Monthly Review

FEDERAL RESERVE BANK OF ST. LOUIS

Volume XXXII MAY, 1950 Number 5

Retail Trade in 1950

Review And Outlook

Consumer spending in Eighth District retail stores so far in 1950 has run higher than in the opening months of 1949. A good many retailers expect that sales through June will continue to total larger than last year. And their optimism does not end with midnight of June 30 for they expect the usual seasonal lift will push second-half volume higher than that of the first six months and the like period of 1949. If anticipations become realities, district retailers thus will ring up more dollars in 1950 than in 1949.

These are some of the collective opinions expressed early in April by a representative group of retailers in six lines of trade in this district. It should be emphasized that not all dealers had a good first quarter, nor do all retailers share the optimistic outlook with respect to the future. But the general sentiment seems to be on the bright side.

The major factor in higher sales this year—both in the nation and in the district—has been the average man's desire for a new car. Running a close second in importance is his desire for a television set, a new stove, icebox, dishwasher or other appliance, some new furniture, and materials for building new houses in which to enjoy this equipment. Hard goods in general are sparking the retail boom—soft lines are registering some declines.

This tendency, of course, is not new in 1950. Throughout the postwar years consumers have been plunking down an increasing amount of dollars for hard goods—particularly for automobiles. So-called deferred demand naturally was concentrated in these lines and high incomes brought increased current demand for them.

THE 1949 SALES RECORD

Last year for the first time since 1938 total retail sales failed to gain over the previous year's volume. Nationally, sales totaled $128 billion—off $2 billion from the 1948 peak. In this district, the drop was smaller percentagewise but there was a decline. In both district and nation the smaller dollar volume reflected lower average prices—perhaps lower prices were almost the sole factor in the decline for unit volume seems to have been about as large as in 1948.

The retail sales dip began late in 1948 and ran well into 1949. By midyear few retailers except automobile and television dealers could boast larger sales than in 1948. Total retail sales in the first half of 1949 were down 1 or 2 per cent from a year earlier.

In the last half of 1949, sales totals looked better. Partly they reflected a real increase in volume; partly they just looked better because they were being compared with the unfavorable part of 1948. Automobiles and television continued to lead the sales parade, but housefurnishings finished strong also and some major appliances showed signs of recovering from the quiet of early 1949. Soft goods sales continued to fall behind 1948 totals.

One important factor that influenced the sales trend in automobiles and other consumers' durable goods late in 1949, and helped maintain total retail sales, was the elimination of consumer credit regulations in midyear. Many consumers who previously had been reluctant or unable to buy while these controls were in effect came into the market for hard goods. In many cases, their interest in buying was whetted by exceedingly attractive credit terms offered by dealers who were facing increasing competition. As a result, credit sales expanded considerably. While this expansion also extended to soft goods lines, most of the impetus was concentrated in durables and to that extent encouraged a shift in spending from soft to hard goods.

District Experience—As mentioned, district retailers generally did a little better, relative to 1948, than their counterparts elsewhere in the nation. Women's specialty stores and jewelry stores were among the few lines that reported larger-than-national-average declines. Most other lines that experienced sales dips—for example, furniture and hardware stores—had less-than-national-average drops. And where demand was heavy—autos, television and appliances—district sales gains were larger than those elsewhere.

According to a good many of the retailers surveyed, last-half 1949 volume was as good as or better than they had expected. Most furniture and appliance dealers turned in sales records considerably larger than had been anticipated at mid-1949. Not all, of course, were so pleasantly surprised when they added up their second-half sales slips—one-fourth of the furniture stores and one-third of the appliance dealers had expected larger sales than materialized.

Consumers spent about as many dollars in men's clothing stores as these retailers anticipated. In the women's apparel stores, however, midyear optimism apparently ran too high. Here sales were from 5 per cent to 25 per cent smaller than dealers thought they would be. Most district department store executives reported their business was as good as or better than they expected in the last half of 1949. But one-third of those surveyed said sales were smaller than they planned.

SO FAR IN 1950

Sales of furniture, automobiles, household appliances and most durable goods except jewelry are running ahead of last year here and in most other parts of the country. At the same time, sales of apparel, shoes and other nondurable goods are dropping below those early in 1949.

In this district, retailers generally have continued to do relatively better than those in the nation as a whole. Sales in the furniture, household appliance and radio stores have been up more than nationally. Automobile sales, too, have shown relatively better gains. Department stores in the district report sales that are off 2 per cent as compared with a national decline of 3 per cent. But on the other hand, district apparel and jewelry store sales have declined more than the national average.

The 1950 sales record so far also has surprised many district retailers—some pleasantly, some disappointingly. Most appliance dealers reported first-quarter totals were larger than anticipated—in some cases as much as twice as large. A number of furniture store operators also were too pessimistic about the first three months of 1950—but one-third of those surveyed were shocked by sales running from 5 to 30 per cent below anticipations.

At department stores, where sales were off 2 per cent in the quarter, executives indicated that the decline was not fully anticipated. In some cases, sales were off as much as one-seventh from expected levels. Men's clothing stores also estimated sales would be from 5 to 15 per cent larger than they have been so far—and at women's apparel stores actual volume was reported to be from 5 to 25 per cent smaller than was anticipated.

Easter Sales—Not Good — Consumers usually spend a lot of money for new hats, suits, coats and other apparel in the last week or two before Easter. This is the traditional time to switch from heavy winter clothing to the bright, new finery of spring. Retailers depend on this seasonal buying splurge to push their sales up from the low levels following Christmas. How much lift the Easter buying provides is contingent in part on how early, or late, in the season Easter Sunday falls. And it also depends on the weather.

This year both the timing of Easter and the weather were unfavorable from the retailer's point of view. Easter was early and the weather was bad. As a result, apparel and other sales that normally are influenced by Easter buying were somewhat disappointing to retailers in most parts of the district. Also, a relative lack of style changes in women's clothing and the previously noted demand for hard goods held down spring apparel buying. Consumers failed to increase their spending for the soft lines as much as they usually do from the pre-Easter season levels—and sales generally totaled less than in the Easter buying season last year.

RETAILERS' APPRAISAL OF 1950

The way sales have shaped up so far in 1950 is a pretty fair indication of retailers' expectations with respect to developments in the coming months. If retailers are right in their forecasts, district sales in the first half should total larger than in 1949.

First Half of 1950—Appliance and furniture dealers, encouraged by sales performance in the initial months of the year, expect sales in the first six months will be larger than they were last year. Optimism is stronger at appliance stores than at furniture stores. Some appliance dealers expect their first-half sales to be twice what they were last year.

But soft goods stores—particularly department stores—are more conservative in their estimates. Less than half of the department store executives expect sales to equal or exceed last year's volume. The remainder are looking for a year-to-year drop of from 3 to 10 per cent. This is about the same sort of a decline anticipated in women's clothing stores by more than half of the executives in the survey. Even larger reductions are expected in sales at men's clothing stores where two-thirds of the stores look for first-half sales to drop as much as 15 per cent from last year's levels.

Last Half of 1950—Most of the district retailers who were surveyed expect their sales in the last half of the year will be larger than those in the first six months. In many lines, of course, an increase in the last half is a normal development. In apparel stores, for example, fall and winter months mean sales of heavy clothing at unit prices that are higher than those charged for spring and summer apparel. And, at most stores, Christmas buying makes November and December very big volume months.

In addition to the fact that sales normally move up late in the year, the expected increase also is based on other factors. Merchants selling soft goods feel that there has been an improvement in the supply of better quality low-price merchandise, which they hope will persuade "bargain conscious" customers to buy. In appliance and furniture stores, executives point to the high levels of home building as a major influence. Other factors in the optimistic outlook include the volume of replacement demand if income continues high, maturing savings bonds, a better retail timing of seasonal merchandise, the upswing in rural areas at fall harvest time and the hope that some of the uncertainties of labor disputes, both local and national, will be out of the picture.

On the pessimistic side, some soft goods stores feel that, as at present, consumers will continue to spend a larger share of their income for hard goods. They also point out that, in view of price declines since 1949, more units must be moved to maintain dollar volume. So dealers feel that credit extensions will have to be graded more carefully in view of the growing number of delinquent accounts. In the rural areas, the downturn of agricultural income is viewed as the major limiting factor.

Retailers point out that consumers continue to concentrate their buying in medium-price lines when possible. This was evident to them in the last half of 1949 and the tendency has continued this year.

Credit sales have been an important factor so far this year and probably will continue to be significant in the remainder of 1950. There was an increase in credit volume in the last half of 1949 in each of the lines covered in this survey. Expansion was more apparent in hard goods than in the soft goods stores, but even in nondurables outlets about half the stores reported larger credit volume in the last half than in the first six months of 1949.

Inventories — Most district retailers apparently are satisfied that present inventories are adequate in relation to current sales. About one out of three, however, thinks stocks are a little large. Few outlets other than automobile dealers and isolated instances in the appliance field have smaller stocks than they would like. In the soft goods lines, most stores have their inventories pretty well in line with sales. This probably accounts for the fact that, despite a disappointing Easter business, retailers did not have to resort to heavy mark-downs and clearance sales after Easter.

Outstanding Orders—Most lines except women's wear stores have about as much goods on order now as at the same time last year. Women's apparel stores report orders are about 20 per cent smaller than a year ago. At furniture and appliance stores, orders are equal to approximately one and one-half months' sales. At women's wear and department stores, they are equivalent to two months' sales, on the average, and at men's wear stores, about three to four months' sales.

Price Outlook—If retailers' expectations materialize, there will be little change in prices in the second half of 1950. Prices they pay and prices charged the consumer are expected to average out at about the same level as in the first half of 1950. The principal exception is in the appliance field where some retailers expect competition to force price reductions on merchandise they sell—but expect prices they pay to hold steady.

DISTRICT CITIES' TRENDS AND OUTLOOK

St. Louis Area—Total retail sales in the St. Louis area were up 7 per cent from 1949 during the first two months of 1950. As in the remainder of the district, larger spending for automobiles, appliances, radio and television, and furniture accounted for the increase. In most cases the gains were somewhat larger than dealers anticipated. Automobile sales were up 40 per cent and the demand remains strong.

Sales of soft goods generally were down from a year ago. Department stores' sales in the first quarter were off 2 per cent and totaled less than expected. Apparel lines also did less business than last year—and also less than anticipated. Some im-

TRADE

DEPARTMENT STORES

	Net Sales: March, 1950 compared with Feb., '50	Net Sales: March, 1950 compared with Mar., '49	Net Sales: 3 mos. '50 to same period '49	Stocks on Hand: Mar. 31, '50 comp. with Mar. 31, '49	Stock Turnover Jan. 1, to March 31, 1950	Stock Turnover Jan. 1, to March 31, 1949
8th F.R. District..	+28%	—1%	—2%	+1%	.88	.89
Ft. Smith, Ark....	+24	—4	—7	—2	.85	.90
Little Rock, Ark.	+19	+7	—3	+6	.87	.92
Quincy, Ill..........	+30	—1	+1	+3	.71	.69
Evansville, Ind....	+48	+1	—2	—1	.79	.74
Louisville, Ky......	+42	-0-	—2	+2	.94	.95
St. Louis Area [1]..	+26	—2	—2	—2	.90	.89
St. Louis, Mo..	+26	—3	—2	—2	.91	.90
Springfield, Mo...	+32	—1	+1	—5	.71	.65
Memphis, Tenn...	+19	+2	—1	+7	.92	.97
*All other cities...	+37	—2	—7	+5	.62	.64

*El 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.

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

Outstanding orders of reporting stores at the end of March, 1950, were 4 per cent greater than on the corresponding date a year ago.

Percentage of accounts and notes receivable outstanding March 1, 1950, collected during March, by cities:

	Instalment Accounts	Excl. Instal. Accounts		Instalment Accounts	Excl. Instal. Accounts
Fort Smith........	....%	46%	Quincy	19%	61%
Little Rock	16	44	St. Louis...........	19	55
Louisville	21	54	Other Cities......	15	59
Memphis	22	43	8th F.R. Dist...	19	51

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

	Mar., 1950	Feb., 1950	Jan., 1950	Mar., 1949
Sales (daily average), unadjusted [2].............	285	252	232	287
Sales (daily average), seasonally adjusted [2]..	297	300	282	309
Stocks, unadjusted [3].......................................	317	289	248	314
Stocks, seasonally adjusted [3].......................	326	321	288	323

[2] Daily Average 1935-39 = 100.

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

SPECIALTY STORES

	Net Sales: March, 1950 compared with Feb.,'50	Net Sales: March, 1950 compared with Mar.,'49	Net Sales: 3 mos. '50 to same period '49	Stocks on Hand: Mar. 31,'50 comp. with Mar. 31,'49	Stock Turnover Jan. 1, to Mar. 31, 1950	Stock Turnover Jan. 1, to Mar. 31, 1949
Men's Furnishings.....	+29%	+5%	—3%	—9%	.57	.57
Boots and Shoes.........	+54	+7	-0-	—3	.93	.89

Percentage of accounts and notes receivable outstanding March 1, 1950, collected during March:

Men's Furnishings .... 47% Boots and Shoes.................... 46%

Trading days: March, 1950—27; February, 1950—24; March, 1949—27.

RETAIL FURNITURE STORES **

	Net Sales: March, 1950 compared with Feb.,'50	Net Sales: March, 1950 compared with Mar.,'49	Inventories: March, 1950 compared with Feb.,'50	Inventories: March, 1950 compared with Mar.,'49	Ratio of Collections Mar.,'50	Ratio of Collections Mar.,'49
8th Dist. Total [1].	+26%	+18%	+ 4%	— 2%	26%	28%
St. Louis Area [2].	+28	+24	+ 1	+ 5	53	49
St. Louis.........	+28	+25	+ 1	+ 5	54	50
Louisville Area [3]	+34	+44	+ 9	+ 1	16	18
Louisville........	+35	+42	+ 9	-0-	16	17
Memphis.............	+ 1	— 9	+ 4	—16	14	18
Little Rock..........	+17	+13	+ 1	+12	17	21
Springfield..........	+33	+ 3	+12	— 4	17	23
Fort Smith..........	+37	— 5	*	*	*	*

* 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, Mississippi; Hannibal and Springfield, Missouri; and Evansville, Indiana.

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

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

** 41 stores reporting.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	March, 1950	February, 1950	March 1949
Cash Sales................	12%	15%	14%
Credit Sales..............	88	85	86
Total Sales............	100%	100%	100%

provement is expected in department stores in the second quarter, however. These stores indicated that total first-half-year sales might be a little larger this year than in 1949. Sales in the last half of 1950 are expected to equal or exceed those in the first half, with most of the gain resulting from seasonal factors.

Stores in this area believe their inventories are in good shape, relative to sales, and outstanding orders are about the same as or smaller than a year ago, except at department stores.

Louisville—The demand for durable goods items has kept sales in these lines at or above year-ago levels. Furniture store sales were up some 20 per cent in the first three months. Despite the gain in appliance store sales, dealers indicate that volume has been a little less than they expected it would be. Department stores did 2 per cent less business in the first quarter than a year earlier, which was a smaller decline than anticipated.

Retailers in each of the six lines surveyed expect that sales in the first six months will total larger than last year. At department stores, furniture, appliance and automobile outlets the seasonal swing late in 1950 is expected to lift sales.

Memphis—Many retailers in Memphis expect sales in the first half of 1950 will be about the same as in 1949. The exceptions are appliance and automobile dealers who believe their sales will move ahead of last year. All lines except apparel are looking for the seasonal climb late in 1950. As in other cities, first-quarter sales in department and apparel stores were off. These declines were about what were expected by dealers. The increase at furniture stores came as no surprise to these dealers, but appliance outlets have experienced gains that were larger than expected.

Inventories at department, apparel and furniture stores are considered by executives as being a little too large relative to current sales. Appliance dealers apparently are satisfied with their present level of stocks.

Little Rock—In contrast to other district cities, sales volume in Little Rock fell below last year in five of the six lines surveyed. The only exception was in automobiles. Furniture store sales were off slightly. Easter shopping increased sales in some department and apparel stores close to anticipated levels, but for the year to date volume remained below last year. Store executives anticipate that sales in the first six months will be smaller than in 1949. The seasonal upswing late in the year is not likely to do much for sales in that period, according to the store executives surveyed. In this area, the anticipated drop in farm income apparently is weighted heavily by retailers in their planning for the remainder of 1950.

Dealers believe they have their inventories fairly well in line with current sales. Outstanding orders are at about the same level as a year ago.

Springfield—Despite a 1 per cent gain in department store sales in the first quarter, executives in this line reported that sales were still about 5 per cent smaller than they expected them to be. A favorable comparison with last year is anticipated through the first six months, but the rate of gain is not expected to continue in the last half of 1950.

Furniture store sales are up about one-fifth from early 1949 and these dealers apparently expect to continue making a strong comparison with last year's volume.

Weldon A. Stein
Alfred C. Kearschner

Sales On Credit In 1949

"Take the cash and let the credit go" was hardly the motto of Eighth District retailers in 1949. According to the latest Retail Credit Survey in the Eighth Federal Reserve District, covering nine lines of retail trade, credit sales of many district stores ran in larger totals than cash sales—and accounted for a larger proportion of total volume than in 1948. At automobile dealers, at department and apparel stores, at furniture, appliance and hardware dealers; and even at jewelry stores, "on-the-cuff" business picked up last year.

Sales were generally good in the nine lines surveyed—averaging just 2 per cent less than in 1948. Price declines accounted for most, if not all, of this minor drop. In two lines, both handling hard goods, 1949 sales topped those of 1948. Inventories were smaller, at least in value, at the end of 1949 than a year earlier. But instalment receivables were larger at the close of last year than at the end of 1948, both in absolute amount and relative to total sales.

These are some of the conclusions drawn from reports submitted in connection with the 1949 Retail Credit Survey by 348 stores whose aggregate sales were a little under $400 million last year.

The fact that consumer credit expanded in 1949—in the nation as well as in the district—is no longer news. There was a steady increase in the amount outstanding throughout the year, particularly in instalment credit. Nationally, there also was some gain in charge account and service credit and in single-payment loan volume.

The eighth annual Retail Credit Survey in the Eighth District is summarized in this article. The results of the 1949 survey on a national basis will be published later by the Board of Governors of the Federal Reserve System. Copies of the national survey may be obtained upon request.
Only retail stores in nine retail trade lines making credit sales are covered in this survey—all others are excluded. Reporting stores furnished data on total net sales, sales by type of transaction (cash and C.O.D., open credit and instalment), inventories, receivables (open credit and instalment) and instalment paper sold during the year. Coverage for the district includes mainly independent retailers with a few retail outlets of local chains. Most national chains report consolidated data (which cannot be allocated to the various Federal Reserve districts) direct to the Board of Governors to be included in the national survey.

The upward trend in consumer credit volume during 1949 can be attributed to the usual reasons for such expansion, plus a few new ones. Some consumers were low on cash. But the number of consumers in these circumstances was not very much larger in 1949 than in 1948. Income was off only slightly in 1949, and by no larger a percentage than the decline in consumers' prices.

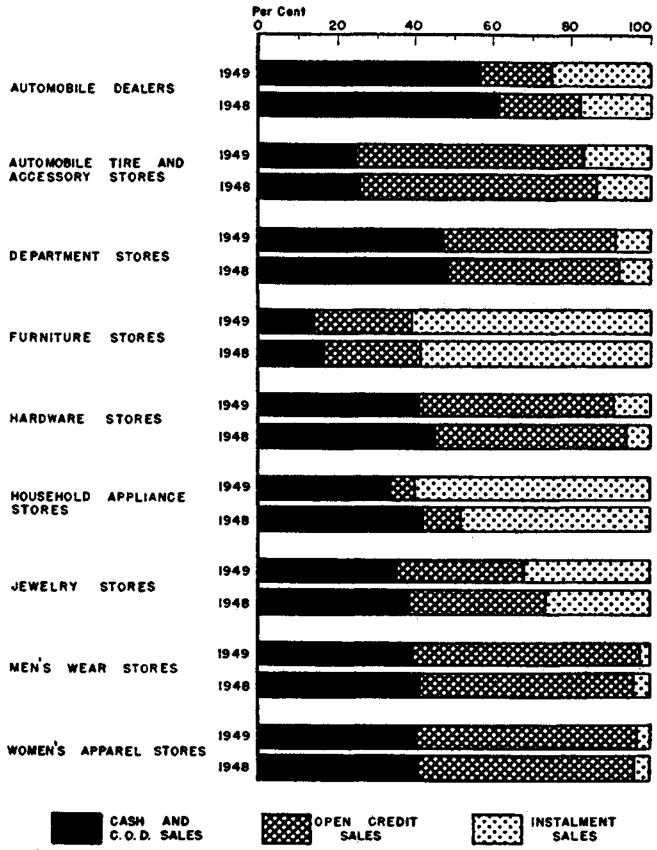
In this district, as elsewhere in the nation, a large part of the explanation lies in the fact that last year consumers bought more automobiles and household appliances than in 1948 and less clothing and other soft goods items. These items—automobiles and appliances—for most families represent major capital investments which can be made only if credit terms are available.

In the first half of the year, credit arrangements could be made for the purchase of these major items but the terms were subject to limitations imposed under the provisions of Regulation W. As limitations were eased, and especially after the expiration of these controls at the end of June, competitive market conditions tended to bring about the relaxation of credit terms. It became easier for consumers to finance the purchase of a new car, a refrigerator, and the like. In the non-instalment credit field, too, requirements were eased as competition for the consumer's dollar increased.

The fact that automobiles and household appliances, as well as consumers' goods generally, were more plentiful in 1949 than in 1948 also tended to swell the demand for credit. Sales of such items, which normally account for a sizable part of all consumer credit, were not so limited by short supplies. Under these circumstances there probably would have been an increase in the amount of credit outstanding, with or without credit controls.

In this district there were other factors at work, too, particularly in some of the durable goods lines.

DISTRIBUTION OF SALES IN NINE TRADE LINES
EIGHTH FEDERAL RESERVE DISTRICT, 1949-1948



Enlarged supplies of natural gas became available in the St. Louis area during the year, greatly increasing the demand for household and commercial heating equipment. As in many other parts of the country, the demand for television sets expanded considerably in portions of the district within range of television broadcasting stations. This increase tended to swell credit sales volume which in turn helped hold total sales last year close to 1948 levels.

Combined sales of the 348 stores covered in the Retail Credit Survey were only 2 per cent smaller than in 1948. Only two of the nine lines from which reports were obtained showed an increase. Both were in the durable goods field. Household appliance stores reported a gain of about one-third and automobile dealers showed an increase of 14 per cent over 1948 sales volume. In other durable goods lines, sales declines ranged from 2 per cent at furniture stores to 9 per cent in automobile tire and accessory outlets. Hardware store sales were off 5 per cent and jewelry store sales dropped 7 per cent in the year.

Stores handling nondurable lines showed sales that totaled less than in 1948. Women's specialty stores' volume was down 9 per cent and men's wear store sales were 8 per cent under those in the previous year. At department stores, where sales were down 5 per cent, the decline in soft goods volume was offset somewhat by increased sales of durable goods. In each group of stores, of course, lower average prices in 1949 accounted for some of the decrease in sales volume.

Cash sales in most stores showed a drop during the year. This tendency showed up in each of the lines covered by the survey except automobile and household appliance dealers. Where they occurred the declines ranged from 8 per cent in department stores to 15 per cent in jewelry stores. The ratio of cash sales to total sales also declined generally in all nine lines. The largest decrease occurred at household appliance dealers where cash sales accounted for 34 per cent of total sales in 1949 as compared with 42 per cent in 1948. At women's apparel stores the change was relatively small, with cash sales accounting for 40 per cent of the total in 1949 as compared with 41 per cent in the previous year.

Open credit (charge account) sales volume in the year declined in all lines covered in this district in the survey. These decreases ranged from 1 per cent at automobile dealers to 14 per cent at household appliance dealers. In some stores, however, this type of credit business accounted for a larger proportion of total sales last year than in 1948 because total volume fell off more than open account sales. This was true of men's clothing stores, women's apparel stores and department stores.

Instalment sales volume during 1949 increased at all but women's apparel and men's clothing stores. The largest gains, of course, occurred in the durable goods lines. In hardware stores the increase was 74 per cent. Household appliance dealers reported a rise of 62 per cent while at automobile dealers,

SUMMARY DATA 1949 RETAIL CREDIT SURVEY—EIGHTH FEDERAL RESERVE DISTRICT

Kind of Business	1949 compared with 1948					Ratio of Total Net Sales to Inventories		Ratio of Receivables to Total Net Sales			
	Total Net Sales	Cash and C.O.D. Sales	Open Credit Sales	Instalment Sales	Dec. 31 Inventories	1949	1948	Open Credit 1949	Open Credit 1948	Instalment 1949	Instalment 1948
Automobile Dealers	+14%	+ 7%	— 1%	+57%	— 6%	13.0	10.6	1.5	1.8	1.9	1.1
Automobile Tire and Accessory Stores	— 9	—11	—13	+21	—16	5.8	5.3	8.7	6.8	6.8	3.4
Department Stores	— 5	— 8	— 4	+ 6	— 6	4.9	4.8	10.6	9.9	4.1	3.2
Furniture Stores	— 2	—13	— 3	+ 2	—13	2.9	2.6	1.1	0.8	39.5	32.7
Hardware Stores	— 5	—13	— 5	+74	— 6	2.9	2.9	7.9	7.6	4.6	2.2
Household Appliance Stores	+30	+ 6	—14	+62	— 4	4.2	3.1	1.3	1.4	24.2	16.9
Jewelry Stores	— 7	—15	—11	+10	— 8	1.7	1.7	10.2	9.8	17.8	14.0
Men's Clothing Stores	— 8	—13	— 4	—19	— 7	2.9	2.9	15.4	14.3	0.8	0.9
Women's Apparel Stores	— 9	—10	— 8	—19	—19	5.7	5.0	13.0	12.4	10.4	11.8

instalment sales were up 57 per cent. The smallest increase in such sales in the heavy goods lines was at furniture stores where instalment purchases were only 2 per cent larger than in 1948.

In most lines, instalment volume accounted for a larger part of total sales in 1949 than in the previous year. Where this did not occur—in men's and women's apparel stores—instalment sales represent a minor portion of the total. At hardware stores, 9 per cent of sales were on instalment credit terms last year. In 1948 the proportion was 5 per cent. Household appliance dealers saw this ratio move from nearly 49 per cent in 1948 to 60 per cent last year. At furniture stores, the porportion moved up only slightly—from 59 per cent to 61 per cent. Automobile dealers reported that a little less than one-fourth of their sales last year were on the instalment plan as compared with about 18 per cent in 1948. It is likely that in each year the car dealers' ratio is somewhat understated in terms of the ultimate method of payment used by the purchaser. That is, many auto sales are on a cash basis insofar as the dealer is concerned, but part of the funds used by the consumer actually is borrowed and will be repaid over an extended period.

All nine lines of trade ended the year with inventories at a lower level than a year earlier in terms of dollar value. The declines ranged from 4 per cent at household appliance stores to 19 per cent in women's apparel stores. Relative to total net sales, however, inventories in most lines were a little larger than in the previous year. The exceptions were jewelry, hardware and men's clothing stores where the ratio was unchanged.

The volume of open account receivables outstanding at the end of 1949 was higher than a year earlier in only four lines. These were automobile tire and accessory dealers, department stores, furniture stores and household appliance dealers. Relative to total sales, open credit receivables were larger than a year earlier in all but two lines—automobile dealers and household appliance stores.

Instalment receivables on December 31, 1949 were larger than on the same date in 1948 in all lines except men's clothing and women's apparel stores. Substantial gains in the ratio of instalment receivables to instalment sales were registered in all but the same two lines.

Alfred C. Kearschner
Marie Wahlig

Survey of Current Conditions

Optimism concerning the immediate economic outlook is running higher in this district and in the nation. Most of the statistical indicators are pointing to high-level activity, and reports from official bodies and from businessmen generally are on the favorable side. It is difficult to find much direct support for pessimism about the shortrun future.

Both nationally and districtwise, production is increasing, construction is moving to new peacetime highs, business investment is larger than was anticipated, prices (except for farm products) continue stable, income holds up, and consumers continue to spend freely and indicate that their wants for housing, automobiles and other durables are far from satisfied. Government will spend more this year than it takes in. Employment is picking up seasonally. Except for prospects for lower farm income and the higher level of unemployment (which reflects an increased labor force rather than a decrease in employment), statistical evidence is encouraging.

The farm outlook—smaller acreage and probable lower average prices—worries people in the district more than in the nation as a whole. Agriculture accounts for about one-fourth of the district's total income in contrast with one-tenth for the United States. Unfavorable developments in farming generally would have more serious repercussions here than in the nation.

The district also has some soft spots in its economy. Unemployment is rated by the employment source as "very substantial" in some southern Illinois communities and as "substantial" in some other district cities.

But aside from these factors the district indicators also look good. On the record so far, neither the softness in agriculture nor the spotty unemployment has had much effect on the district economy.

Total production in the nation continued to increase in the first quarter. Goods and services were produced at an annual rate of $258 billion, according to preliminary estimates. This is only about 2 per cent below the level of output in the first three months of 1949—and is within 5 per cent of the peak quarter of 1948.

The slight decrease relative to early 1949 reflects a minor drop in prices and some decline in industrial output this year. Restricted by major work stoppages in the coal and automobile industries, factory and mine production through March was about 3 per cent smaller than in the same period last year. However, the impact of these strikes now seems to have been somewhat less serious in terms of curtailed production than appeared likely at the time of the stoppages.

Personal income in the first quarter, excluding G. I. insurance refunds, was about as large this year as in the early part of 1949 and was only about 2 per cent less than in the peak quarter of 1948. Wage and salary income held at about the same level that has prevailed since February of last year. Cash farm income from marketings so far this year is off about 5 per cent from last year in the nation. Reflecting the district's relatively poor crop outturn last year, farmers in the district states have taken a somewhat larger decline, the drop averaging 7 per cent.

Consumers' expenditures increased slightly in the first quarter and were about as large as in the peak quarter in 1948, according to preliminary estimates. Larger spending for automobiles and other hard goods and for services compensated for a decline in outlays for soft goods. When allowance is made for the drop in average prices since late 1948, an increase in physical volume of goods purchased is indicated. The boom in automobile buying is a strong influence in maintaining the current level of retail sales and developments in this field will bear watching as the year progresses.

The maintenance of consumers' buying has tended to encourage capital investment by business, particularly in new equipment. The value of new orders received by manufacturers of nonelectrical machinery in the first two months this year averaged well above that in any month in 1949 and compared favorably with the peak months in 1948.

PRICES

WHOLESALE PRICES IN THE UNITED STATES

Bureau of Labor Statistics (1926=100)	Mar.,'50	Feb.,'50	Mar.,'49	March, 1950 compared with Feb.,'50	Mar.,'49
All Commodities	152.6	152.7	158.4	—0.1%	—3.7%
Farm Products	159.4	159.1	171.3	+0.2	—7.0
Foods	155.5	156.8	162.9	—0.8	—4.6
Other	146.0	145.9	150.8	+0.1	—3.2

CONSUMER PRICE INDEX

Bureau of Labor Statistics (1935-39=100)	Mar. 15, 1950	Dec. 15, 1949	Mar. 15, 1949	March 15, 1950 compared with Dec. 15,'49	Mar. 15,'49
United States	167.0	167.5	169.5	—0.3%	—1.5%
St. Louis	167.4	167.8	169.0	—0.2	—1.0
Memphis	169.4	170.8	173.3	—0.8	—2.3

RETAIL FOOD

Bureau of Labor Statistics (1935-39=100)	Mar. 15, 1950	Feb. 15, 1950	Mar. 15, 1949	March 15, 1950 compared with Feb. 15,'50	Mar. 15,'49
U. S. (51 cities)	196.0	194.8	201.6	+0.6%	—2.8%
St. Louis	204.5	202.9	207.6	+0.8	—1.5
Little Rock	194.5	194.5	198.0	-0-	—1.8
Louisville	184.2	183.1	187.7	+0.6	—1.9
Memphis	202.7	202.2	211.9	+0.2	—4.4

Joint estimates by the U. S. Department of Commerce and the Securities Exchange Commission indicate that investment in new plant and equipment totaled $4.1 billion in the first quarter, about 8 per cent more than the earlier estimates by industry executives.

EMPLOYMENT

The employment picture improved in the nation and in the Eighth District in March. There was a seasonal pick-up in agricultural activity and a lesser gain in nonagricultural industries. Agricultural employment expanded at about the same rate as last year. As usual, the additions consisted largely of self-employed and unpaid family workers, most of whom had been outside the labor force or in nonagricultural industries during February.

Nationally, slightly more persons were working in nonagricultural industries this March than last, although the reverse was true for most of the district cities. Total employment in the nation was below last year's level, however, because of a significant reduction in agricultural workers during the year. About 10 per cent fewer persons were working on farms this March and there were almost one-fourth fewer than in 1940.

Employment in the St. Louis area expanded between February and March and at a somewhat larger rate than that early last year. However, the decline from year-ago levels, which began early in 1949, continued in March. Employment was up in manufacturing and in nonmanufacturing industries. There were major gains in manufacturing and construction and minor gains in trade and service. Employment in public utilities, mining, and finance experienced little change.

The improvement in manufacturing employment was general with no unusually large expansion in any single industry. The food, fabricated metals, and nonelectrical machinery industries had the most significant growth in employment, with lesser gains in the stone, clay and glass, transportation equipment, and printing and publishing industries. There were minor cutbacks in the textiles and apparel, petroleum and coal, and leather industries.

WHOLESALING

Line of Commodities Data furnished by Bureau of Census U. S. Dept. of Commerce *	Net Sales March, 1950 compared with Feb., 1950	Mar., 1949	Stocks Mar. 31, 1950 compared with Mar. 31, 1949
Automotive Supplies	+19%	— 2%	— 9%
Drugs and Chemicals	+18	+ 7	....
Dry Goods	+14	-0-	+13
Groceries	+19	— 1	+ 4
Hardware	+17	— 9	-0-
Tobacco and its Products	+11	— 3	-0-
Miscellaneous	+25	+11	—23
** Total All Lines	+18%	— 1%	+ 2%

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

Employment in the Louisville area rose between January and March to reach the highest level since May, 1949. There were gains in almost all major industries, particularly in nonelectrical machinery, chemicals, construction, trade and service. Fewer persons were employed in the tobacco manufacturing industry and by government offices in March than in January. Employers, especially in the construction, prefabricated houses and nonelectrical machinery industries, expect employment to continue to expand, at least through July.

Employment in the Little Rock area moved upward between February and March due to gains in manufacturing as well as nonmanufacturing industries. There was a moderate expansion in the food, apparel, lumber, chemical, and electrical equipment industries, while larger gains occurred in retail trade and construction. Unlike other district cities, March employment in Little Rock was slightly larger than that last year. A gradual rise is expected at least through July due to increased activity in construction and trade.

Nationally, the largest drop in many months occurred in unemployment in March, but there were still substantially more persons looking for work than there were a year ago. The decline from February was about four times as large among men as among women, but the unemployment rate (the proportion of the labor force seeking work) for women remained smaller than that for men. The number of persons unemployed for long periods of time continued to move upward as it has since early 1949. About one out of every ten persons unemployed in March had been seeking work more than 26 weeks; last March the ratio was one out of 20.

In this district, as in the nation, there were fewer continued claims for unemployment compensation in March than in February or in March, 1949. The 5 per cent average decline for the seven district states between February and March was about the same as that for the nation. The reductions varied in the individual states from less than 1 per cent in Kentucky to 12 per cent in Arkansas. There was a drop of 5 per cent in St. Louis and 19 per cent in Little Rock. In Evansville, there was a rise of almost 20 per cent. Relative to volume in March, 1949 the average decline of 11 per cent in the district states was about the same as that in the nation. In Illinois and Mississippi, however, there were more claimants this March than last.

Another indication of an improvement in the national employment picture was the slight increase in the average work week for nonagricultural employees in March. About one out of every three persons in these lines worked more than 40 hours per week in March, with an average work week for all of about 41.2 hours.

INDUSTRY

Industrial activity in the district in March apparently was at a higher level than in February, with the longer work month and settlement of the coal strike accounting for most of the increase. Gains occurred in some of the basic industries such as coal, steel and construction. In the latter the seasonal influence was strong. Crude oil output was practically unchanged from a month earlier.

Electric power consumed by manufacturers in the leading industrial areas in March was 6 per cent higher than in February and 5 per cent above that of a year ago. However, there were mixed trends throughout the district. On a month-to-month comparison, St. Louis, Louisville and Evansville showed increases of 13 per cent, 6 per cent and 5 per cent, respectively, while Pine Bluff and Little Rock registered considerable decreases. Memphis consumption was unchanged. On a daily average basis, the picture was different with industry in all reporting areas consuming less power than in February.

Manufacturing—Primarily because of a longer work month, March manufacturing output in this district was larger than in February. Increases occurred in all lines except lumber and newspaper and printing; output in both of these was equal to February's. The largest gains were indicated in production of chemicals, primary and fabricated metals, stone, clay and glass products, electrical machinery and transportation equipment.

INDUSTRY

CONSUMPTION OF ELECTRICITY

(K.W.H. in thous.)	Mar., 1950 K.W.H.	Feb., 1950 K.W.H.	Mar., 1949 K.W.H.	March, 1950 compared with Feb., '50	March, 1950 compared with Mar., '49
Evansville	12,961	12,961	12,379	+ 5%	—15%
Little Rock	4,767	5,227	4,479	— 9	+ 6
Louisville	72,678	68,853	70,408	+ 6	+ 3
Memphis	27,711	27,676	27,499	– 0 –	+ 1
Pine Bluff	4,327	6,157	6,111	—30	—29
St. Louis	87,995	78,144	79,683	+13	+10
Total	210,439	198,366	200,559	+ 6%	+ 5%

LOADS INTERCHANGED FOR 25 RAILROADS AT ST. LOUIS

Mar., '50	Feb., '50	Mar., '49	First Nine Days Apr., '50	First Nine Days Apr., '49	3 mos., '50	3 mos. '49
113,432	95,531	108,966	31,986	30,956	308,425	319,295

Source: Terminal Railroad Association of St. Louis.

CRUDE OIL PRODUCTION—DAILY AVERAGE

(In thousands of bbls.)	Mar., 1950	Feb., 1950	Mar., 1949	Mar., 1950 compared with Feb., 1950	Mar., 1950 compared with Mar., 1949
Arkansas	80.6	80.0	81.6	+ 1%	— 1%
Illinois	179.6	180.3	173.9	– 0 –	+ 3
Indiana	27.2	27.0	22.9	+ 1	+19
Kentucky	25.6	25.2	22.9	+ 2	+12
Total	313.0	312.5	301.3	– 0 –%	+ 4%

Steel—The basic steel industry in the St. Louis area increased operations to an average of 78 per cent of capacity in March. This was about equal to the January level, was 2 points higher than in February, and 5 points above the year-ago level. Several open hearth furnaces which had been shut down for maintenance and repairs were put back into production and at the end of the month the rate was at 85 per cent of capacity, the highest of the year. March output of cold rolled sheets set a record for that month and, since the coal shortage, pig iron output in the area has been at capacity.

Lumber—The district's basic lumber industry operated at about the same level as in February, but was somewhat higher than that of a year ago, despite unfavorable weather in some areas adversely affecting output. Demand was strong, particularly for hardwoods, and is expected to remain so for some time. Trade reports indicate that mill stocks of lumber are generally lower than a year ago. Nationally, the dollar value of new orders placed by furniture manufacturers in February was 44 per cent above that of the like period last year.

Reporting southern hardwood producers operated at 79 per cent of capacity compared with 80 per cent in February and 72 per cent a year ago. Southern pine production in March was 1 per cent higher than in February but 9 per cent above the March, 1949 level.

Whiskey—At the close of March, 40 of Kentucky's 61 distilleries were in operation. This was eight more than were in production a month earlier and one more than a year ago. Output in February totaled 5.9 million tax gallons, about 3 per cent less than in January and 23 per cent less than in February, 1949. Nationally, production was 9 per cent less than in January and 29 per cent below that in February, 1949.

Shoes—With the peak of production of spring lines past, February shoe output was slightly lower than in January. According to preliminary estimates, production in the district totaled 7.6 million pairs as compared with 7.9 million pairs in the previous month. The total was slightly higher than a year ago when output reached 7.4 million. Nationally, February output was not much changed from January and was about 13 per cent above the February, 1949 total.

Meat Packing—March meat packing operations in the St. Louis area increased seasonally over February and were higher than a year ago. According to Federal inspection records, there were 452,000 animals slaughtered in March, a third more than in February. Hog killings were up 40 per cent; slaughter of calves and cattle up 38 per cent and 12 per cent, respectively. The nation as a whole showed only an 18 per cent increase over February, but the February total had not fallen off as much as it had in this area. Slaughter in both the district and nation was off about 8 per cent from last year.

Crude Oil—There was little change in the production of crude oil in the district in March but output was higher than a year ago. Daily production averaged 313,000 barrels as compared with 312,500 barrels in February and 301,300 barrels in March, 1949. Slight month-to-month gains were registered in Kentucky, Arkansas, and Indiana, but in Illinois, the largest producing state, production remained unchanged. Gains over last year were shown in all reporting states except Arkansas where output decreased slightly. United States output continued to fare worse than in the district, declining 2 per cent from February and 7 per cent from a year ago.

Coal—With the settlement of the coal strike, district coal production rebounded to the highest level since February, 1948. Production totaled 10.5 million tons, more than three times the February output and 43 per cent larger than in March, 1949. The largest increases over February were registered in Indiana and Illinois, the states in which output was cut back most during the strike. However, all areas showed substantial increases. On a year-to-year basis, decreases of 12 per cent and 24 per cent in Arkansas and Missouri, respectively, were offset by substantial increases in output in western Kentucky, Illinois and Indiana.

Construction—The construction industry in March moved forward both in terms of on-site activity and the backlog of contracts. According to F. W. Dodge Corporation reports, March awards totaled $73.2 million or 67 per cent larger than the $43.9 million value awarded in March, 1949. There were substantial increases both in residential and nonresidential awards; the latter showed larger gains, however, due principally to increases in public works and utility construction. Residential

PRODUCTION INDEXES

COAL PRODUCTION INDEX
1935-39=100

Unadjusted			Adjusted		
Mar. '50	Feb. '50	Mar. '49	Mar. '50	Feb. '50	Mar. '49
157*	57*	110	165*	50*	116

SHOE PRODUCTION INDEX
1935-39=100

Unadjusted			Adjusted		
Feb. '50	Jan. '50	Feb. '49	Feb. '50	Jan. '50	Feb. '49
144	152	149	136	149	141

*Preliminary.

CONSTRUCTION

BUILDING PERMITS
Month of March

(Cost in thousands)	New Construction				Repairs, etc.			
	Number		Cost		Number		Cost	
	1950	1949	1950	1949	1950	1949	1950	1949
Evansville	135	40	$ 403	$ 522	93	100	$ 71	$ 73
Little Rock	109	73	870	615	221	186	188	76
Louisville	145	52	754	264	85	72	71	424
Memphis	1,799	1,083	4,512	3,001	189	217	220	105
St. Louis	455	227	4,985	1,863	258	266	624	598
Mar. Totals	2,643	1,475	$11,524	$6,265	846	841	$1,174	$1,276
Feb. Totals	2,311	893	$ 6,977	$4,473	581	563	$ 907	$1,290

awards in March totaled $26.0 million and nonresidential, $47.2 million.

In the St. Louis territory, public works and utilities showed the largest gains, totaling $20.5 million—three times the February total and more than double that of March, 1949. Other nonresidential totaled $22.1 million; a gain of 143 per cent over February and 74 per cent higher than a year ago. This increase reflected rises in commercial and educational building. The gain in residential awards in the main was due to increased contracts for apartment and one-family owner-built dwellings.

In the first quarter of 1950, the dollar value of residential awards in the St. Louis territory was more than one and one-half times larger than a year ago. In this category the largest gain, both relative and absolute, was in contracts for apartment dwellings. Public works and utilities increased 31 per cent and other nonresidential contracts showed a 20 per cent gain. Hospital and institutional building fell to about half of what it was in the first quarter of 1949.

AGRICULTURE

With tighter controls on agriculture in 1950, crop acreage in the nation and district will be smaller than in 1949. Major cuts are in wheat and cotton, but corn acreage also will be smaller. Acreage of soybeans, hay and oats will be larger than in 1949 with a considerable amount of district land taken out of cotton going into these crops. In the southern portions of the district, corn acreage also will be larger as a result of the shift from cotton.

Prospective corn acreage in Eighth District states in 1950 is 6 per cent less than in 1949—a decline of equal percentage is indicated for the United States. If these intentions are realized, the national corn acreage will be the smallest in 50 years, and with a yield equal to the 1944-48 acreage the 1950 crop will be 2.8 billion bushels as compared with 1949's 3.4 billion bushels. Acreage reductions are attributed primarily to the allotment program in the so-called commercial corn producing areas. Farmers in district states in the commercial corn producing area intend to plant 12 per cent less corn in Illinois, 10 per cent less in Indiana, and 6 per cent less in Kentucky and Missouri. On the other hand, corn acreages in Mississippi and Arkansas are expected to be up 8 and 15 per cent, respectively, compared with 1949. This will reflect the shifting of large acreages from cotton, for which marketing quotas will be in effect.

Soybean acreage in Mississippi and Arkansas is expected to be 35 and 80 per cent larger, respectively, than in 1949, reflecting again the shift from cotton to other row crops. Although the increase in soybean acreage nationally is expected to be 18 per cent, the above two are the only district states in which soybean acreage growth is expected to exceed the national average. Increases in Indiana, Illinois and Missouri are expected to be 10, 13 and 15 per cent, respectively.

Oats acreage nationally on March 1 was expected to exceed 1949 by 8 per cent, but only a 1 per cent increase was anticipated in the district states. Even then, inclement weather during March may have prevented this increase from being realized.

Cotton acreage figures for 1950 will not be available before July 1. However, recent legislation approved increasing the national cotton acreage quota by a million acres. This will increase allotments of many farmers in the Delta and particularly in the boot heel of Missouri. Farmers are expected to plant up to the maximum under the new quota.

The condition of the winter wheat crop has deteriorated appreciably since the December 1 forecast. Estimated production in Eighth District states as of April 1 was 36 per cent less than the 1949 crop. In Illinois the reduction is placed at 51 per cent and in Missouri at 37 per cent. Nationally, the crop is estimated at 764 million bushels compared with 902 million in 1949, a decrease of 15 per cent. Combined winter and spring wheat acreage is expected to be 73 million acres, 15 per cent less than the 1949 acreage, and slightly less than the acreage allotments for 1950.

AGRICULTURE

RECEIPTS AND SHIPMENTS AT NATIONAL STOCK YARDS

	Receipts			Shipments		
	Mar., 1950	Mar., 1950 compared with Feb., '50	Mar., 1950 compared with Mar., '49	Mar., 1950	Mar., 1950 compared with Feb., '50	Mar., 1950 compared with Mar., '49
Cattle and calves	88,517	+10%	— 7%	29,972	+ 16%	— 15%
Hogs	294,633	+24	+16	78,345	— 1	+ 26
Sheep	42,757	+47	+78	18,461	+367	+515
Totals	425,907	+23%	+14%	126,778	+ 17%	+ 26%

CASH FARM INCOME

(In thousands of dollars)	Feb., 1950	Feb., 1950 compared with Jan., 1950	Feb., 1950 compared with Feb., 1949	2 month total Jan. to Feb. 1950	1950 compared with 1949	1950 compared with 1948
Arkansas	$ 22,338	— 5%	—22%	$ 45,951	—37%	—26%
Illinois	122,476	—19	+24	273,576	+20	— 5
Indiana	59,065	—13	+ 5	127,027	+ 4	—12
Kentucky	21,152	—81	—31	133,870	+ 6	+20
Mississippi	11,452	—35	—70	29,129	—73	—50
Missouri	59,087	—16	— 7	129,001	— 8	—14
Tennessee	23,080	—50	—18	69,602	— 6	—12
Totals	$318,650	—35%	— 7%	$808,156	— 7%	—10%

BANKING

PRINCIPAL ASSETS AND LIABILITIES
FEDERAL RESERVE BANK OF ST. LOUIS

(In thousands of dollars)	Apr. 19, 1950	Change from Mar. 22, 1950	Change from Apr. 20, 1949
Industrial advances under Sec. 13b	$	$	$ ....
Other advances and rediscounts	3,608	— 79	— 7,667
U. S. securities	960,376	— 8,986	—190,073
Total earning assets	$ 963,984	$— 9,065	$—197,740
Total reserves	$ 739,407	$—13,771	$+ 2,796
Total deposits	633,991	—20,552	—159,205
F. R. notes in circulation	1,054,614	— 2,588	— 36,171
Industrial commitments under Sec. 13b	$	$	$ ....

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

34 banks reporting.

ASSETS	Apr. 19, 1950	Change from Mar. 22, 1950	Change from Apr. 20, 1949
Gross commercial, industrial, and agricultural loans and open market paper	$ 507,234	$—19,197	$— 40,056
Gross loans to brokers and dealers in securities	6,685	— 191	+ 1,221
Gross loans to others to purchase and carry securities	20,820	+ 473	— 741
Gross real estate loans	197,483	— 928	+ 36,587
Gross loans to banks	14,090	+ 9,527	+ 12,840
Gross other loans (largely consumer credit loans)	222,240	+ 3,320	+ 12,277
Total	$ 968,552	$— 6,996	$+ 22,128
Less reserve for losses	12,167	+ 88	+ 2,411
Net total loans	$ 956,385	$— 7,084	$+ 19,717
Treasury bills	51,994	+19,762	+ 23,879
Certificates of indebtedness	166,699	—15,501	— 5,327
Treasury notes	212,375	— 4,354	+166,517
U. S. bonds and guaranteed obligations	655,616	+ 4,208	— 60,915
Other securities	185,661	+ 3,297	+ 50,875
Total investments	$1,272,345	$+ 7,412	$+175,029
Cash assets	714,292	+11,422	— 57,875
Other assets	25,534	+ 282	+ 1,762
Total assets	$2,968,556	$+12,032	$+138,633
LIABILITIES			
Demand deposits of individuals, partnerships, and corporations	$1,494,501	$+34,047	$+ 65,028
Interbank deposits	588,654	—22,189	+ 45,792
U. S. Government deposits	63,358	— 8,203	+ 11,712
Other deposits	117,111	— 2,938	— 7,430
Total demand deposits	$2,263,624	$+ 717	$+115,102
Time deposits	494,039	+ 4,902	+ 12,130
Borrowings	6,125	+ 3,975	— 350
Other liabilities	20,156	+ 1,444	+ 3,868
Total capital accounts	184,612	+ 994	+ 7,883
Total liabilities and capital accounts	$2,968,556	$+12,032	$+138,633
Demand deposits, adjusted *	$1,394,911	$+13,778	$+ 42,636

* 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)	Mar., 1950	Feb., 1950	Mar., 1949	Mar., 1950 compared with Feb.,'50	Mar., 1950 compared with Mar.,'49
El Dorado, Ark.	$ 24,138	$ 19,419	$ 23,398	+24%	+ 3%
Fort Smith, Ark.	37,045	33,343	39,320	+11	— 6
Helena, Ark.	6,846	5,840	7,982	+17	—14
Little Rock, Ark.	130,442	112,130	132,089	+16	— 1
Pine Bluff, Ark.	26,357	22,540	28,643	+17	— 8
Texarkana, Ark.*	11,835	8,980	11,142	+32	+ 6
Alton, Ill.	25,706	20,304	24,445	+27	+ 5
E.St.L.-Nat.S.Y., Ill.	106,611	89,488	114,259	+19	— 7
Quincy, Ill.	29,587	25,934	29,784	+14	— 1
Evansville, Ind.	122,427	104,892	108,467	+17	+13
Louisville, Ky.	555,245	461,755	507,028	+20	+10
Owensboro, Ky.	32,572	32,592	31,012	-0-	+ 5
Paducah, Ky.	14,516	12,866	14,724	+13	— 2
Greenville, Miss.	18,747	18,975	22,692	— 1	—17
Cape Girardeau, Mo.	11,137	9,805	10,981	+14	+ 1
Hannibal, Mo.	8,726	7,456	7,874	+17	+11
Jefferson City, Mo.	39,071	42,097	36,562	— 7	+ 7
St. Louis, Mo.	1,601,226	1,318,815	1,549,525	+21	+ 3
Sedalia, Mo.	9,833	9,112	9,614	+ 8	+ 2
Springfield, Mo.	56,233	46,310	53,983	+21	+ 4
Jackson, Tenn.	18,473	16,078	18,310	+15	+ 1
Memphis, Tenn.	570,609	495,882	529,653	+15	+ 8
Totals	$3,457,382	$2,914,613	$3,311,487	+19%	+ 4%

* These figures are for Texarkana, Arkansas only. Total debits for banks in Texarkana, Texas-Arkansas, including banks in the Eleventh District, amounted to $27,332.

The condition of member banks in this district at mid-April, 1950 reflects the continued increase in over-all business activity in the district. Total loan volume declined moderately during 1950 to mid-April but the drop was less than in the corresponding period in 1949.

BANKING

Loans—Reports from all district member banks, available through March, 1950, show that total loan volume at the end of the first quarter was slightly above that of March, 1949 (about $11 million or 1 per cent). In the first three months of 1950, city banks reduced their loans less and the smaller rural banks increased their loans somewhat more than in the first quarter of 1949. The loan decline at city banks so far this year has been just about half as large as in the like period in 1949 when business activity was dropping. Growth in country bank loans has been about $2 million larger than occurred in the first quarter of 1949. In fact, the March, 1950 loan total for country member banks, $523 million, represents a new postwar high for those banks.

Real estate loans constitute the principal class of loans supporting the expansion in total loans. At the large city banks (which classify loans on their weekly reports), real estate loans increased 23 per cent in the year ending mid-April, 1950, in contrast to a 10 per cent gain for all weekly reporting banks in the United States. As a proportion of all loans, real estate loans at district banks rose from 17 per cent last April to 20 per cent in April, 1950. The increase in the ratio of real estate loans to total earning assets was from 7.9 per cent to 8.8 per cent, with total earning assets rising $192 million in the period. Outlying city banks showed a relatively larger ratio gain (16.7 per cent to 17.6 per cent) than the big city banks (5.6 per cent to 5.7 per cent). Measurement of the real estate loan expansion in the year ending mid-April, 1950 at each of the weekly reporting member banks showed that most of the banks apparently were attempting to increase their real estate loans to offset some shrinkage in other types of loans. The tendency to add moderately to real estate loans relative to total earning assets was fairly widespread.

Deposits—Demand deposits, other than interbank, at all district member banks declined seasonally in the first quarter of 1950 but remained some 2 per cent over their 1949 level. Time deposits expanded $19 million in the first quarter in contrast with a gain of $14 million in the corresponding period a year ago and were approximately 2 per cent over their level at the close of March, 1949.