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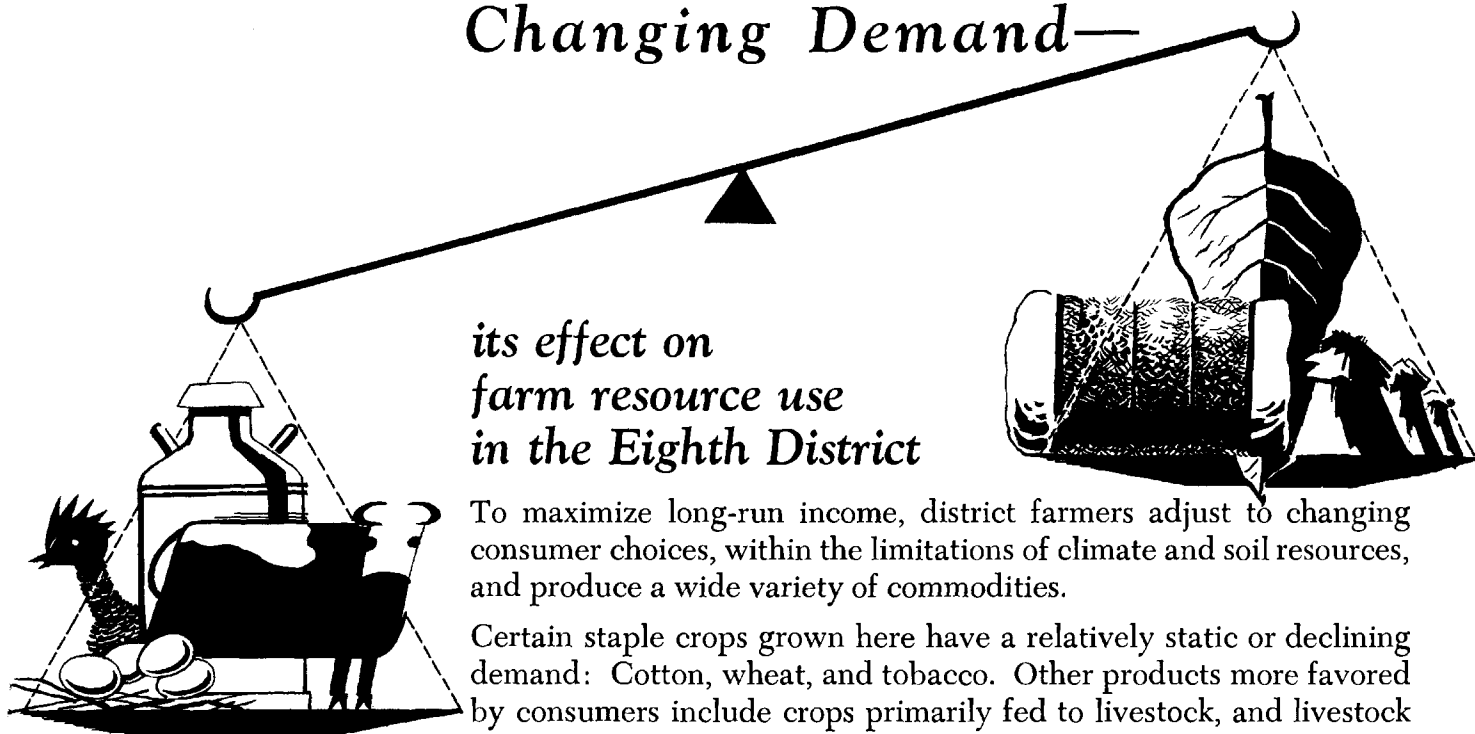
Changing Demand—

its effect on farm resource use in the Eighth District

To maximize long-run income, district farmers adjust to changing consumer choices, within the limitations of climate and soil resources, and produce a wide variety of commodities.

Certain staple crops grown here have a relatively static or declining demand: Cotton, wheat, and tobacco. Other products more favored by consumers include crops primarily fed to livestock, and livestock products.

An opportunity both to earn and to serve is afforded those who make adjustments most readily.



Federal Reserve Bank
of St. Louis

Survey of Current Conditions—p. 74

Changing Demand—

its effect on farm resource use

in the Eighth District



To maximize long-run income, district farmers adjust to changing consumer choices, . . .

A FARM, like any other enterprise in a free economy, must in the long run cover all its costs, including a profit on the owner's invested capital. Farmers in the Eighth Federal Reserve District, like farmers everywhere, are continually guided by their returns, by the profit motive if you wish, into certain lines of production. In the past, each new generation of farmers, aided by the United States Department of Agriculture and by educational institutions, has been aware of the importance of changing crops as prices in the market place register long-run changes in the demand for and supply of farm products.

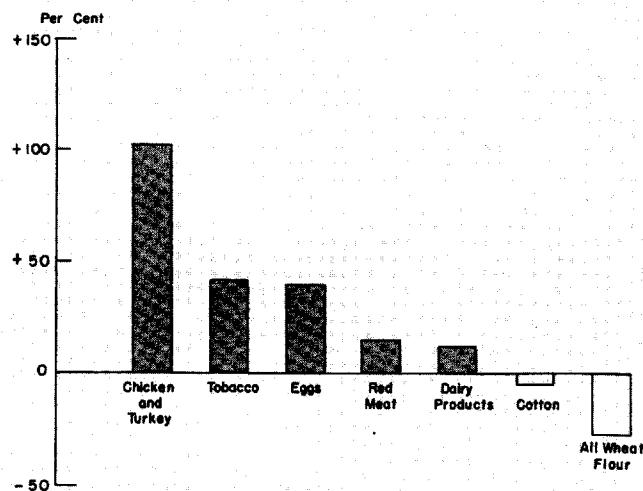
The per capita demand for commodities such as eggs, dairy products, and meats, has grown rapidly in recent years (Figure 1). On the other hand, per capita demand for some of the traditional staples of American agriculture, especially the cereal grains and short-staple cotton, has been declining or has experienced a slower growth than per acre yields. Fortunately, most of the farmers operating the 800,000 district farms, like farmers in general, keep up with changing times and adopt the latest methods of producing products for which demand is relatively static or falling and shift resources into the production of commodities which fit the shape of the future.¹

What contributes to changes in consumption patterns? Why, for example, do Americans now eat more beef and less wheat per capita than in 1920? Why do they seem to prefer more eggs and leafy vegetables to potatoes and the pulses? Some of the reasons are obvious. Commodities in growing per capita demand come under the heading of "good

things to eat." Moreover, nutritional discoveries of the past few decades encourage the consumption, by young and old alike, of low-calorie, relatively expensive foods.

But people's desires are not economically important unless they can be translated into effective demand. In part at least, changes in the demand for food and feed reflect upward income adjustments of Americans. In this connection two observations are pertinent. First, there is an association between income trends and changes in consumer choices for specific commodities, and second, there is also a correlation between income level at a given time and consumption level of specific farm commodities. In general, long-run increases in aggregate income and upward shifts of household units from lower to higher income groups are associated with increasing

Figure 1
Percentage Change in Per Capita Consumption
of Farm Products, United States, 1920-1954



Source: Major sources for this and all other figures are the United States Department of Agriculture and Bureau of the Census.

¹ For a discussion of recent developments in the use of machinery and chemicals, see "Mechanization of Eighth District Agriculture," *Monthly Review*, Federal Reserve Bank of St. Louis, December 1952, and "Molecules with Green Thumbs," *Monthly Review*, Federal Reserve Bank of St. Louis, April 1954.

per capita consumption of livestock products. Conversely, falling incomes and a concentration of the population in low income groups are associated with relatively high per capita cereal grain consumption. With these general relationships between income and consumption extending into the future and with per capita disposable real income continuing on an average upward trend of about 2 per cent annually as it did from 1929 to 1953, the shift in consumer demand for certain farm products will tend to persist.

... within the limitations of climate and soil resources, ...

The influence of changing consumer demand on farm production in the district acts within the obvious physical limitations of climate and soil resources.

Climatic conditions include a complex array of factors. Precipitation is an important consideration in farm crop selection. Each crop has a different optimum quantity requirement, variability tolerance, and seasonal distribution limitation. Temperature is another climatic variable. Length of growing season between the last spring and the first fall frost, and winter lows and summer highs are examples of the many ways temperature influences crop location.

Another resource of perhaps equal importance in determining the location of farm enterprises is the soil. Some soils are high in fertility, some low. Some erode, and others are resistant to erosion. Some respond readily to fertilizer, and some do not. Some are well drained, and others are not. The soils of the district differ in these and other ways. To classify soils in a large area by all characteristics and relate them to crop and livestock production is a sizable task, one which is beyond the scope of this paper. Suffice it to say that soil differences account

partly for production variations within areas of like climate.

... and produce a wide variety of commodities.

The relative importance of consumption changes on the economy of an area becomes more meaningful if one knows the quantity of each commodity produced in the area. From the Eighth District states, farmers sell a wide variety of products (Table 1). Cash farm receipts averaged nearly \$6.5 billion in 1952 and 1953, approximately one-half of which was produced within the boundaries of the Eighth District.

The area of the Eighth District is in several ways a transitional zone between northern and southern, eastern and western agriculture. Corn and related livestock and crops, produced in the northern sections, shade into cotton production in the south. In the east, tobacco is the major crop, and in the western district counties, meat and milk become the chief sources of income. In between the northern, southern, eastern and western district counties is scattered a healthy group of general farm units, with some emphasis on production of a wide variety of livestock products, which weld the district agriculture into a stable yet growing farm economy.

Certain staple crops grown here have a relatively static or declining demand: Cotton, ...

Cotton, the leading income crop in the district, is under considerable pressure for reduced acreage. An acreage cutback of an additional 15 per cent has been allotted for 1955. For United States cotton farmers, this has resulted in less than one-half as many acres in cotton as in 1920.² Reduced acreages have in part

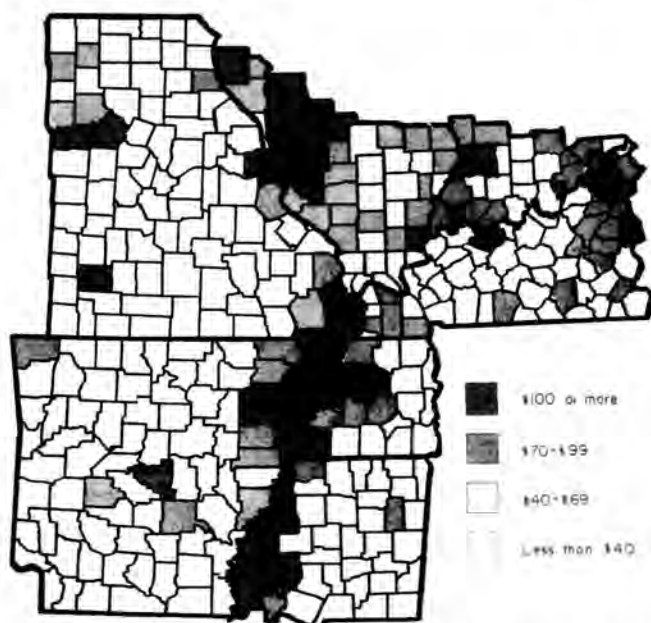
² See "Postwar Changes in Eighth District Agriculture," *Monthly Review*, Federal Reserve Bank of St. Louis, December 1951, for a discussion of crop acreage and livestock numbers trends in 1930-1950.

District States Cash Farm Receipts

Commodity	Per cent of Receipts							
	District States	Arkansas	Illinois	Indiana	Kentucky	Mississippi	Missouri	Tennessee
Hogs	18%	4%	23%	30%	9%	4%	23%	10%
Cattle and Calves	16	9	20	12	18	7	23	13
Cotton Lint and Seed	14	47	—	—	—	64	7	27
Dairy Products	11	6	9	12	13	7	13	15
Corn	9	1	19	10	3	1	4	2
Soybeans	7	5	11	9	1	2	7	1
Eggs	5	3	4	7	6	3	6	5
Tobacco	5	—	—	1	39	—	—	14
Broilers and Chickens	4	11	2	5	2	5	4	3
Wheat	3	—	4	6	1	—	5	1
Other	8	14	8	8	8	7	8	9
Total	100%	100%	100%	100%	100%	100%	100%	100%

Source: Farm Income Situation, USDA, September, 1954.

Figure 2
PER ACRE VALUE OF LAND AND BUILDINGS, 1950



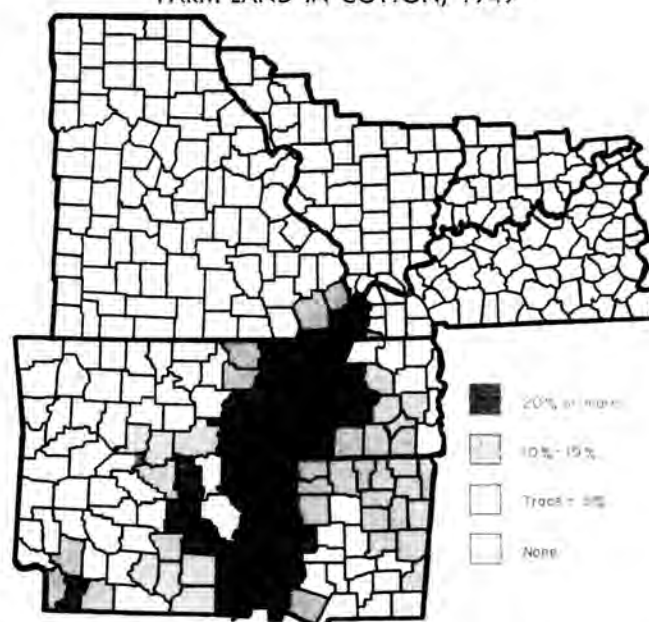
reflected an 82 per cent increase from 1920 to 1954 in per acre yield. Of equal long-run significance is the lack of vigorous growth in consumer demand for American grown short-staple cotton. Per capita cotton consumption in the United States is slightly less than it was in 1920. Also, exports declined about one-fifth from the early 1920's to the more recent post-World War II years. The declining demand for cotton acreage has been moderated by an increase of one-fourth in per capita total fiber consumption and a 50 per cent increase in United States population in the last 35 years.

Demand conditions are only one of the factors which determine the quantity of district cotton production. Climate and soil resources tend to maintain the acreage allocated to cotton in the district Delta area. Normal temperatures, including a warm spring and long growing season, are well suited to the cotton plant. There have, of course, been deviations from normal, and it is the exception that so clearly indicates why the normal temperatures are favorable. For example, sensitivity of cotton to low temperature was apparent in the spring of 1954 when an extremely late frost necessitated replanting on many farms. Moisture also influences the location of cotton. Although distribution and quantity are imperfect in the Delta area, normal precipitation is such that it contributes to the locational advantage which the district enjoys in the production of cotton.

Rich soils must be combined with the climatic conditions mentioned above in order to raise cotton on a competitive basis. The fairly level, fertile lands

in the Mississippi Valley portion of the south-central part of the district meet the soil requirements of efficient cotton production. Evidence of the productivity of Delta soils is the relatively high per acre values. Cotton, being a high income-per-acre crop, "outbids" other crops for the land in those areas and the resulting high income is capitalized into high land values (Figure 2). Differences in soil fertility and topography account for the concentration of cotton in the Delta rather than in areas such as western Arkansas where farmers have specialized in other products including broilers (Figure 3).

Figure 3
Per Cent of
FARM LAND IN COTTON, 1949



Although many district counties enjoy climate and soil resources which have permitted a comparative or absolute advantage in cotton production, increases in per acre yield, at a faster rate than the growth in demand, have necessitated a reduction in cotton acreage. Viewing the lack of growth in per capita cotton consumption, we may expect the pressure for reduced acreage to persist and free fertile district land for other productive purposes.

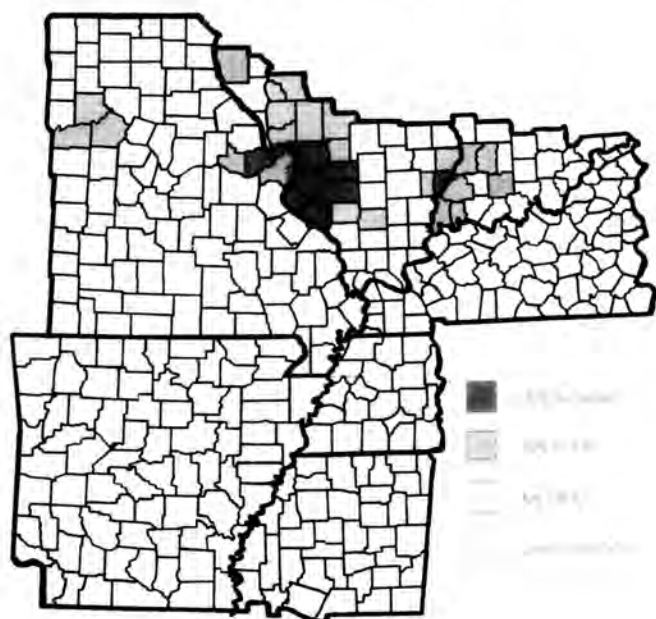
... wheat, ...

A decline of more than one-fourth in per capita wheat flour consumption, plus an increase of one-fourth in average yield per acre, has more than offset a population increase and has resulted in 15 per cent less acres seeded to wheat for 1955 harvest than for harvest in 1920. The district has more than shared in this cutback. This area produces primarily soft, red winter wheat which is suitable for

pastries, crackers, biscuits and cakes. A declining per capita demand for these commodities, plus per acre yield improvements, have resulted in an acreage reduction of one-half from 1920 to 1955 in soft, red winter wheat, despite a growing population. The sedentary occupations of more and more American workers, plus their increasingly higher per capita incomes, suggest the continuance of pressures which will encourage district farmers to divert farm resources further from wheat to other enterprises.

This change notwithstanding, district resources are such that wheat production has persisted as a major district cash crop. Soils, temperatures, and rainfall are conducive to high yields in many areas. However, the alternative of producing corn, soybeans, and other high profit-per-acre crops has resulted in only moderate wheat acreages in many areas where high yields can be attained and in relatively large acreages in fringe areas of slightly lower productive capacity and land values (Figure 4).

Figure 4
Per Cent of
FARM LAND IN WHEAT, 1949



... and tobacco

For many years tobacco has been a growing industry. Sales now account for 7 per cent of the nation's expenditures on food, liquor, and tobacco. Even with a sharp rise of 42 per cent in per capita consumption since 1920, district burley producers are under the most severe pressure for acreage reductions ever experienced. Recently the burley tobacco growers voted heavily in favor of an additional 25 per cent reduction from 1954 allotments. Such

a reduction will result in an acreage only moderately below the early 1920 period, but 42 per cent below the 512,000 acres in 1945.

What has accounted for the sharp acreage cuts of recent years? Partly responsible have been the high burley yields per acre, now approximately double the 1920 level. Of more recent consequence has been a reversal, temporarily at least, of the long-run increase in cigarette smoking. In 1954 per capita consumption was 5 per cent below that of 1952.

However, Kentucky soils and climate, being well blessed with those qualities which have made the state and several surrounding counties especially well adapted to burley production, will most surely retain tobacco as a very important cash crop. Concentrated as tobacco culture is, maintenance of sales is of great importance to a large group of district farmers (Figure 5). Not only is it of significance from the direct cash income standpoint, but past income has become capitalized into land values making income maintenance vital for those who are paying, from tobacco earnings, for high-priced land. In spite of circumstances which have imposed hardships on some producers, the probability of continually increasing yields per acre, plus the possibility of little or no growth in per capita demand, may make it necessary for burley growers to divert additional resources from tobacco to other enterprises for which the burley belt is well suited.

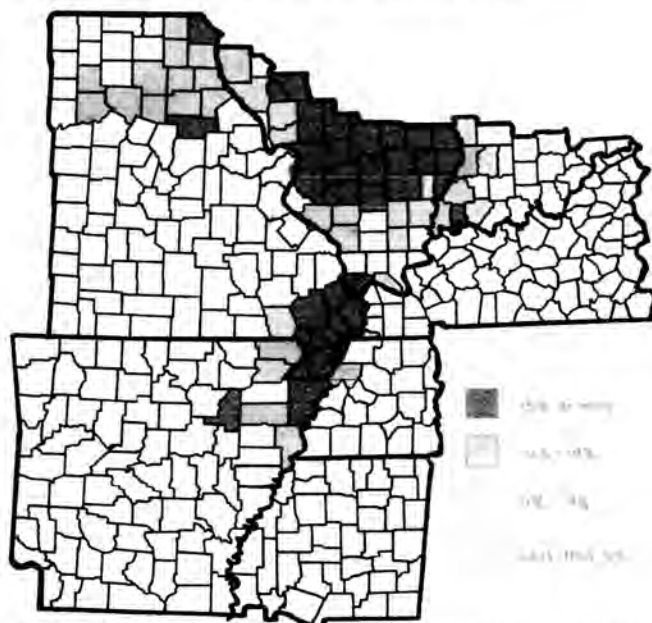
Figure 5
Per Cent of
FARM LAND IN TOBACCO, 1949



Other products more favored by consumers include crops primarily fed to livestock, . . .

Partly as a consequence of acres diverted from cotton, the production of soybeans, which also provide a favorable income per acre, has expanded rapidly in the Delta (Figure 6). Thirty years ago

Figure 6
Per Cent of
FARM LAND IN SOYBEANS, 1953



there were practically no soybeans grown commercially in that area. The diversion of acreage from cotton to soybeans appears to be permanent. It seems likely that cotton yields per acre will continue to increase and synthetics will continue to fill a large portion of the growing demand for textiles and fibers. On the other hand, soybean demand has been increasing rapidly. The increased demand for products from livestock, which consume ever larger quantities of high protein feeds, in turn has contributed to the large demand for soybeans. With greater domestic demand, plus strength in foreign demand, vigorous growth in the soybean market has not waned.

Soybean acreage has also expanded rapidly in the corn production areas for essentially the same reasons as in the cotton belt. Even though the demand for corn as livestock feed has been favorable relative to that for cereal grains as a whole, the needs have been met with less land. This has freed fertile soil, in an excellent climate zone, for the output of soybeans.

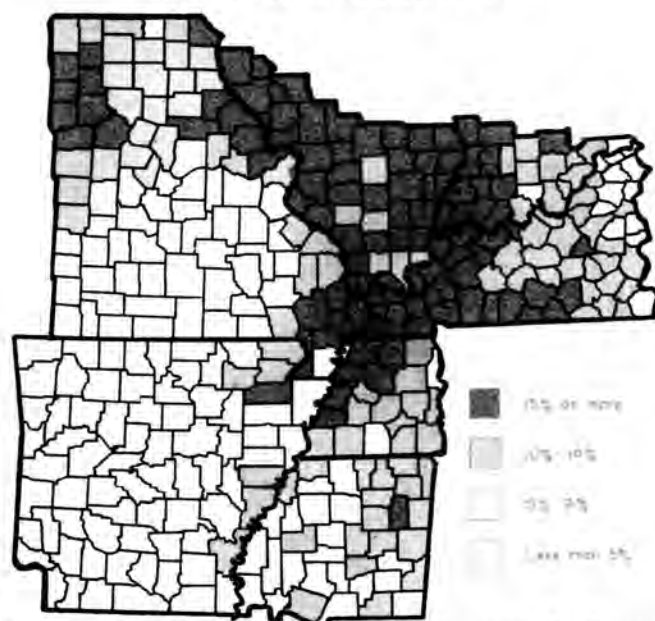
Reflecting on the declining demand for land allotted to cotton and other crops plus the rapid

growth in the demand for soybeans, district farmers may continue to use less of their land for the production of cotton and other crops and more for soybean production.

Even though United States corn acreage has declined one-fifth since 1920, the crop appears to be in a relatively favorable position because of the capacity of hogs, beef cattle, and other animals to transform it efficiently into livestock products which generally enjoy an increasing demand. The growing demand for livestock feed largely accounts for the high per acre income and land values of soils readily suited to corn production.

Much of the northern and central part of the district is excellent for corn production (Figure 7).

Figure 7
Per Cent of
FARM LAND IN CORN, 1949



Soils are fairly rich, precipitation is normally favorable, growing seasons are sufficiently long, and temperatures are usually warm enough to encourage sprouting and rapid growth of the young plant, yet not so hot as to retard maturity during the vulnerable tasseling stage of the crop's development. In areas, excluding the Cotton Belt, where this combination of favorable factors prevail, income from corn is so high that it is difficult for other crops to compete for land resources except insofar as other crops in a rotation, by increasing soil productivity, contribute to corn output.

Given these favorable growing conditions and an increasing demand for livestock feed, corn will continue to be the chief crop on the fertile district

soils where climate is suitable and better alternative opportunities do not exist.

and livestock products

One of the bright spots in the long-run district agricultural situation is the increasingly higher demand for meats and livestock products. In 1955, for the fourth consecutive year, per capita consumption of red meat, plus poultry, is expected to increase, and will be at a new all-time high at a level about 25 per cent above 1920.

Beef has contributed to the high-protein American diet, with per capita consumption in 1954 at 79 pounds. To meet the growing demand for beef, district farmers have increased production at a rapid rate during the last 35 years. This expanding output is evident in the pastures or feedlots in many of the agricultural counties in the district, despite the continuing drouth of recent years (Figure 8). In Missouri, for example, the number of cattle for meat production purposes increased about one-third from 1920 to 1954.

During different stages of their lives, beef cattle tend to be located near different resources. Cows and young calves are often concentrated where low cost pastures and other roughages are available. Then during the fattening period, steers and heifers

are frequently moved to areas where corn is in large supply. The Eighth District has many areas which meet one or both of the requirements of low cost roughage and abundant corn. These circumstances are to the long-run advantage of farmers in this area, particularly in view of the increasing demand for beef.

Hog production has likewise increased as consumers have raised their per capita meat consumption. However, unlike beef animals, hogs are nearly always located in areas where corn is in abundance, the reason being that corn constitutes a higher per cent of the ration for hogs than it does for cattle as a whole (Figure 9).

Year in and year out milk cows maintain a remarkably stable population. Like other plants and animals on the farm, they are producing more efficiently to meet the growing demand for most dairy products. On a per capita basis, nonfat milk solids increased a surprising 25 per cent between 1920 and 1952. Increased per capita consumption of fluid milk and cream, cheese, condensed and evaporated milk, nonfat dry milk solids, and ice cream strengthened the demand for dairy products. The decline in butter consumption per capita, as a consequence of the competition from vegetable fats, has moderated the growth in over-all demand for animal fats.

Figure 8
CATTLE AND CALVES SOLD
Number Per Thousand Acres, 1949

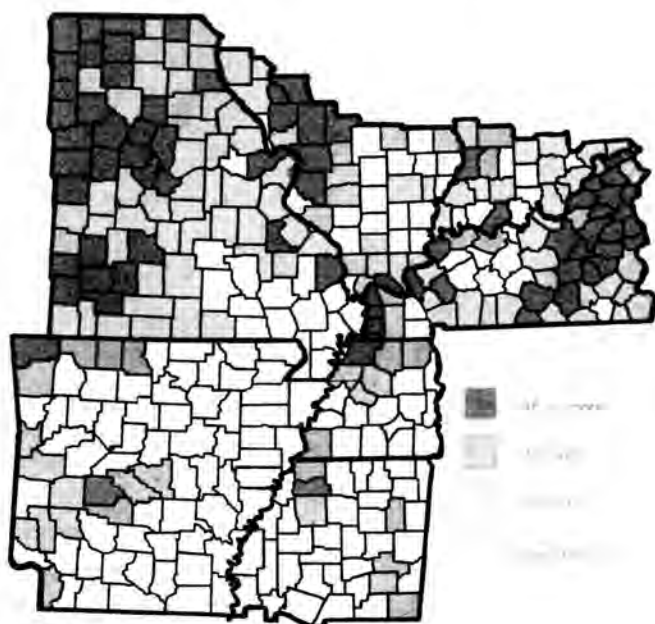


Figure 9
HOGS SOLD
Number Per Thousand Acres, 1949

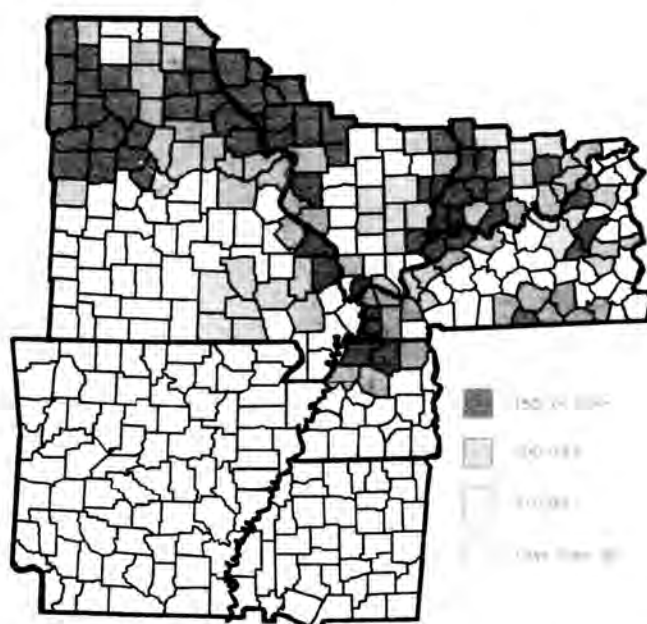


Figure 10
MILK COWS
Number Per Thousand Acres, 1950

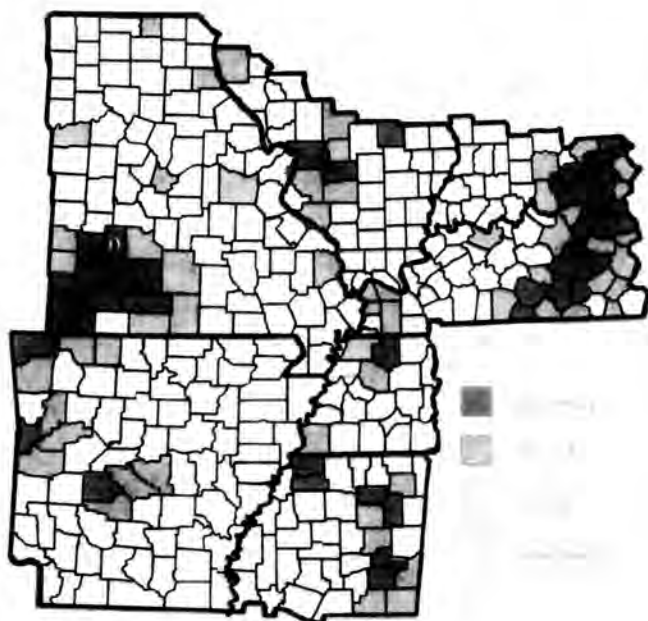


Figure 12
CHICKENS SOLD
Number Per Thousand Acres, 1949

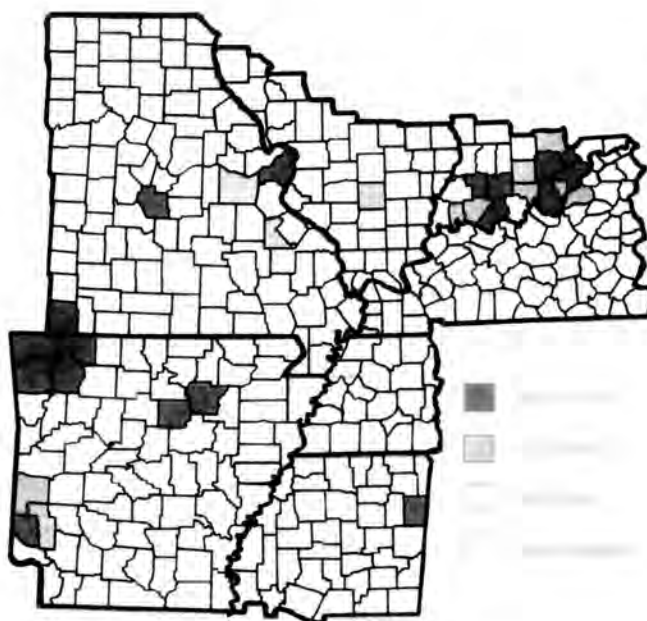
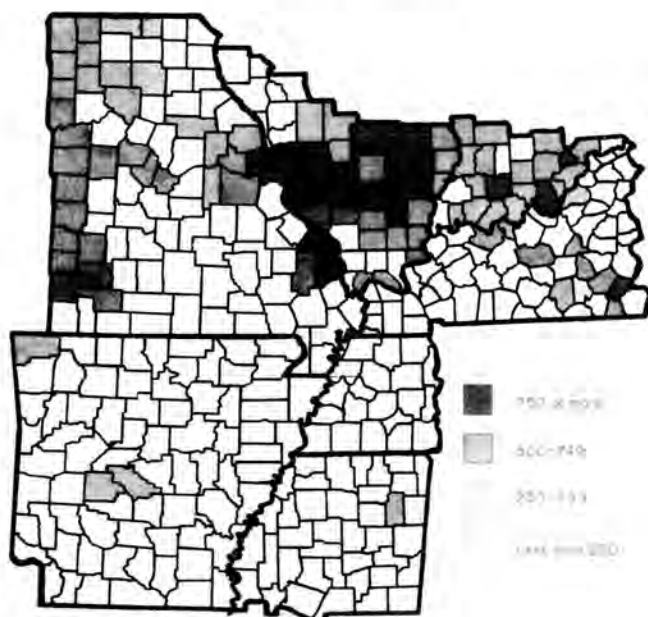


Figure 11
CHICKENS
Number Four Months Old and Over
Per Thousand Acres, 1950



Like the hog, the cow can make more money for the farmer in certain locations. To reduce transportation costs, particularly in the case of fluid milk, the choice locations are frequently found in and around densely populated areas (Figure 10).

Poultry, on the other hand, can be successfully raised almost everywhere in the district. Because of their adaptability, chickens do an excellent job of helping fill the gap left by declining per capita consumption of certain other farm products. By so doing they fit nicely into changing consumption patterns and encourage resource transfers in district farm areas where such adjustments are advisable.

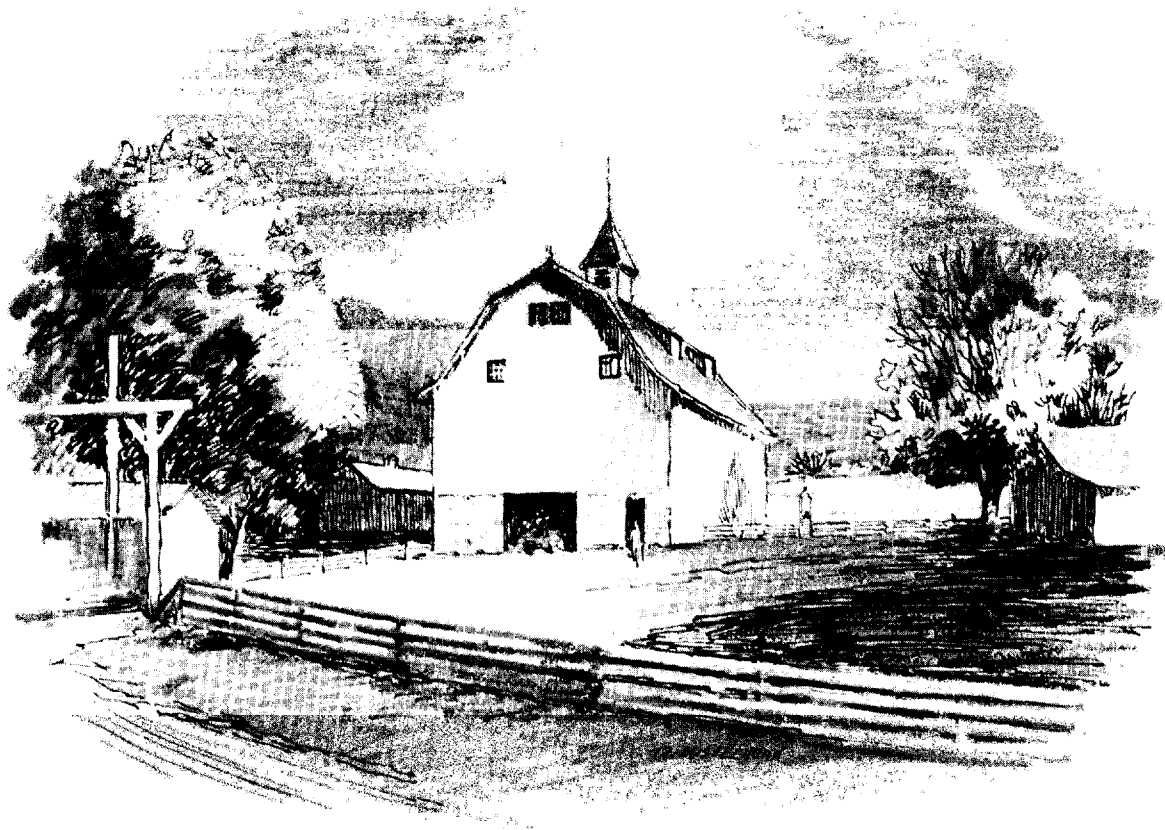
Egg consumption per person has increased 40 per cent since 1920. Hens have been doing their best to lay two eggs a day to meet the demands of consumers, and although unable to attain that goal, they have nearly doubled the annual output recorded for 1920. In view of the increasing demand for eggs, it appears significant to the level of district farm income that laying flocks are found in most district counties (Figure 11).

Like eggs, poultry meat is in the group of commodities for which there is an increasing demand. Per capita consumption of poultry meat has more than doubled since 1920. Chicken dinners, once reserved for Sunday delicacies and special occasions, are now commonplace in the everyday American diet. Putting twice as much meat on an eight-week-old broiler as was possible three decades ago, and doing it with much less feed per pound of meat, has contributed to an important dietary change. This technological innovation, plus an adequate labor supply, development of marketing facilities, new capital sources, and other factors have resulted in a concentration of broiler production in northwest Arkansas and southern Indiana (Figure 12). As a consequence, the people in those areas have increased their incomes substantially.

An opportunity both to earn and to serve is afforded those who make adjustments most readily.

Adjustments being made in the relative quantities of farm goods produced, plus changes in production techniques such as increased mechanization and scientific applications, have, in the long run, expanded the earning capacity of district farmers. At the same time, and contributing to the increased income of farmers who have made the adjustments, these developments have been of great benefit to consumers, whose ever-changing choices have required that more resources be devoted to the production of meat, milk, eggs and soybeans and that less be allotted to wheat, cotton and tobacco. By producing more of those things for which there is a growing demand, district farmers are helping themselves and their city cousins as well.

LAWRENCE E. KREIDER



Survey

OF CURRENT CONDITIONS

DISTRICT BUSINESS ACTIVITY continued to rise in May as evidenced by strong demand for bank loans, extraordinarily high steel production in the St. Louis area, an increase in rail freight movement, and increased consumer spending at district department stores. Prices of important district farm products were little changed in May.

A rise in bank lending . . .

Firm evidence of the increasing tempo of district business activity was bank lending at district weekly reporting member banks, which rose contraseasonally during the four weeks ended May 18. Total loans rose \$20 million in contrast to normal net reductions at this time. Business loans were virtually unchanged compared to usual net repayments for this period; outstanding loans in all other categories rose. Loans on real estate reached a new high (\$288 million), increasing \$3 million in the period and \$31 million or 12 per cent during the past year. "Other," largely consumer, loans rose \$6 million compared to an average increase of roughly \$2 million for the like weeks of 1947-1954.

To meet the contraseasonal loan expansion and a drain on demand deposits (\$17 million), district weekly reporting banks continued to sell short-term Government securities. Over the past year the asset distribution of these banks has changed markedly, reflecting the increase in loan demands and the effects

of Treasury refunding. Loans and longer-term securities have been expanded, while cash and secondary reserves have been reduced.

. . . and a high steel rate gave evidence of increasing business activity.

Steel ingot production at St. Louis exceeded normal capacity in the first three weeks of May with a rate 14 per cent higher than in April and 45 per cent higher than a year earlier. The high steel rate indicates that other district manufacturers, as well as the district construction industry, have increased their production also, notwithstanding the possibility that some of this flood of steel is going into inventories.

In April a high rate of steel production was accompanied by increasing production in a wide range of district industries, as indicated by power consumption data which have just become available. Electric power consumption at selected district industries generally surged upward in April and practically all of these industries used much more power than in April 1954. Nonelectrical machinery, stone-clay-glass, and rubber manufacturing establishments particularly stepped up their use of power from March levels. Only paper and shoe manufacturers, of the 14 groups for which figures are available, failed to show some increase.

Another indication of increasing industrial activity generally was that rail freight interchanges in the St. Louis area in early May continued at a high level, greater than during the first part of any month in 1954.

Lumber production has declined slightly, according to latest reports, but output was at high levels throughout the winter and the market is firm. Crude oil output continued at a high level in April and early May. Coal production declined in April, but was over 20 per cent larger than that of a year ago.

PERCENTAGE DISTRIBUTION OF ASSETS
DISTRICT WEEKLY REPORTING BANKS

	<u>May 18, 1955</u>	<u>May 19, 1954</u>
Cash	24.3%	25.1%
Treasury bills and certificates	1.5	5.0
Other investments	33.5	30.3
Loans (adjusted)	39.1	38.2
Other assets	1.6	1.4
Total assets	100.0%	100.0%

Construction activity . . .

Construction activity remained at a high rate, as indicated by residential construction contract awards through April which were 65 per cent higher than in the same period of 1954. Contracts for all-other-than-residential construction through the first four months of this year were 22 per cent higher than a year earlier.

A strike of building materials truck drivers and laborers of just over three weeks' duration caused some slowdown in construction activity during May in the St. Louis area, particularly on projects requiring delivery of ready-mixed concrete.

. . . and consumer spending were at high levels.

Consumer spending in district department stores in the first three weeks of May was stimulated by springlike temperatures and by seasonal and special promotions. Much of the increase resulted from continued interest in the hard goods lines. At reporting district department stores, sales volume for the four-week period ended May 21 was nine per cent higher than a year ago.

The continued interest in consumer household durables was evidenced by the experience of reporting department stores in the St. Louis area. Customers, apparently attracted by the department store policy of meeting "everyday" prices on hard goods, centered much of their purchasing in those departments featuring price reductions. For the first four months of 1955 sales in the homefurnishings division were almost one-fifth larger than in the like period of 1954. In contrast, sales in the apparel divisions for the four-month period were at about the same level as a year earlier.

ADVANCE RELEASE AVAILABLE

A limited number of advance copies of the Survey of Current Conditions will henceforth be released on the first of the month, several days before the printed copies of the MONTHLY REVIEW are ready for mailing. If you are interested in receiving one of these advance copies, please notify: Research Department, Federal Reserve Bank of St. Louis, 411 Locust St., St. Louis 1, Mo.

Strong consumer interest in durables in May was indicated also by the large rise in "other," largely consumer, loans at district weekly reporting banks.

The rise in business and settlement of strikes brought improvement in labor markets.

Insured unemployment declined in most district labor markets from early April to early May and was considerably lower than a year earlier. In Illinois, the one district state to show a rise, the increase reflected primarily the beginning of a new benefit year rather than new unemployment.

Strikes in the Southern Bell Telephone Company and the Louisville and Nashville Railroad were settled in May, returning several thousand district workers to their jobs. A considerable amount of indirect unemployment had been attributed to the rail strike, especially in Kentucky and Tennessee.

District farm prices were little changed.

District farm prices remained stable but at a relatively low level during the four-week period which ended May 27. Beef cattle and soybean price declines of 8 and 2 per cent, respectively, were approximately offset by increases for other commodities including a 15 per cent rise in prices received for broilers.

Growing conditions throughout the district this spring have been diverse, with continued moderate moisture deficiencies in some areas and excessive moisture in others. Subsoil moisture is generally better than a year ago. During May, moisture conditions were generally improved with near normal or above normal rainfall at all major weather stations in the district. Heaviest rainfall was in the Central Arkansas area where the 7.7-inch rain in Little Rock during a six-hour period on May 26 broke all records. Fortunately, the high-income rice crop in that area was not severely damaged.

Notwithstanding moisture deficiencies in some areas for the period February to April, inclusive, the livestock feed situation on May 1 was generally better than last year. In Tennessee and Mississippi, however, pasture conditions averaged below last year and below normal. Stocks of hay on farms in district states, excluding Tennessee, were larger than a year ago by a wide margin.

VARIOUS INDICATORS OF INDUSTRIAL ACTIVITY

	April 1955	April 1955 compared with Mar. 1955	April 1955 compared with Apr. 1954
Industrial Use of Electric Power (thousands of KWH per working day, selected industrial firms in 6 district cities)	13,671	+ 7%	+19%
Steel Ingot Rate, St. Louis area (operating rate, per cent of capacity)	97	+ 3	+59
Coal Production Index—8th Dist. (Seasonally adjusted, 1935-1939=100)	196 p	+39	+28
Crude Oil Production—8th Dist. (Daily average in thousands of bbls.)	355.6	+ 1	+11
Freight Interchanges at RR's—St. Louis. (Thousands of cars—25 railroads—Terminal R. R. Assn.)	109.9	— 1	+11
Livestock Slaughter—St. Louis area. (Thousands of head—weekly average)	97.7	—10	— 4
Lumber Production—S. Pine (Average weekly production—thousands of bd. ft.)	207.7	— 2	+11
Lumber Production—S. Hardwoods. (Operating rate, per cent of capacity)	89	— 3	— 2

* Percentage change figures for the steel ingot rate, Southern hardwood rate, and the coal production index, show the relative per cent change in production, not the drop in index points or in percents of capacity.
p Preliminary.

Banking

BANK DEBITS¹

	Apr. 1955 (In millions)	Apr. 1955 compared with Mar. 1955	Apr. 1955 compared with Apr. 1954
Six Largest Centers:			
East St. Louis—National Stock Yards, Ill.	\$ 121.8	—13%	—11%
Evansville, Ind.	164.5	+ 2	+10
Little Rock, Ark.	186.0	—0	+15
Louisville, Ky.	737.0	—11	+ 6
Memphis, Tenn.	643.1	—12	+ 2
St. Louis, Mo.	2,016.3	—12	+ 3
Total—Six Largest Centers	\$3,898.7	—11%	+ 4%

Other Reporting Centers:

Alton, Ill.	\$ 38.9	— 9%	+10%
Cape Girardeau, Mo.	15.0	+ 2	+12
El Dorado, Ark.	32.9	+11	+15
Fort Smith, Ark.	53.2	—0	+12
Greenville, Miss.	21.5	—17	— 7
Hannibal, Mo.	10.1	+ 4	+11
Helena, Ark.	8.1	+ 1	+11
Jackson, Tenn.	23.9	+ 2	+16
Jefferson City, Mo.	68.5	+ 8	+ 1
Owensboro, Ky.	43.3	+ 6	+26
Paducah, Ky.	30.1	+ 3	+ 8
Pine Bluff, Ark.	33.5	+ 4	+ 5
Quincy, Ill.	36.7	+ 8	+ 6
Sedalia, Mo.	15.1	+ 8	+20
Springfield, Mo.	75.6	+ 5	+ 9
Texarkana, Ark.	18.7	+ 1	+ 9

Total—Other Centers \$ 525.1 — 1% + 8%

Total—22 Centers \$4,423.8 —10% + 4%

INDEX OF BANK DEBITS—22 Centers

Seasonally Adjusted (1947-1949=100)

	1955	1954
Apr.	149.3	156.0
Mar.	156.0	143.1

¹ Debits to demand deposit accounts of individuals, partnerships and corporations and states and political subdivisions.

Agriculture

CASH FARM INCOME

	Mar., '55	Mar., '55 from Mar., '54	1955 compared with 1954	1955 compared with 1953
(In thousands of dollars)				
Arkansas	\$ 19,912	+ 6%	— 4%	— 8%
Illinois	154,283	—14	— 9	+ 1
Indiana	77,651	—15	—11	—0
Kentucky	21,649	— 7	—11	—18
Mississippi	19,408	—17	—20	—40
Missouri	62,640	—11	—13	—11
Tennessee	20,480	— 8	—10	—16
7 States	376,023	—12	—11	— 9
8th District	145,736	—10	—11	—14

Source: State data from USDA preliminary estimates unless otherwise indicated.

Construction

INDEX OF CONSTRUCTION CONTRACTS AWARDED EIGHTH FEDERAL RESERVE DISTRICT* (1947-1949=100)

	Mar. 1955	Feb. 1955	Mar. 1954
Unadjusted			
Total	235.3 p	215.9	171.3
Residential	313.3 p	292.6	195.0
All Other	199.1 p	180.2	160.2
Seasonally adjusted			
Total	261.4 p	280.1	190.8
Residential	336.9 p	365.8	209.7
All Other	226.3 p	240.3	182.0

* Based on three-month moving average (centered on mid-month) of value of awards, as reported by F. W. Dodge Corporation.

p Preliminary

ASSETS AND LIABILITIES EIGHTH DISTRICT MEMBER BANKS

	Weekly Reporting Banks		All Member Banks	
(In Millions of Dollars)	Change from	Apr. 20, 1955	Change from	Mar. 30, 1955
Assets	May 18, 1955		Apr. 27, 1955	
Loans ¹	\$1,440	\$+20	\$2,268	\$+33
Business and Agricultural	720	+ 3		
Security	47	+ 3		
Real Estate	288	+ 4		
Other (largely consumer)	405	+10		
U. S. Government Securities	1,047	—26	2,065	+ 1
Other Securities	244	— 2	490	+ 6
Loans to Banks	16	—0		
Cash Assets	895	+32	1,355	—12
Other Assets	43	—0	66	+ 2
Total Assets	\$3,685	\$+24	\$6,244	\$+30
Liabilities and Capital				
Demand Deposits of Banks	\$ 649	\$—28	\$ 697	\$—21
Other Demand Deposits	2,106	+12	3,793	+34
Time Deposits	560	+ 6	1,201	+ 4
Borrowings and Other Liabilities	112	+33	104	+12
Total Capital Accounts	258	+ 1	449	+ 1
Total Liabilities and Capital	\$3,685	\$+24	\$6,244	\$+30

¹ For weekly reporting banks, loans are adjusted to exclude loans to banks; the total is reported net; breakdowns are reported gross. For all member banks loans are reported net and include loans to banks; breakdown of these loans is not available.

Trade

DEPARTMENT STORES

	Net Sales	Stocks on Hand	Stock-Sales Ratio	Percentage of Accts. and Notes Receivable Outstanding
	Apr., 1955 compared with Mar., '55	4 mos., '55 Apr. 30, '55 to same comp. with Apr. 30, '54	Apr. 1955 compared with Apr. 1954	Apr. 1, 1955, collected during Apr.
8th F.R. District Total	+14%	+ 4%	+ 6%	18 48
Fort Smith Area, Ark. ¹	+21	+13	+11	46
Little Rock Area, Ark.	+21	+13	+11	45
Quincy, Ill.	+27	+11	+ 6	not available in time for publication in the Monthly Review. Data will be supplied upon request.
Evansville Area, Ind.	+30	+ 6	—0	20 49
Louisville Area, Ky., Ind.	+26	+ 5	+ 7	19 52
Paducah, Ky.	+29	+ 1	+ 4	18 38
St. Louis Area, Mo., Ill.	+ 8	+ 3	+ 6	12 43
Springfield Area, Mo.	+12	+53	+44	
Memphis Area, Tenn.	+ 8	+ 2	+ 5	
All Other Cities ²	+27	+ 8	+ 7	

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¹ In order to permit publication of figures for this city (or area), a special sample has been constructed which is not confined exclusively to department stores. Figures for any such nondepartment stores, however, are not used in computing the district percentage changes or in computing department store indexes.

² Fayetteville, Pine Bluff, Arkansas; Harrisburg, Mt. Vernon, Illinois; Vincennes, Indiana; Danville, Hopkinsville, Mayfield, Owensboro, Kentucky; Chillicothe, Missouri; Greenville, Mississippi; and Jackson, Tennessee.

INDEXES OF SALES AND STOCKS—8TH DISTRICT

	Apr. 1955	Mar. 1955	Feb. 1955	Apr. 1954
Sales (daily average), unadjusted ³	117	101	90	112
Sales (daily average), seasonally adjusted ³	122	116	113	115
Stocks, unadjusted ⁴	134	126	116	123
Stocks, seasonally adjusted ⁴	125	123	122	115

³ Daily average 1947-49=100

⁴ End of Month average 1947-49=100

Trading days: April, 1955—26; March, 1955—27; April, 1954—26.

OUTSTANDING ORDERS of reporting stores at the end of April, 1955, were 21 per cent larger than on the corresponding date a year ago.

RETAIL FURNITURE STORES

	Net Sales	Inventories
	Apr., 1955 compared with Mar., '55	Apr., 1955 compared with Mar., '55
8th Dist. Total ¹	+ 4%	+ 6%
St. Louis Area	+ 5	+ 1
Louisville Area	+27	+25
Memphis Area	+14	+16
Little Rock Area	+ 3	+13
Springfield Area	+10	+11

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

¹ In addition to following cities, includes stores in Blytheville, Fort Smith, Pine Bluff, Arkansas; Owensboro, Kentucky; Greenwood, Mississippi, and Cape Girardeau, Missouri.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Apr., '55	Mar., '55	Apr., '54
Cash Sales	14%	14%	15%
Credit Sales	86	86	85
Total Sales	100%	100%	100%