| Cash Sales | 16% | 13% | 19% |
| Credit Sales | 84 | 87 | 81 |
| Total Sales | 100% | 100% | 100% |

equal to only 20 per cent of their inventories. A year earlier they were equivalent to 30 per cent and two years earlier to 40 per cent of their inventories.

When consumers continued to spend their money in amounts not too different from those in 1948, store executives began to increase their advance commitments. By the end of the third quarter, department stores had on order a larger volume of goods, in terms of dollar value, than at the same time a year earlier.

This shift in point of view with respect to sales expectations in the closing months of the year proved to be justified. In metropolitan St. Louis, for example, total retail sales in November were valued at only 2 per cent less than in the same month a year earlier after having been off 3 per cent in October. Estimates for December are not yet available. In that month sales in department stores, where volume throughout the year tended to understate the level of total retail trade, came within 1 per cent of the December, 1948 volume. It is likely that total retail sales in December were equal to or larger than those a year earlier.

As noted elsewhere in this Review, consumers' expenditures in 1949 were based largely on a high level of income and in part on an increase in the use of credit. The major expansion in credit sales came in the last half of the year—particularly the increase in instalment credit which coincided with the removal of controls on this type of buying at the end of June. However, even in the first half of the year credit sales in department stores accounted for a fractionally larger proportion of total sales than they had a year earlier. This increase

PRICES

WHOLESALE PRICES IN THE UNITED STATES

| Bureau of Labor Statistics (1926=100) | Dec., '49 | | | Dec., '48 | |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| | Dec., '49 | Nov., '49 | Dec., '48 | Nov., '49 | Dec., '48 |
| All Commodities..... | 151.3 | 151.6 | 162.2 | -0.2% | -6.7% |
| Farm Products..... | 155.3 | 156.8 | 177.3 | -1.0 | -12.4 |
| Foods | 155.7 | 158.9 | 170.2 | -2.0 | -8.5 |
| Other | 145.5 | 145.0 | 152.8 | +0.3 | -4.8 |

CONSUMER PRICE INDEX

| Bureau of Labor Statistics (1935-39=100) | Dec. 15, 1949 | | | Dec. 15, '48 | |
|------------------------------------------|---------------|----------------|---------------|--------------|--------------|
| | Dec. 15, 1949 | Sept. 15, 1949 | Dec. 15, 1948 | Dec. 15, '49 | Dec. 15, '48 |
| United States..... | 167.5 | 169.6 | 171.4 | -1.2% | -2.3% |
| St. Louis..... | 167.8 | 168.9 | 171.1 | -0.7 | -1.9 |
| Memphis | 170.8 | 172.7 | 174.3 | -1.1 | -2.0 |

RETAIL FOOD

| Bureau of Labor Statistics (1935-39=100) | Dec. 15, 1949 | | | Dec. 15, '48 | |
|------------------------------------------|---------------|---------------|---------------|--------------|--------------|
| | Dec. 15, 1949 | Nov. 15, 1949 | Dec. 15, 1948 | Nov. 15, '49 | Dec. 15, '48 |
| U. S. (51 cities)..... | 197.3 | 200.8 | 205.0 | -1.8% | -3.8% |
| St. Louis..... | 206.2 | 208.6 | 212.2 | -1.2 | -2.8 |
| Little Rock..... | 197.0 | 198.8 | 201.6 | -0.9 | -2.3 |
| Louisville | 185.0 | 188.3 | 196.6 | -1.8 | -5.9 |
| Memphis | 206.9 | 210.2 | 217.9 | -1.6 | -5.1 |

was due to a relatively larger volume of open credit sales.

Department Stores—Department stores in the district last year came within 5 per cent of equaling the record sales volume of 1948. Total sales are tentatively estimated at \$417 million as against \$439 million in 1948 and \$410 million in 1947. The percentage decrease in this district was the same as that for the nation as a whole.

Declines were general among the major cities of the district as shown in the table. In the first half of the year only two cities—Fort Smith and Memphis—showed a gain in sales volume relative to that in the same period of 1948. By the year's end, however, these gains had been wiped out. Springfield and Evansville suffered the largest slump in volume while in Fort Smith, East St. Louis, Louisville and Memphis the decline was less than the district average. In Springfield, Quincy and St. Louis the decline for the year placed estimated volume below the 1947 level.

ESTIMATED TOTAL DEPARTMENT STORE SALES
(In Millions of Dollars)

| | 1939* Sales | 1947 Estimated Sales | 1948 Estimated Sales | 1949 Estimated Sales |
|-----------------------|----------------|----------------------------|----------------------------|----------------------------|
| Fort Smith | \$ 2.4 | \$ 6.9 | \$ 7.4 | \$ 7.2 |
| Little Rock | 8.2 | 26.2 | 28.6 | 26.9 |
| Evansville | 4.4 | 13.2 | 15.5 | 13.8 |
| Louisville | 14.6 | 43.9 | 47.8 | 45.9 |
| Quincy | 2.9 | 7.3 | 7.8 | 7.2 |
| East St. Louis..... | 2.1 | 7.5 | 8.5 | 8.2 |
| St. Louis | 61.8 | 159.2 | 168.7 | 158.6 |
| Springfield | 3.1 | 14.2 | 14.5 | 12.6 |
| Memphis | 16.4 | 53.2 | 56.4 | 54.7 |
| Eighth District | 144.1 | 410.4 | 439.2 | 417.2 |

* Bureau of the Census data.

Consumers' expenditures in department stores began to decline late in 1948. In 1949 the daily average value of sales on a seasonally adjusted basis in these stores increased through May. There was a drop in June but in the next three months the upward climb was resumed. In October and November sales declined, but they increased again in December.

Relative to sales in the same month in 1948, there were only two months in 1949 in which dollar volume showed an increase. In each case the gain was associated with traditional shopping periods. Heavy promotion of housefurnishings in February lifted sales volume 7 per cent above that in the same month a year earlier. In April the year-to-year gain was 1 per cent—and here the difference in the date of the Easter shopping period was a factor.

In the Christmas buying season consumers concentrated purchases in the two weeks prior to the holiday. As a result, the four-week period ending

December 31, 1949 showed the largest dollar volume ever recorded for the period. For the full calendar month, however, sales gains late in the month were not sufficient to overcome completely the decline from 1948 levels that occurred in the first ten days of the month. Thus total December sales volume was 1 per cent less than in 1948.

During most of the year, stores actively featured promotional merchandise but with varying degrees of success. Prices averaged lower than in 1948 in both hard and soft goods lines and the size of the average sales check declined. In the hard goods lines, prices were slashed sharply—particularly in the case of radios as television sets reached the buying public in growing volume. By the end of the year, competitive selling and technical advances brought price reductions even in television.

In an effort to maintain volume, department stores also aggressively featured special sales with accompanying markdowns of regular merchandise in both the hard and soft lines. This, in effect, furthered the decline in the size of the average sales check.

In the first nine months of the year, price-conscious, bargain-hunting consumers showed more of an inclination to shop in basement store divisions of district department stores than in the upstairs stores. This, plus the lower price tag on a considerable portion of the stores' merchandise, accounted for much of the decline from 1948 in total dollar volume. In the last quarter, however, dollar sales in the main store divisions showed better results than were achieved in the comparable divisions in the downstairs store.

Furniture Stores—Furniture stores' sales in the district were estimated at about 3 per cent less than in 1948. Except in February, sales volume in the first nine months of the year consistently dropped below that in the corresponding month in 1948. In the last quarter, however, expenditures in these stores were somewhat larger than in the previous year. The year-to-year increase in February resulted primarily from the intense promotion of special sales. Throughout the year, volume was aided considerably by the expansion of credit sales. The year-to-year comparison was more favorable in the case of credit sales than cash sales.

In St. Louis, the year's dollar volume was off about 8 per cent or somewhat more than the average decline for the district as a whole. In Little Rock sales were about 5 per cent larger than in 1948, while in Memphis there was a gain of 7 per cent.

Banking Developments

The fourth postwar year witnessed these developments in Eighth District banking: (1) A stronger downturn and then a sharper upturn in total loans than was characteristic of other years in the 1940's; (2) a similar but much less pronounced dip in demand deposits; (3) moderate time deposit growth; and (4) lower reserve requirements for member banks.

Loan Trends—At the close of 1949, total loans of Eighth District member banks were \$1.5 billion, almost as high (within 0.5 per cent) as a year earlier. Between the year-end dates, however, the course of loans was quite different than in the previous year.

Ordinarily in this district total bank loans decline in the first half of the year and expand in the second half. During many of the war and postwar years this seasonal movement was obscured by other factors. In 1949 the movement was quite pronounced, with the seasonal change apparently reinforced to a degree by the moderate downturn in general economic activity in the first three quarters of the year.

From December, 1948 to July, 1949 total member bank loans in this district dropped \$161 million. After recovering in July, volume fell off again in August to the low point of the year, down \$169 million or 11 per cent. A year earlier the low point came in May and the drop was much smaller—\$38 million or 3 per cent. Loan volume rose sharply in the later months of 1949, with the gain in three

months (September, October and November) alone \$162 million. This rise was particularly noteworthy in that one factor in the increase at that time in 1948 was considerably reduced in strength in 1949. In the fall of 1948, CCC loan volume at Memphis and Little Rock banks was an appreciable factor in the increase in loans. With a short district cotton crop, CCC loan volume at banks in these cities late in 1949 was less than one-third as large as a year earlier.

The composition of total loans at the end of 1949 was appreciably changed from the pattern prevailing a year earlier. There was a shift toward real estate loans and (to a lesser degree) toward consumer loans, as business loan volume declined in the first part of the year. On the basis of preliminary data, Eighth District banks increased their real estate loan volume relatively more than was true of all banks in the nation. This reflected in part the better-than-national-average record of construction activity in this district.

Loan trends also differed as between big city and country banks. At the larger urban institutions the loan decrease in the first half-year apparently was more than seasonal, and, similarly, the fall expansion was more than seasonal. At rural banks the usual pattern is a rise in spring and summer and a decline in the fall after harvesting. The spring-summer increase in 1949 was smaller than in 1948, but there was some gain—2 per cent as against the

EIGHTH DISTRICT MEMBER BANK ASSETS AND LIABILITIES BY SELECTED GROUPS

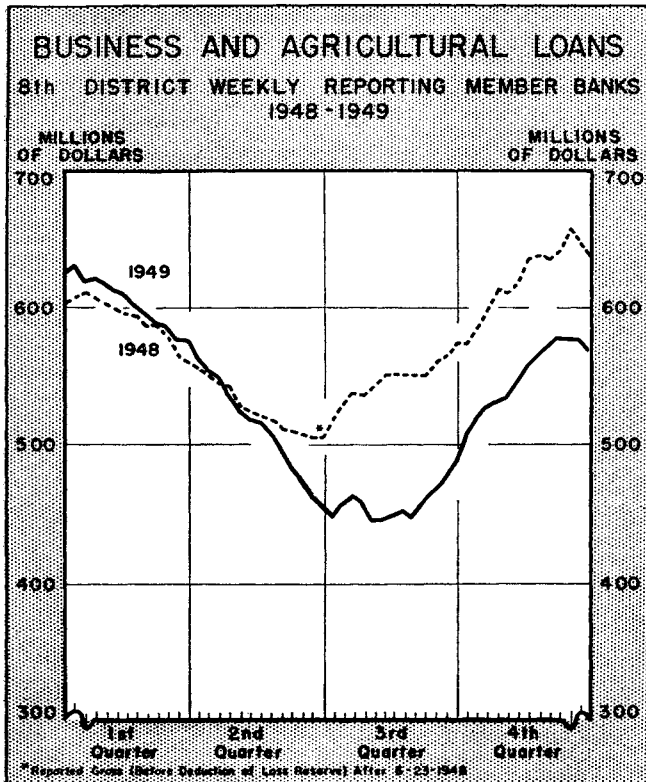
| (In Millions of Dollars) | All Member | | | Large City Banks ¹ | | | Smaller Banks ² | | |
|--------------------------------------------------------|----------------|---------------|------------------------|-------------------------------|---------------|------------------------|----------------------------|---------------|------------------------|
| | Change from: | | | Change from: | | | Change from: | | |
| | June, 1949 | Dec., 1948 | to to June, 1949 | June, 1949 | Dec., 1948 | to to June, 1949 | June, 1949 | Dec., 1948 | to to June, 1949 |
| Assets | | | | | | | | | |
| 1. Loans and investments..... | \$3,911 | \$+317 | \$-132 | \$2,307 | \$+261 | \$-122 | \$1,604 | \$+ 56 | \$- 10 |
| a. Loans | 1,531 | +154 | -161 | 1,017 | +150 | -172 | 514 | + 4 | + 11 |
| b. U. S. Government Obligations..... | 2,028 | +127 | + 28 | 1,117 | + 79 | + 44 | 911 | + 48 | - 16 |
| c. Other Securities | 352 | + 36 | + 1 | 173 | + 32 | + 6 | 179 | + 4 | - 5 |
| 2. Reserves and Other Cash Balances..... | 1,270 | + 76 | -228 | 766 | + 32 | -145 | 504 | + 44 | - 83 |
| a. Reserves with the F. R. Banks..... | 583 | - 55 | -144 | 377 | - 24 | -104 | 206 | - 31 | - 40 |
| b. Other Cash Balances ³ | 687 | +131 | - 84 | 389 | + 56 | - 41 | 298 | + 75 | - 43 |
| 3. Other Assets | 39 | - 0 - | + 3 | 25 | - 0 - | + 2 | 14 | - 0 - | + 1 |
| 4. Total Assets | \$5,220 | \$+393 | \$-357 | \$3,098 | \$+293 | \$-265 | \$2,122 | \$+100 | \$- 92 |
| Liabilities and Capital | | | | | | | | | |
| 5. Gross Demand Deposits..... | \$3,919 | \$+398 | \$-394 | \$2,407 | \$+299 | \$-292 | \$1,512 | \$+ 99 | \$-102 |
| a. Deposits of Banks..... | 728 | +175 | -185 | 688 | +165 | -173 | 40 | + 10 | - 12 |
| b. Other Demand Deposits..... | 3,191 | +223 | -209 | 1,719 | +134 | -119 | 1,472 | + 89 | - 90 |
| 6. Time Deposits | 965 | - 7 | + 26 | 485 | - 8 | + 17 | 480 | + 1 | + 9 |
| 7. Borrowings and Other Liabilities..... | 26 | - 4 | + 9 | 21 | + 3 | + 8 | 5 | + 1 | + 1 |
| 8. Total Capital Accounts | 310 | + 6 | + 2 | 185 | + 5 | + 2 | 125 | + 1 | - 0 - |
| 9. Total Liabilities and Capital Accounts | \$5,220 | \$+393 | \$-357 | \$3,098 | \$+293 | \$-265 | \$2,122 | \$+100 | \$- 92 |

¹ Includes 15 St. Louis, 6 Louisville, 3 Memphis, 3 Evansville, 4 Little Rock and 4 East St. Louis-Nat'l Stockyards, Illinois banks.

² Includes all other Eighth District member banks. Some of these banks are located in smaller urban centers, but the majority are rural area banks.

³ Includes vault cash, balances with other banks in the United States, and cash items reported in the process of collection.

BANKING



previous year's 13 per cent. Country bank loan volume, however, increased contraseasonally in the latter part of 1949. As a result, total loans were slightly higher at the close of 1949 than a year earlier.

Reduced Reserve Requirements—The reversal of the loan decline in the latter part of 1949 reflected partly an improvement in business and partly an easing of credit control by the Federal Reserve System. In March, 1949 the Board of Governors reduced reserve requirements, and eased consumer credit and stock market margin requirements. At the close of June, the Board's temporary powers over consumer credit and reserve requirements expired, with the latter being further reduced. In August another reserve requirement reduction was made effective.

The total reserves freed for Eighth District member banks by Board action in 1949 approximated \$150 million. Most of this went into Government securities—about two-thirds at the larger city banks, the balance at smaller city and country banks. But this action put the banks in more liquid position to meet the rising loan demand in the fall.

Demand Deposit Trends—At the close of the year, deposits (excluding interbank deposits) at all Eighth District member banks totaled \$3.2 billion, just fractionally more than a year earlier. While

**PRINCIPAL ASSETS AND LIABILITIES
FEDERAL RESERVE BANK OF ST. LOUIS**

| | Jan. 18, 1950 | Dec. 21, 1949 | Change from Jan. 19, 1949 |
|-------------------------------------------|---------------|---------------|---------------------------|
| (In thousands of dollars) | | | |
| Industrial advances under Sec. 13b..... | \$ 2,633 | \$ 1,985 | \$ 7,712 |
| Other advances and rediscounts..... | 985,820 | 16,027 | 214,802 |
| U. S. securities..... | 988,453 | 18,012 | 222,514 |
| Total earning assets..... | \$ 766,297 | \$ 15,562 | \$ 7,739 |
| Total reserves | 685,039 | 9,517 | 155,275 |
| F. R. notes in circulation..... | 1,074,477 | 25,265 | 56,112 |
| Industrial commitments under Sec. 13b.... | 500 | 0 | 500 |

**PRINCIPAL ASSETS AND LIABILITIES
WEEKLY REPORTING MEMBER BANKS
EIGHTH FEDERAL RESERVE DISTRICT**
(In thousands of dollars)

| | Jan. 18, 1950 | Dec. 21, 1949 | Change from Jan. 19, 1949 |
|---------------------------------------------------------------------------------|---------------|---------------|---------------------------|
| 34 banks reporting | | | |
| ASSETS | | | |
| Gross commercial, industrial, and agricultural loans and open market paper..... | 550,063 | 22,790 | 69,355 |
| Gross loans to brokers and dealers in securities | 6,888 | 67 | 1,241 |
| Gross loans to others to purchase and carry securities | 18,702 | 150 | 3,196 |
| Gross real estate loans..... | 190,046 | 861 | 29,191 |
| Gross loans to banks..... | 850 | 18,237 | 410 |
| Gross other loans (largely consumer credit loans) | 222,311 | 2,170 | 8,536 |
| Total | 988,860 | 38,213 | 33,993 |
| Less reserve for losses..... | 11,654 | 1,750 | 2,397 |
| Net total loans..... | \$ 977,206 | \$ 39,963 | \$ 36,390 |
| Treasury bills | 71,476 | 34,507 | 5,558 |
| Certificates of indebtedness..... | 234,106 | 19,285 | 908 |
| Treasury notes | 148,754 | 17,710 | 94,805 |
| U. S. bonds and guaranteed obligations.. | 713,200 | 2,772 | 28,849 |
| Other securities | 177,323 | 3,362 | 41,907 |
| Total investments | \$1,344,859 | \$172,092 | \$172,027 |
| Cash assets | 789,345 | 39,160 | 75,644 |
| Other assets | 24,782 | 364 | 1,222 |
| Total assets | \$3,136,192 | \$71,653 | \$61,215 |
| LIABILITIES | | | |
| Demand deposits of individuals, partnerships, and corporations..... | 1,534,124 | 1,781 | 23,715 |
| Interbank deposits | 720,239 | 43,207 | 9,094 |
| U. S. Government deposits..... | 53,778 | 9,403 | 21,766 |
| Other deposits | 128,199 | 3,607 | 10,745 |
| Total demand deposits..... | \$2,436,340 | \$54,536 | \$25,642 |
| Time deposits | 483,997 | 5,062 | 11,334 |
| Borrowings | 15,300 | 13,300 | 13,300 |
| Other liabilities | 18,757 | 120 | 3,159 |
| Total capital accounts..... | 181,798 | 1,125 | 7,780 |
| Total liabilities and capital accounts..... | \$3,136,192 | \$71,653 | \$61,215 |
| Demand deposits, adjusted*..... | \$1,430,478 | \$22,477 | \$10,258 |

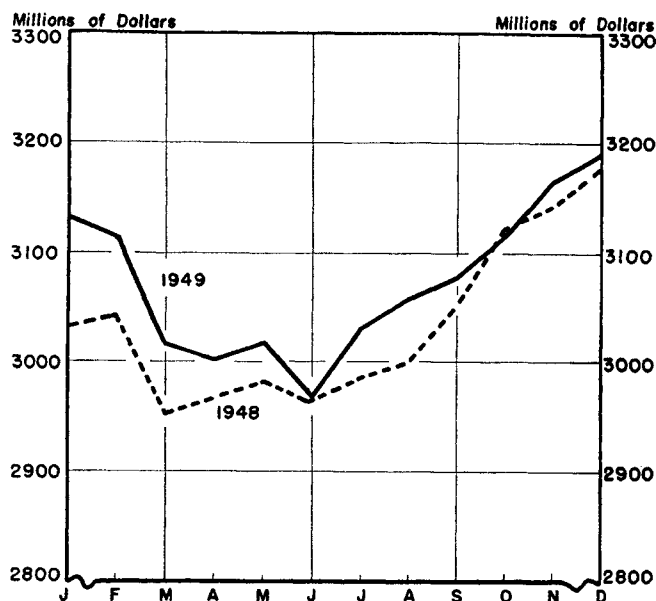
*Other than interbank and government demand deposits, less cash items on hand or in process of collection.

DEBITS TO DEPOSIT ACCOUNTS

| (In thousands of dollars) | Dec., 1949 | Nov., 1949 | Dec., 1948 | Dec., 1949, compared with Nov., '49 | Dec., '48 |
|---------------------------|-------------|-------------|-------------|-------------------------------------|-----------|
| El Dorado, Ark..... | \$ 25,937 | \$ 21,390 | \$ 24,586 | +21% | +5% |
| Fort Smith, Ark..... | 40,191 | 37,797 | 42,952 | +6 | 7 |
| Helena, Ark..... | 9,559 | 9,586 | 10,460 | -0 | -9 |
| Little Rock, Ark..... | 134,659 | 132,320 | 137,013 | +2 | 2 |
| Pine Bluff, Ark..... | 34,477 | 32,622 | 36,146 | +6 | 5 |
| Texarkana, Ark.* | 11,783 | 10,447 | 10,605 | +13 | +11 |
| Alton, Ill..... | 26,633 | 22,679 | 26,863 | +17 | 1 |
| E.St.L.-Nat.S.Y., Ill. | 106,070 | 88,711 | 132,753 | +20 | -20 |
| Quincy, Ill..... | 30,953 | 29,370 | 31,673 | +5 | 2 |
| Evansville, Ind..... | 109,848 | 109,131 | 121,055 | +1 | -9 |
| Louisville, Ky..... | 588,631 | 480,552 | 595,056 | +22 | 1 |
| Owensboro, Ky..... | 43,362 | 36,837 | 33,058 | +18 | +31 |
| Paducah, Ky..... | 15,717 | 13,972 | 17,751 | +12 | -12 |
| Greenville, Miss..... | 28,121 | 24,736 | 30,389 | +14 | 8 |
| Cape Girardeau, Mo..... | 11,913 | 11,356 | 12,172 | +5 | 2 |
| Hannibal, Mo..... | 8,864 | 8,166 | 8,462 | +9 | +5 |
| Jefferson City, Mo..... | 40,569 | 49,033 | 43,590 | -17 | -7 |
| St. Louis, Mo..... | 1,608,694 | 1,495,429 | 1,780,001 | +8 | -10 |
| Sedalia, Mo..... | 10,908 | 9,629 | 11,067 | +13 | 2 |
| Springfield, Mo..... | 54,302 | 54,215 | 58,400 | -0 | -7 |
| Jackson, Tenn..... | 21,340 | 23,576 | 20,601 | -10 | +4 |
| Memphis, Tenn..... | 632,682 | 645,903 | 674,742 | -2 | -6 |
| Totals | \$3,595,213 | \$3,347,457 | \$3,859,395 | +7% | -7% |

*These figures are for Texarkana, Arkansas, only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to \$28,613.

GROSS DEMAND DEPOSITS, EXCEPT INTERBANK
ALL MEMBER BANKS, 8th DISTRICT
1948 - 1949
MONTHLY



deposit levels were practically the same at the two year-end points, some decline in deposits took place in the first six months, followed by a recovery of equal magnitude in the last half of the year.

There was a slight tendency for deposits to shift from the rural to the city banks, reflecting the decline in farm income (stronger in this district than nationally) and the continued buying of farmers despite the income decline.

On balance, demand deposit totals at Eighth District banks apparently moved in response to seasonal factors during the year, with the situation at the end of 1949 not appreciably changed from the end of 1948. There were areas where rather important deposit losses were sustained due to particularly adverse economic conditions, but the over-all picture is one of relative stability in deposit totals.

Modest Gain in Time Deposits—Time deposits at the district member banks at the close of 1949 totaled \$965 million, up \$19 million (2 per cent) for the year. These deposits were above the 1948 year-end level at both city and rural banks. The growth occurred in the first half of the year, principally in February and April. In view of the business slow-down, the increase in unemployment, and the reduction in farm income, which was sharp in some instances, the growth in time deposit volume is noteworthy. It suggests that these deposits are in firm hands as a fairly permanent part of private investment and savings plans.

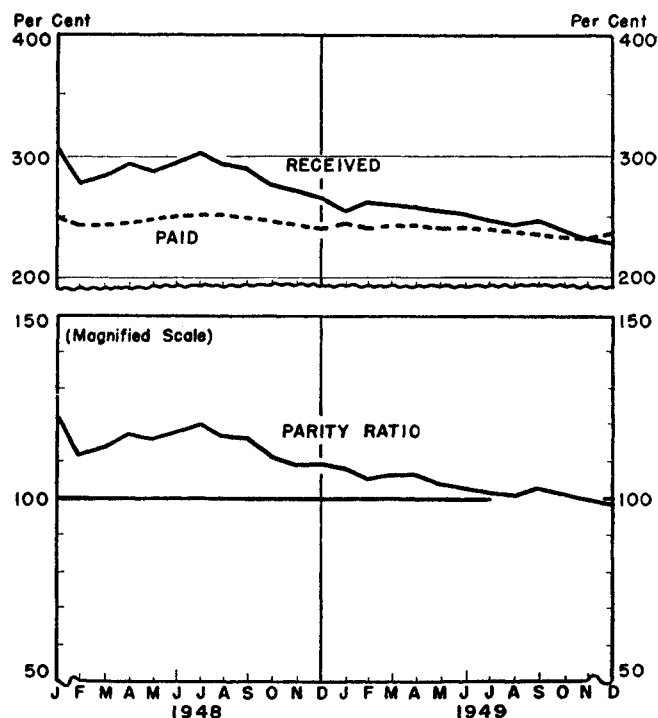
Agricultural

Farmers in the Eighth District did not fare as well during 1949 as in 1948. Their crop yields were down and their income was off.

The downward trend in agricultural prices from the January, 1948 peak, continued with only minor interruptions throughout 1949. Prices received by farmers averaged 12 per cent lower in 1949 than in 1948. They also were 12 per cent lower at the end of 1949 than at the beginning and 23 per cent lower than the postwar peak reached in January, 1948. During this same period that agricultural prices declined nearly one-fourth, prices paid by farmers declined less than 5 per cent. Agricultural prices in 1949 broke sharply from the January peak, as they had in 1948. The drop was not as severe, but the recovery was much shorter-lived than in 1948. Prices began to decline again in April and dropped to an index of 236 (1910-14=100) by December, compared with an index of 268 in January and 261 in March.

The decline in prices received relative to those paid by farmers resulted in a continued narrowing of profit margins in agriculture. The ratio of prices received to prices paid stood at 122 in Janu-

PRICES RECEIVED AND PAID BY FARMERS
1910-14=100



Developments

ary, 1948, but declined to 98 by December, 1949. This was the first month since November, 1941 when agricultural prices averaged below parity.

Prices declined most for oil-bearing crops and poultry and eggs—down one-fourth in December as compared with a year earlier. Prices of meat animals were down 15 per cent, while prices of dairy products, food and feed grains declined 10 per cent. Tobacco prices were about the same in December, 1949 as a year earlier.

As noted above, farmers not only were affected adversely by declining prices, but crop production also was down from record levels of 1948. And Eighth District production in the aggregate was off more relative to 1948 than was national production. Exceptions to this general decline in the Eighth District were a 2 per cent increase in wheat production, a 5 per cent increase in hay production, and a fractional increase in rice production. Output of the latter crop in Arkansas reached a new high, the only major crop to exceed the previous record. The district wheat crop of nearly 74 million bushels was second in size to the 79-million-bushel crop of 1937. Increased production of these crops, however, was more than offset by decreased production of cotton, corn, oats and tobacco.

The most serious crop decline occurred in district cotton-producing areas. There the 1949 crop was 3,809,000 bales, off more than a million bales, or 21 per cent, compared with the 1948 crop. This was in sharp contrast to the 8 per cent increase nationally. Excessive moisture and boll weevil infesta-

tion caused the decline, despite a larger planted acreage. In Mississippi the crop was 38 per cent smaller than in 1948 with a yield per acre 41 per cent smaller.

| (In thousands) | Eighth District | | United States | |
|---------------------|-----------------|---------------------------|---------------|---------------------------|
| | Production | Per cent change from 1948 | Production | Per cent change from 1948 |
| Cotton (bales)..... | 3,809 | -21% | 16,034 | + 8% |
| Corn (bu.)..... | 430,953 | -12 | 3,377,790 | - 8 |
| Tobacco (lbs.)..... | 367,237 | - 4 | 1,990,129 | + 1 |
| Wheat (bu.)..... | 73,509 | + 2 | 1,146,463 | -13 |
| Oats (bu.)..... | 64,738 | -13 | 1,322,924 | -11 |
| Rice (bu.)..... | 20,502 | * | 85,056 | + 5 |

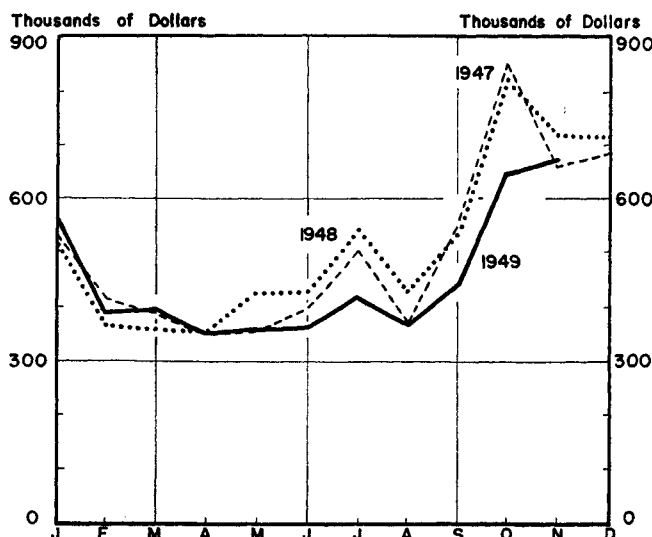
* Less than 0.5 per cent increase.

The total corn crop in the country was down 8 per cent from 1948, but the district crop declined 12 per cent. The 1949 district tobacco crop was 4 per cent less than the 1948 total, whereas nationally the crop exceeded that of 1948 by 1 per cent. The 1949 oat crop was 13 per cent less than the 1948 crop compared with an 11 per cent decline nationally.

Nationally, total crop production was second only to the record production of 1948. The index of aggregate crop production was 132 (1923-32=100) compared with an index of 137 for 1948. The yield index also was second only to 1948 and planted acreage exceeded that in any recent year.

The combination of smaller crops and lower prices resulted in a substantial decline in cash farm receipts. For the first eleven months of 1949, farm income in district states was 10 per cent less than in the same period of 1948. Nationally the decline was the same. The estimated reduction in cash farm income for the nation is 15 per cent for the year. The decline in district states may exceed this figure. Income in the district states during the first quarter of 1949 was 8 per cent higher than the first quarter of 1948, reflecting the large cotton, corn,

CASH FARM INCOME
EIGHTH DISTRICT STATES



AGRICULTURE

CASH FARM INCOME

| (In thousands of dollars) | Nov., 1949 | Nov., '49 comp. with | | 11 mo. total 1949 | 11 mo. total Jan. to Nov. 1949 comp. with | |
|---------------------------|------------|----------------------|------------|-------------------|-------------------------------------------|------|
| | | Oct., 1949 | Nov., 1948 | | 1948 | 1947 |
| Arkansas | \$120,679 | + 9% | +17% | \$ 480,373 | - 4% | + 7% |
| Illinois | 156,800 | - 35 | -11 | 1,573,429 | - 6 | - 9 |
| Indiana | 79,279 | - 30 | -16 | 844,042 | -13 | -13 |
| Kentucky | 46,933 | + 36 | -13 | 422,419 | - 3 | - 8 |
| Mississippi | 105,516 | +101 | + 3 | 449,142 | - 6 | + 3 |
| Missouri | 108,162 | + 5 | -23 | 863,994 | -20 | -12 |
| Tennessee | 57,029 | + 25 | - 0 | 380,420 | -12 | - 8 |
| Totals | \$674,398 | + 3% | - 7% | \$5,013,819 | -10% | - 8% |

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

| (In thousands) | 1949 | 1949 comp. with | | 1949 | 1949 comp. with | |
|----------------------|-------|-----------------|------|-------|-----------------|------|
| | | 1948 | 1947 | | 1948 | 1947 |
| Cattle and calves .. | 1,327 | - 7% | -29% | 495 | - 2% | -36% |
| Hogs | 2,869 | + 7 | +12 | 841 | + 9 | +20 |
| Sheep | 599 | -19 | -27 | 205 | - 4 | -36 |
| Totals | 4,795 | - 1% | - 9% | 1,541 | + 3% | -14% |

and tobacco crops produced in 1948, but marketed in 1949. After March, however, cash farm income in the district states has run consistently below the 1948 figures and in November was \$54 million less than in November, 1948.

Farm income declines during the first eleven months compared with 1948 were largest in Missouri (20 per cent), Indiana (13 per cent) and Tennessee (12 per cent). For the first eleven months farm income in Mississippi was off but 6 per cent. However, the October income was 52 per cent less than October, 1948 income, reflecting the very short 1949 cotton crop. Declines in other district states, Illinois, Kentucky and Arkansas, for the eleven months were 6, 3, and 4 per cent, respectively.

Land values in the Eighth District decreased 3 per cent from July to November, 1949, but for the year ending November the net decline was but 2 per cent. Nationally, land values decreased by the same percentage as in the district during the July-November period, but 6 per cent for the year. Values fell in all district states in the July-November period except for Illinois, where values held steady. In fact, land values were 2 per cent higher in Illinois for the year, the only district state with such a record. The sharpest drop since mid-1949 occurred in Tennessee where values were 7 per cent off. For the year, values in Indiana and Arkansas declined 7 and 9 per cent, respectively.

CHANGES IN REAL ESTATE VALUES

| | Eighth District States | | 1935-39 to Nov., 1949 |
|-----------------------|------------------------|-----------------------------|--------------------------|
| | July to Nov., 1949 | Nov., 1948 to Nov., 1949 | |
| Arkansas | - 5% | - 9% | + 153% |
| Illinois | - 0. | + 2 | + 131 |
| Indiana | - 3 | - 7 | + 141 |
| Kentucky | - 4 | - 2 | + 178 |
| Mississippi | - 3 | - 3 | + 139 |
| Missouri | - 3 | - 0. | + 100 |
| Tennessee | - 7 | - 5 | + 151 |
| Eighth District | - 3 | - 2 | + 132 |
| United States | - 3 | - 6 | + 101 |

Source: Farm Real Estate Market, USDA, Nov., 1949.

Winter wheat acreage for the 1950 crop in Indiana, Missouri and Illinois, the important district wheat states, was 15, 20 and 22 per cent, respectively, less than a year earlier. Nationally, the reduction in wheat average was 15 per cent. Crop conditions were such, however, that the December estimate of total winter wheat production was only 2 per cent smaller than the 1949 crop despite the 15 per cent cut in acreage. In district states, however, indicated production was 5 per cent less in Tennessee, and off considerably more in Indiana, Kentucky, Missouri and Illinois.

1950 WINTER WHEAT ACREAGE AND PRODUCTION

| (In thousands) | Eighth District States | | Bushels | Per cent change from 1949 |
|---------------------|------------------------|------------------------------|---------|------------------------------|
| | Acreage | Per cent change from 1949 | | |
| Arkansas | 33 | - 11% | 330 | - 15% |
| Illinois | 1,597 | - 22 | 30,343 | - 38 |
| Indiana | 1,509 | - 15 | 31,689 | - 20 |
| Kentucky | 378 | - 10 | 4,158 | - 21 |
| Mississippi | 13 | - 19 | 234 | - 11 |
| Missouri | 1,700 | - 20 | 25,500 | - 27 |
| Tennessee | 294 | - 10 | 4,116 | - 5 |
| United States | 53,023 | - 15 | 884,658 | - 2 |

Source: Crop Production USDA.

