

Monthly Review


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Restraining the Boom: 1956 in Review

In the Nation . . .



THE YEAR 1956 was one of high economic activity. Booming business investment in plant and equipment helped produce record levels in total national product, industrial and farm production, employment and earnings. Heavy demands were also made on the economy by consumers and by government agencies, state and local as well as national.

— Near capacity operations coupled with other factors put strong upward pressure on prices and made heavy demands on money and capital sources.

— Tightening credit restrained price rises and moderated the expansion in demand to a rate more nearly commensurate with productive capacity.



Federal Reserve Bank
of St. Louis

Restraining the Boom: 1956 in Review

In the Nation . . .

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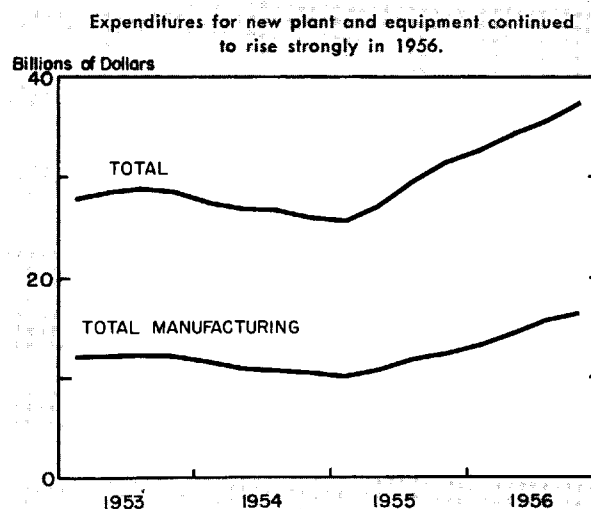
THOUGH “record business levels” have become commonplace on the American economic scene, such levels of performance are necessary if the growth potential of the economy is to be realized and its vitality maintained. The year 1956 was of this record nature. Economic activity was at a level occupying most of the nation’s productive resources, and broad advances were made in productive capacity, new jobs and rising income levels. The dynamic nature of the economy gave rise to its annual quota of problems, which made specific adjustments necessary and stamped the year 1956 with an economic pattern distinctively its own. Keys to the pattern of economic activity of 1956 are found in the investment boom, rising prices, and “tight money”.

Booming business investment in plant and equipment . . .

In the postwar era the economy has looked to certain “sustaining forces” which, though changing in makeup from year to year, have kept business activity at a high level except for two brief periods of recession. In other years added military procurement, buildup of inventories, or a burst of spending by consumers has provided stimulation and has offset declines in other sectors. In 1956 although inventory

buildup, military needs and consumer spending played their parts, the significant boost was a 22 per cent increase over 1955 in business expenditure for new plant and equipment. This surge in the creation of productive capacity was foreshadowed by forecasts in late 1955, but estimates of its dimensions were progressively lifted.

The estimated \$34.9 billion investment in new productive facilities in 1956 constituted a new record for that purpose, the largest previous outlay having been



Sources: Security and Exchange Commission and United States Department of Commerce.

\$28.7 billion in 1955. This investment boom put heavy demands on certain segments of the economy; it resulted in significant increases in nonresidential construction and in output of machinery and heavy construction materials. The boom was widely spread over the commercial and industrial sectors; investment outlays increased from 1955 in durable and non-durable goods manufacturing, mining, railroads, other transportation media, public utilities, trade, services, finance and communications. Outlays in all these except railroads were at highest levels ever. Construction of suburban shopping centers was extremely large by past standards. The continued rise in manufacturers' unfilled orders was evidence of the strength of demand for capital goods. At the opening of fourth quarter 1956 this backlog totaled \$62 billion, almost \$10 billion above a year earlier.

Because of price rises, however, the year-to-year change in capital investment indicated by dollar volume figures was larger than the change in physical volume. Construction costs rose 5 or 6 per cent between 1955 and 1956, and prices of machinery and motive products about 7 per cent. The physical volume of equipment put in place during 1956 was probably at a record level, though the amount of factory building accomplished was exceeded in early postwar years.

Other investment components reacted diversely. Inventory accumulation, a factor whose size somewhat belies its importance, contributed slightly less to economic performance than in 1955. The rise in

value of stocks amounted to about \$3 billion in 1956 compared to \$4.2 billion in 1955. Residential construction lagged, for reasons brought out later. But the strength of business investment more than balanced the decline and provided stimulus to the entire economy.

*... helped produce record levels
in total national product, ...*

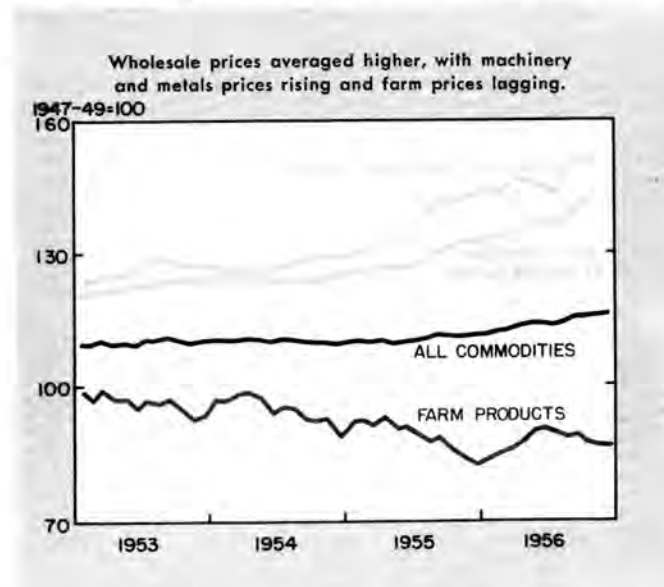
The capital goods boom, by boosting output and incomes, helped the United States economy continue the rise in total output of goods and services which has been uninterrupted, on a quarterly basis, since the beginning of 1954. Gross national product crossed the \$400 billion rate late in 1955 and had probably passed the \$420 billion mark by the last quarter of 1956. In terms of annual totals GNP amounted to \$391 billion in 1955 and, according to early indications, something over \$410 billion in 1956, a gain of better than 5 per cent. Rising prices, however, held the real physical gain to about 3 per cent, close to the average annual gain over the past fifty years but somewhat below the 7 per cent gain of 1955 over the recession year of 1954. The rise in GNP in 1956 was limited to some extent by the ceiling of productive capacity in heavily-demanded lines.

industrial and farm production, ...

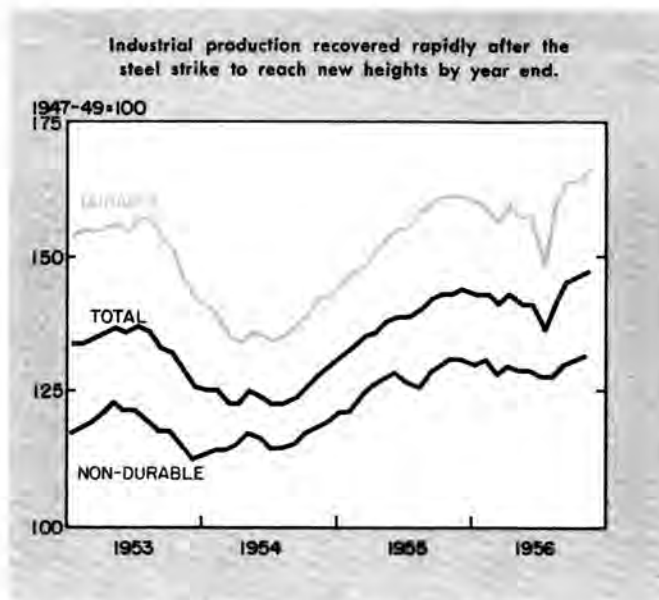
While industrial production averaged higher in 1956 than in the preceding year, several features of 1956 industrial performance are noteworthy. The measures, being in physical terms, avoid the problem of price change.

First, the rise during the year was modest. Total industrial production, which had gained by over 11 per cent from the recession year of 1954 to 1955, made a further gain of just under 3 per cent in 1956, well below the postwar average of about 5 per cent per year. The gain in minerals output exceeded that in manufacturing. Second, despite a higher average, industrial production in 1956 on a seasonally adjusted basis failed until September to reach the high of the previous December.

Finally, the economic pattern of the year was reflected closely in changes of the "product mix" issuing from the nation's factories and mines. Although output increases were registered by fabricators of both durable and nondurable goods, strongest gains came in industries supplying the investment boom; machinery of all kinds except agricultural, and the stone-clay-glass group supplying such vital construction materials



Source: United States Department of Labor.



Source: Board of Governors of the Federal Reserve System.

as window glass, tile and cement. The chemical and paper industries continued their growth, as did petroleum and other minerals production. On the other hand, the lessened volume of residential construction was reflected in lower output of lumber and desultory sales in some major household lines. Production of automobiles, tires and parts lagged. The steel industry operated at near capacity rates except for a five-week strike in July and early August. Anticipation of the strike by steel users and preparation for its consequences tended to limit repercussions on the activity of most steel users though shortages of plate and structural items were intensified.

Improvements in agricultural technology continued and farm output rose to a new high. Farmers turned out record supplies of meat, soybeans and feed grains.

... employment and earnings.

The high rate of economic activity showed up clearly in the nearly full use of the nation's labor force and in rising earnings. The peak of the season (August) found 66,752,000 people gainfully employed, and the indicated 65,000,000 average for the year represented a 2.8 per cent gain over 1955. The employment gain was broadly based, all major industrial groups except agriculture showing some advance. The greatest relative gain (nearly 9 per cent) was in construction. Unemployment rose during the summer to a peak of 2,900,000 but at its low point of the year fell to 1,900,000, a little less than 3 per cent of the labor force and a mark previously bettered only during war or national emergency. Although scattered areas had

excess supplies of labor, shortages of skilled workmen, retail clerks, engineers and other professions were typical of much of the nation.

Average hours worked ran slightly below year-ago levels, but earnings on both an hourly and a weekly basis continued to rise. In manufacturing, average earnings crossed the \$2-per-hour and \$80-per-week levels during the year.

Full employment and rising prices set the stage for widespread wage negotiations, some with and some without resort to strikes. While increases in basic wage rates and fringe benefits resulted from the new contracts negotiated in steel, aluminum, railroad, coal mining, textile and meat packing industries, a distinctive feature of these 1956 labor contracts was their longer term—generally three years rather than one—with scheduled annual raises in wages and other benefits. Higher wage rates gave an additional upward push to hourly earnings and to workers' incomes, but wage and fringe increases also pressed production costs up.

High economic activity and rising wages continued to boost personal incomes. Total personal income in the nation during 1956 was approximately \$325 billion, a rise of about 6 per cent from 1955. Increases came in business proprietors' and professional incomes, interest, dividends and transfer payments as well as in wages and salaries.

Several factors contributed to a small expansion in realized net farm income, the first rise since 1951. Record output and marketings of farm commodities more than offset slightly lower farm prices. Agricultural exports rose substantially, partly in response to stronger demand, but largely through Government assistance. Finally, payments under the newly instituted "soil bank" program added a quarter of a billion dollars to farm income during the year.

About \$3 billion of the increased personal income went to pay additional personal taxes. On a per capita basis personal income after taxes still rose between 3 and 4 per cent. Price rises cut the real gain for the year as a whole to roughly 2.5 per cent, still a fairly substantial rise in per capita real income.

According to preliminary figures, a part of the increased personal income after taxes went to expand the flow of savings. Personal savings in 1956 may have totaled a little over \$20 billion, up \$4 billion from 1955 and a postwar record amount; at just over 7 per cent of disposable personal income, however, the savings rate was below that of the Korean war period.

*Heavy demands were also made on the economy
by consumers . . .*

The remainder of the increase in personal incomes, perhaps \$12 billion, was used to increase personal consumption, pushing such demands to an estimated total of \$266 billion. However, not all types of goods and services shared alike in the rise. Expenditures for consumer durables dropped off 5 per cent but, continuing a strong secular rise, increased purchases of nondurables (up \$7 billion or 5 per cent) and services (up \$7 billion, 7 per cent) kept the total rising.

The drop in durables sales was concentrated in automobiles; slight increases were registered in furniture and other household durables. Auto output during the year amounted to about 5.8 million vehicles in contrast to 7.9 million in 1955. The decline was attributed variously to higher prices, little style change from the 1955 models, and lack of demand after the large sales of 1955. Expenditures on nondurables rose for food and apparel, and the gains in expenditures for services were strongest for housing and household operations.

The pattern of consumer expenditures was mirrored in retail sales. For the year 1956 as a whole, retail sales advanced 3 per cent, with increases registered in nearly all major lines except automobiles. Consumer credit continued to play an important part in sales of consumer durables though volume outstanding increased at a slower rate than in 1955, reflecting increased repayments and a decline in extension of automobile credit. Despite the downturn in automobile sales, relatively more new cars were financed by credit in 1956 than in the preceding year. Total consumer credit outstanding reached \$40 billion at the beginning of fourth quarter 1956, three-quarters of the total being instalment credit. As of November 1 consumer credit outstanding was about 10 per cent higher than a year earlier compared to a rise of 19 per cent in the 12 months from November 1, 1954 to November 1, 1955.

*. . . and by government agencies, state and
local as well as national.*

Government purchases of goods and services in recent years have amounted to about a fifth of total production, considerably less than consumption expenditures but still exceeding private capital formation. Federal Government purchases were lower in the first half of 1956 than a year earlier but, with a slight increase in military spending, turned up in the last half and exceeded the year-ago level.

State and local government outlays for goods and services continued their long run increase as population growth and shifts necessitated additions to streets and highways and water and sewage systems, and construction and operation of new schools. The Federal-aid highway program, approved late in June, had not resulted in a marked increase in highway outlays before the end of the year. Total government purchases of goods and services in 1956 were valued at about \$80 billion, \$47 billion of this total being Federal and \$33 billion state and local; by contrast, the 1955 total was \$77 billion.

Thus strength of demand for output of the economy was exhibited by all major sectors. In dollar terms consumers increased their demands by a greater amount than any other sector. But in relative or percentage terms investment demand rose most and was responsible for part of the increase in consumer demand through its effect in adding to consumer incomes. The outstanding strength of business investment demand, related more to expectations of the future than to present conditions, was a unique feature of the year 1956.

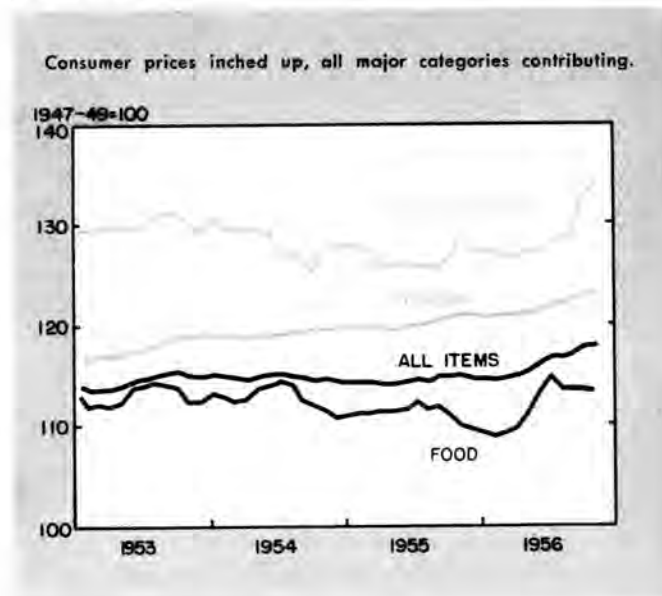
*Near capacity operations coupled with other
factors put strong upward pressure on prices . . .*

The strength of the demands for goods and services by consumers for their own uses, by government bodies for public use, and by businesses for investment left little slack in the economy. There were a few shortages of materials, notably structural steel and steel plate. Order backlogs built up for many manufactured items, particularly industrial machinery, and a tight labor market continued for a number of skills.

Steady demand, order backlogs and scattered shortages put upward pressure on prices. It became apparent that the market for a large number of items would stand higher prices than those being charged. In this setting, wage and fringe benefit boosts were sought by labor organizations and, except in the steel and scattered other industries, the upward adjustments were made without work stoppages. As labor costs increased, prices of steel and other materials were marked up, raising costs to subsequent users and cutting their profit margins.

Whereas price rises from strong demand were selective, cost pressures from wage and materials price boosts were more general. Significant price rises over late 1955 occurred in the following groups of commodities: metals and metal products, machinery and motive products, nonmetallic structural minerals and

paper and pulp. Smaller rises occurred in processed foods, leather products, fuels, power and lighting materials, chemicals, furniture and other household durables. Moderate declines came in textile products and apparel, rubber products and lumber and wood products, the latter after strength in the first half year. Farm prices rose during the first half year and then receded, with the average for the year below that of 1955. While cost pressures were pervasive, the largest price rises came in groups influenced most by the capital goods boom. The wholesale price index in late 1956 was a bit more than 4 per cent higher than a year earlier.



Source: United States Department of Labor.

At the consumer level price rises in dairy and cereal products, rent, medical care, household operations and miscellaneous products pushed the consumer price index up nearly 2.5 per cent between late 1955 and late 1956, reducing gains in real incomes but also pushing up some wage rates as escalator clauses became operative.

... and made heavy demands on money and capital sources.

The investment boom put pressure on the money and capital markets to furnish the margin of funds not available from internal sources of the expanding firms for financing business capital investment, as well as to provide for residential construction, government financial needs, consumer credit and current business operations. Money and capital market pressures, while never extreme, were strong enough to draw continuous attention and comment. Liquidity decreased in industrial and financial corporations. Heavy demands

for funds which ran ahead of the increase in supplies forced interest rates up on a broad front. Yields on three-month Treasury bills averaged 0.94 per cent during 1954, 1.73 per cent in 1955, and about 2.65 per cent during 1956. Rates on intermediate-term (3-to-5 year) Government securities, which had increased from 1.82 per cent in 1954 to 2.50 during 1955, rose to about 3.10 per cent during 1956. Rates on long-term Government securities as well as on most corporate and municipal issues moved up during the year. Loan terms tightened and some borrowers, in evaluating their projects, found them less attractive in the face of current rates; some postponed them. The economic system thus allocated credit (and hence resources) to those with the most urgent demands and the strongest bargaining positions.

Despite market tightness, a record volume of capital was made available and the increase in total was apparently only slightly less than in 1955. In the first half of 1956 internal funds provided for about two-thirds of corporate investment, below 1955's proportion of four-fifths but in line with other recent years. The increase during the year in corporate securities outstanding was probably over \$8 billion in 1956 as against \$7.2 billion in 1955. According to preliminary data mortgage debt outstanding on all types of properties increased about \$14.5 billion in 1956, as against \$16 billion in 1955, and total loans and investments of commercial banks rose \$3.7 billion in 1956 versus \$5.0 billion in 1955. Likewise consumer credit outstanding rose less during 1956 than 1955, and new security issues of state and local governments were slightly below 1955.

One economic sector which illustrated the effects of financing difficulties as well as other economic cross currents in 1956 was residential construction. Other types of construction boomed, but the number of new nonfarm houses started dropped from 1,329,000 in 1955 to about 1,100,000 in 1956. Though a variety of forces such as lessened family formation rates, rising prices of new houses and the large stock of existing houses were at work to dampen demand, the decline in residential construction was intimately connected with availability of financing. Interest rates on VA-guaranteed mortgages remained fixed throughout the year, and those on FHA-insured mortgages were boosted by one-half of one percentage point only in the final month of the year; consequently, the general interest rate rise tended to make such mortgages unattractive to lenders. Relatively more housing sales were financed by conventional mortgages and consequent higher down payments and shorter maturities discouraged potential buyers.

Tightening credit restrained price rises and moderated the expansion in total demand to a rate more nearly commensurate with productive capacity.

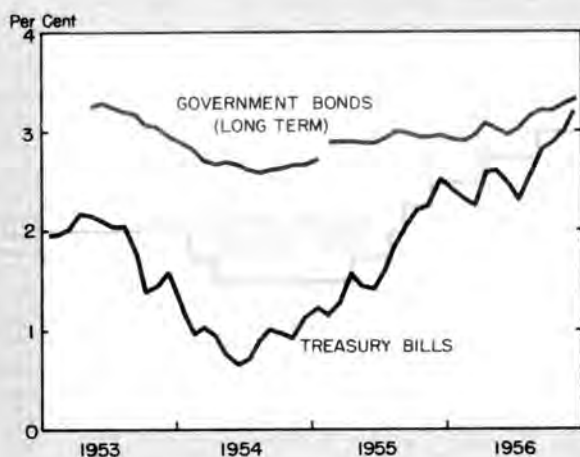
In the setting of virtually full employment, near capacity operations of the economy, upward price pressures and heavy money and capital demands, the economy threatened to embark on an inflationary spiral. In keeping with widespread recognition of the danger, the Federal Reserve followed a policy of credit restraint. Member bank borrowing at Federal Reserve Banks was made progressively more costly; the discount rate, which had been raised from $1\frac{1}{2}$ to $2\frac{1}{2}$ per cent in 1955, was boosted to 3 per cent in 1956. Pressure on bank reserves was maintained by open market operations; whereas in 1954 excess reserves had exceeded borrowings from Reserve banks by an average of \$625 million, free reserves were

negative (borrowings exceeded excess reserves) by an average of \$20 million in 1955 and by about \$275 million in 1956. With the reserve situation permitting only moderate net increases in commercial bank loans and investments, the money supply (demand deposits adjusted and currency outside banks) rose only 1.5 per cent in 1956 according to preliminary figures, compared with about 3 per cent in each of the preceding two years.

Treasury fiscal operations supplemented monetary restraint in combating inflationary pressures. During calendar 1956 the United States Government had a cash surplus of some \$6 billion in contrast to the slight deficit in 1955.

No final assessment can be made at this time of the effects of these restraints on the economy during 1956. The strong capital goods boom together with consumer and government purchases occupied the productive capacity of the nation to the extent that restraint was necessary to keep expansion of credit balanced with the growth in resources. Though upward price pressures were persistent, increases in the aggregative indexes were moderate and the effects of a damaging inflationary spiral were avoided. Financial restraints were apparently not too tight, since the economy remained fully occupied. Had more capital purchase and construction been attempted, the total accomplished could scarcely have been increased; as it was, shortages of certain steel items and skilled labor kept some undertakings from proceeding as scheduled. Monetary and fiscal control measures in force during 1956 thus contributed to the economic stability of the nation and fostered growth at a sustainable rate.

Interest rates continued upward, short-term rates rising most.



Sources: United States Treasury Department and Board of Governors of the Federal Reserve System.

In the District . . .

THE MAJOR FORCES at work in the nation were also influential in the Eighth Federal Reserve District. Business activity in the district, remaining generally at the high level reached by late 1955, averaged slightly above that of the preceding year. Industrial production advanced a little and construction activity stayed at a high level. Employment, too, was generally stable, but in the latter part of the year was below year-earlier levels in three of the larger metropolitan areas.

Farm production and income advanced more sharply than in the nation and credit and land prices continued to rise.

Reflecting high levels of employment and farm output, district incomes advanced and consumers spent somewhat more than they did the year before. The high levels of activity also increased the demand for bank credit.

The major forces at work in the nation were also influential in the Eighth Federal Reserve District.

THE MAIN FORCES bearing on the national economy also affected the trend of district activity. The Eighth Federal Reserve District shared in the capital goods boom and in the advance in personal incomes. With rising incomes district consumers, as in the nation, spent more on most goods and services. In response to expanding demand, district manufacturers turned out greater amounts of most goods.

Two other major influences at work in the entire economy were upward pressures on prices and increasing tightness of money. These, too, affected district consumers and businesses, in some ways even more strongly than in the country as a whole. For instance, money supply within the district apparently did not expand while nationally it rose, according to preliminary figures, about 1.5 per cent.

Business activity in the district, remaining generally at the high level reached by late 1955, averaged slightly above that of the preceding year.

For 1956 as a whole, economic activity in the Eighth Federal Reserve District averaged somewhat higher than in 1955 according to most available indicators. Industrial and agricultural production, manu-

facturing and total nonfarm employment, income and spending advanced further from the high level of 1955.

However, comparison of several indicators in the last quarter with their year-earlier levels suggests that the district economy showed relatively little increase in activity during 1956. Employment in the major district labor markets in the latter part of the year was actually less than 12 months earlier. Construction contracts awarded for the first 11 months were about equal to those in the same period of 1955. Sales of department stores in the final quarter rose only in about the same proportion as prices, indicating little change in the physical volume of purchases.

In the district, where resources and productive facilities differ from the national pattern, the impacts of national developments were bound to be experienced in varying degrees. In addition certain corporate decisions and changes had an important influence on the course of activity in a few areas. As a result the economic growth of the district was apparently less rapid than in the nation. Construction contracts awarded, employment and income were some of the major measures that indicated this lag.

Industrial production advanced a little . . .

Industrial production in the district as in the nation was slightly higher on average during 1956 than the year before. The advance was indicated by higher

average employment and greater amounts of electric power used in manufacturing industries in all of the district's metropolitan areas except Evansville.

Trends for individual industries in the district were determined largely by national forces. For example, district automobile assembly, farm equipment and ordnance production declined as they did nationally. Gains in most other industries, however, were more than sufficient to offset these cutbacks. But local developments also played a part. Appliance production increased in Louisville but declined in St. Louis, reflecting largely a major plant expansion and closing in the respective cities. In some cases, output in an industry moved contrary to the national trend.

High production and construction activity called for large amounts of basic materials. St. Louis area steel plants maintained operations at 96 per cent of capacity—about the same level as in 1955—whereas national output declined slightly. The better-than-national picture was the result of continued operations at local plants while most other steel operations in the nation were shut down by a work stoppage in July. The demand for aluminum increased but the amount refined in Arkansas declined somewhat in 1956 because of a month-long strike. Lumber production advanced slightly during 1956 and averaged about 3 per cent more than in 1955.

Meat production in the district was greater than a year earlier, as indicated by a 16 per cent rise in the number of animals slaughtered at eight centers. Whiskey distilling in Kentucky in the first 9 months of 1956 rose 14 per cent from the corresponding period of 1955.

Shoe production in the district was also greater than in 1955. In the first nine months of 1956 output by members of the St. Louis Shoe Manufacturers Association was about the same as a year earlier, but in the last quarter it was probably greater than in 1955 when a work stoppage reduced production.

The higher level of economic activity in 1956 required larger inputs of energy. As a result, district output of two major fuels, oil and coal, advanced. Crude oil production in district states averaged 5 per cent more than in 1955. The largest relative increase in production occurred in Kentucky. Output rose 7 per cent in Indiana and 3 per cent in Illinois, where most of the district's production is located. Arkansas production increased 2 per cent. Exploration activity in 1956 increased faster in the district than in the nation. The number of oil wells completed in the district rose 9 per cent, compared to a national gain of

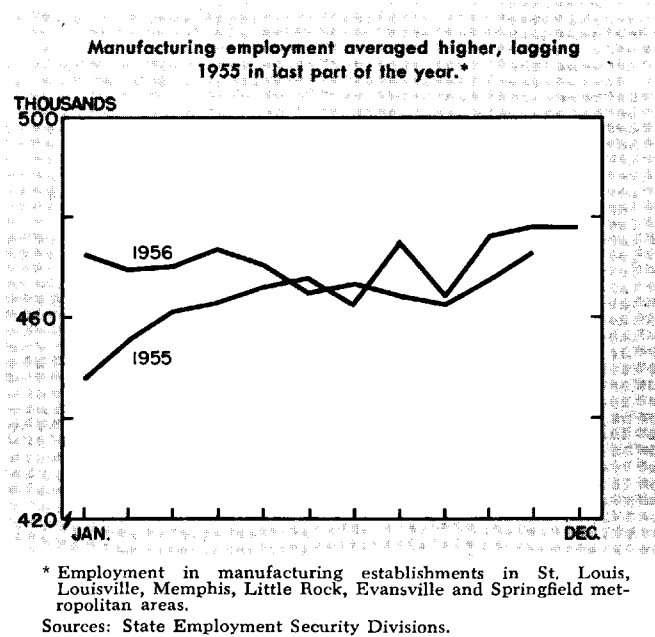
4 per cent. The success rate declined in both district and nation and the percentage of successful wells completed in the district remained below the national average.

Coal production increased sharply, continuing the gains made in 1955 and largely reflecting the growing requirements for electric power generation. In the first 11 months of 1956 output was 11 per cent greater than a year earlier. The largest increase was in western Kentucky where output rose 18 per cent. Most of the district's output came from Illinois mines where production was 6 per cent ahead. Indiana mines produced 11 per cent more than a year earlier.

Mine production of recoverable lead in Missouri in the first 10 months of 1956 declined about 1 per cent from the corresponding period a year earlier. In southern Illinois and Kentucky, where small amounts are mined, production was somewhat larger than a year earlier. Bauxite mining in Arkansas declined slightly as imports continued to rise. Fluorspar shipments in the first half of the year by producers in Illinois and Kentucky increased as demand expanded despite increased imports.

... and construction activity stayed at a high level.

One of the factors helping to maintain the boom in district business activity was the construction of new and additional facilities. The need for community facilities such as schools, churches, roads, sewers and waterworks, and for new trade centers in the rapidly growing suburban areas were expanding forces in



DISTRICT MANUFACTURING TRENDS

Trends in the large manufacturing areas reflected the impact of both national and local forces. In the St. Louis area greater manufacturing activity was indicated by a rise of 4 per cent in electric power consumption and 1 per cent in employment in the first 11 months of 1956 from the comparable months of 1955. Power consumption was reduced by chemical, ordnance, apparel, tobacco, lumber and furniture plants. Increases in other industries, however, more than offset these declines. Reflecting the lack of growth during 1956, total manufacturing employment in November was about the same as a year earlier. The over-all stability was the result of balancing shifts in labor needs of various industries. Aircraft and other transportation equipment industries used 5,500 more persons and food products plants employed an additional 1,400. Offsetting these gains were relatively large reductions of employment in automobile assembly, ordnance, fabricated metals, textiles and apparel and shoe manufacturing.

In Louisville, manufacturing employment was 4 per cent larger than in 1955 and electric power consumption by large plants averaged 5 per cent higher. However, again indicating a lack of growth during 1956, manufacturing employment in November was 1 per cent less than a year earlier. Employment in machinery production increased as reductions in farm equipment output were more than offset by advances in appliance production. Food producers, distilleries and transportation equipment plants also employed more workers. Ord-

nance, chemical plants producing military items, lumber, furniture and fabricated metals products plants employed fewer persons in November 1956 than a year earlier.

In Memphis, large industrial plants used 2 per cent more electric power in 1956 than in the year before and manufacturing employment was 4 per cent greater. Production of automobiles, rubber and tobacco products apparently declined, but output of other products advanced.

In Evansville, electric power consumed by manufacturing firms in the first 11 months of 1956 declined 4 per cent from the corresponding period of 1955 and manufacturing employment averaged 4,600 or 14 per cent less. Reduced output of automobiles, aircraft parts and refrigerators were the major factors affecting the area, although food processing plants also used slightly less power and labor. Other industries apparently increased output.

In Arkansas, most industries expanded output. Power consumption by manufacturing plants, excluding aluminum processing, served by Arkansas Power and Light Company, rose 17 per cent. In Little Rock average manufacturing employment was about 5 per cent greater than a year earlier. In November, however, employment was slightly less than a year earlier, as a result of relatively large declines at chemical, lumber and furniture plants which more than offset gains in metal working industries.

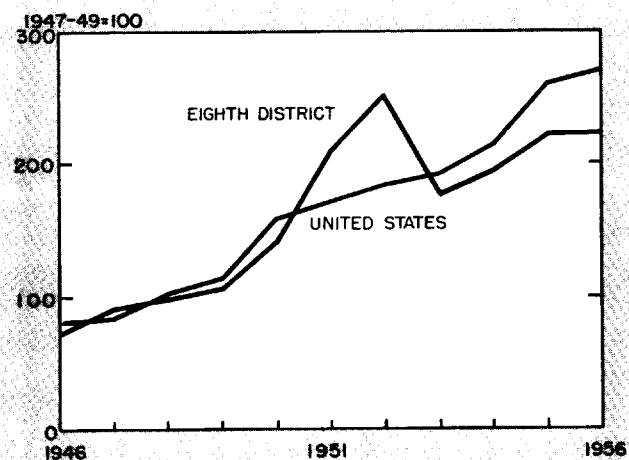
district construction activity. Total contracts awarded in the Eighth Federal Reserve District during the first 11 months of 1956 totaled \$1,264 million, about the same as in the corresponding period of 1955. This was larger than any other comparable period except 1952, when contracts were awarded for the Atomic Energy Commission plant and related facilities near Paducah, Kentucky. The physical volume of construction included in awards was probably less than a year earlier, since construction costs were higher.¹ Moreover, district experience was less favorable than in the 37 easternmost states, where contracts rose 5 per cent.

The sharpest gain in the demand for new facilities in any of the district metropolitan areas occurred at Louisville. Contracts there in the first 11 months of 1956 rose 22 per cent over the same period of 1955. Awards in the St. Louis metropolitan area increased somewhat, but in Memphis, Evansville and Little Rock, the value of awards declined.

While total construction contracts awarded held steady, residential building awards declined. In the Eighth Federal Reserve District they were 13 per

cent less in the first 11 months of 1956 than in the corresponding period of 1955. Here, too, district experience lagged the rest of the nation where the 11 months' total was about the same as a year earlier. The value of residential construction contracts in 1956 declined in all major metropolitan areas, with especially sharp decreases in Memphis and Evansville.

Construction contract awards remained high in the district, advanced nationally.



Source: F. W. Dodge Corporation.

¹ Construction costs in the nation averaged 5 per cent more in 1956 than in the year before, reflecting higher wage rates for construction labor and higher wholesale prices of building materials. District construction wage rates rose about the same relative amount as in the nation. In October hourly wage rates for seven representative building trades in four of the district metropolitan areas were 4 per cent higher than a year earlier.

The value of residential contracts awarded in the district dropped less than did the number of dwelling units, reflecting the higher value per unit started this year than last. The number of dwelling units included in the first 11 months' awards fell 23 per cent. The

NUMBER OF DWELLING UNITS INCLUDED IN
RESIDENTIAL CONSTRUCTION CONTRACTS AWARDED

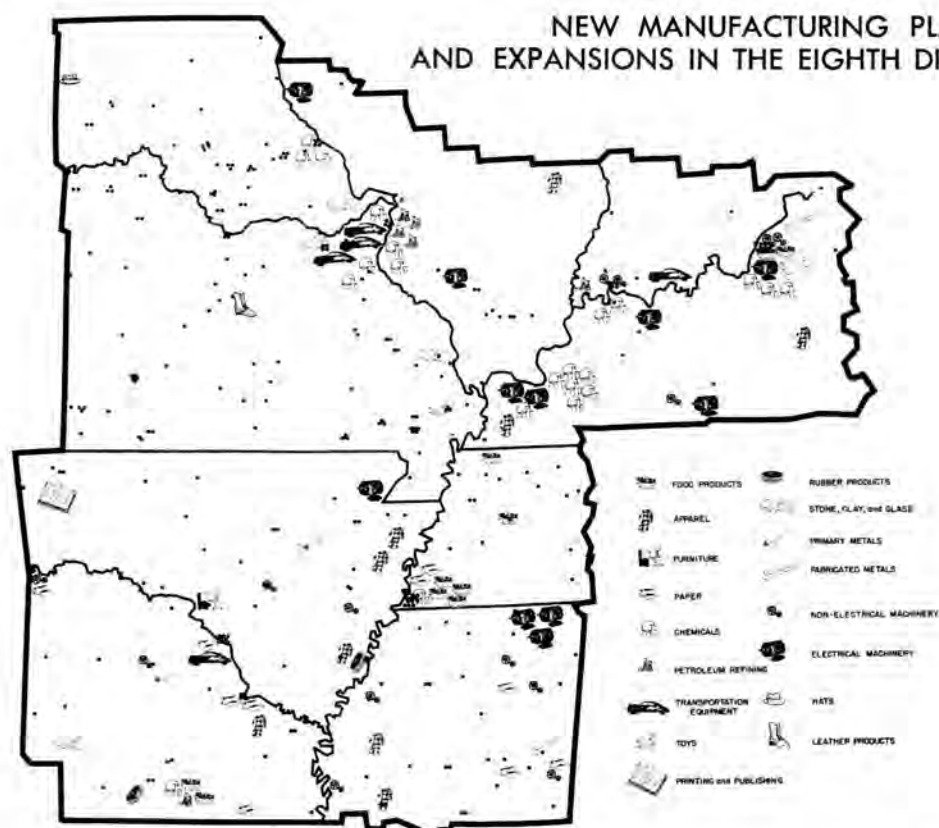
	First 1956	Eleven Months 1955	Per Cent Change
Eighth District.....	27,064	34,952	-23
Selected Areas:			
St. Louis.....	10,037	11,948	-16
Louisville.....	6,395	7,925	-19
Memphis.....	2,577	5,324	-52
Evansville.....	954	1,851	-48
Little Rock.....	1,180	1,388	-15

Source: F. W. Dodge Corp.

higher average value resulted entirely from increased size which more than offset a small decline in average cost per square foot. For example, in the St. Louis territory of F. W. Dodge Corporation, which includes most of the Eighth District, the average size of new dwelling units in the first 11 months of 1956 rose 11 per cent to 1380 square feet from the same period of 1955. The average value per square foot was slightly less in 1956 than the year before.

Nonresidential building activity increased in 1956. The development of new shopping centers was largely responsible for the 11 per cent jump in contracts awarded for commercial buildings in the first 11 months of 1956 over the comparable period a year earlier. The need for greater industrial capacity continued and contracts awarded for manufacturing buildings held close to the high level reached in 1955. The growth of the cities and the need for improved highways brought a sharp increase in the value of contracts awarded for public works and utilities. Contracts for \$263 million of such construction were awarded in the first 11 months of 1956, an increase of 37 per cent over the same period of 1955.

The capital goods boom brought many new plants to the district in 1956, along with the expansion of existing facilities. There was a noticeable tendency for the larger new plant or expansion projects in the district to be located along major rivers, as can be seen from the map. This clustering reflected in part the requirements of such industries as paper and pulp and chemicals for large amounts of process water and the advantages of water transportation for moving raw materials and finished products.



Projects plotted are those upon which some work was done during 1956. New plants or expansion projects costing more than \$1 million or to provide new employment for at least 200 people are represented by symbols. Smaller projects are represented by dots.

The list of projects was compiled from published reports. Since it is impossible to obtain reports of all projects, the map shows the general pattern of manufacturing expansion rather than the exact location of all projects.

The fastest growing major industry of the district in 1956 was the paper industry. New paper mills under construction at Pine Bluff, Arkansas, and Columbus, Mississippi, and expansion at Crossett, Arkansas, will more than double the district's 1955 capacity for production of paper and pulp when completed.

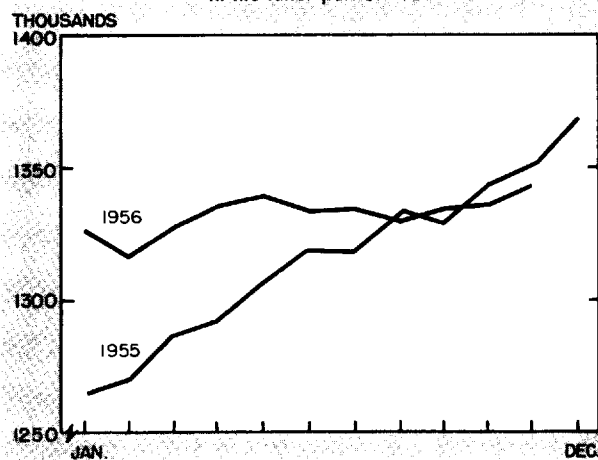
The largest single project underway during the year was a new aluminum reduction plant near Evansville, estimated to cost in the neighborhood of \$80 million. Aluminum capacity was also being increased in Arkansas.

In terms of number of major projects, the chemical industry led the expansion boom in this district. Most of the large plants were located along the Ohio and Mississippi Rivers.

Employment, too, was generally stable, but in the latter part of the year was below year-earlier levels in three of the larger metropolitan areas.

Reflecting the advance in economic activity, the demand for labor was slightly higher in 1956 than in 1955. Total employment in nonagricultural establishments in six district metropolitan areas in the first 11 months of the year averaged 1.6 per cent higher than in the comparable period a year earlier. By contrast, the comparable national series gained 3.2 per cent. In most of the metropolitan areas, employment, after rising in 1955, remained fairly stable throughout 1956; in Evansville, however, employment declined until mid-September and then recovered somewhat. In the latter part of the year, employment in three of the larger metropolitan areas was less than a year earlier.

Employment was generally stable, falling behind 1955 in the latter part of 1956.*



* Employment in nonagricultural establishments in St. Louis, Louisville, Memphis, Little Rock, Evansville and Springfield metropolitan areas.

Sources: State Employment Security Divisions.

Farm production and income advanced more sharply than in the nation . . .

Despite drouth and Governmental limitations on production, district farms turned out record amounts of most commodities in 1956. Corn yields on farms in district states were at an all-time peak and production increased almost 10 per cent from that of the previous year. Tobacco production in Kentucky and Tennessee was increased about 5 per cent, and the wheat crop in district states rose approximately 10 per cent. All previous records for soybean production were broken; near-record yields coupled with increased acreage pushed production up more than 25 per cent from the previous record level of 1955.

Not all harvests were as large as in 1955, however. The drouth damaged some grain crops in parts of the district and had an even greater effect on forage crops. Hay production in district states declined about 2 per cent from that of 1955. Pastures also deteriorated in the latter half of the year, forcing many farmers to start feeding hay and silage earlier than they normally would. Oat yields per acre were well below those of 1955. Cotton yields were again much higher than average, although less than last year's. The amount of land planted in cotton in district states was reduced 6 per cent by the acreage allotment program and production dropped about 14 per cent from that of the previous year.

Prices received for major district commodities in 1956 averaged about the same as in the previous year. However, some individual commodity prices dropped sharply in response to larger marketings. Broiler prices, for example, averaged approximately 25 per cent below those of 1955. District market prices for cattle, hogs and rice fell about 10 per cent below the previous year. Egg prices remained approximately the same. On the other hand, higher returns were realized for feed grains, milk, tobacco, soybeans and cotton.

District cash farm income advanced in 1956, as marketings increased and average prices received remained generally stable. The gain in the first ten months was 15 per cent over the same months of the 1955 total and 4 per cent greater than those of 1954. Receipts from both crops and livestock were greater than in 1955 and receipts from crops were slightly more than that of 1954. Part of the increase in cash income can be attributed to earlier harvesting and marketing of crops this year than last. Smaller marketings are expected in the last 2 months, and the year's total farm income for the district may exceed

EMPLOYMENT IN VARIOUS DISTRICT AREAS

In the St. Louis metropolitan area, total employment in the nonagricultural establishments in the first 11 months of 1956 averaged 1 per cent higher than in the same period of 1955. The increase, however, was confined to the first half of the year, as employment lagged slightly behind year-earlier levels after August. In November 1956, manufacturing employment was about the same as a year earlier, as reported in the section on trends in manufacturing areas. Employment in construction, railroads and trade was lower than a year earlier while other nonmanufacturing activities had minor changes in employment. With employment averaging somewhat more than a year earlier, the number of jobless averaged about one-fifth less than in 1955. In November, however, the number of unemployed was slightly greater than a year earlier, although still constituting only 4 per cent of the labor force.

In the Louisville metropolitan area, total nonfarm employment in the first 11 months of the year averaged 2 per cent higher than a year earlier. As in St. Louis, however, the gain was concentrated in the first part of the year. In the latter part of the year, employment was slightly less than in comparable months of 1955. Despite the higher level of employment in 1956 than in 1955, the number of unemployed in Louisville averaged about 2,300 greater than the year before. In November 1956, total manufacturing employment (as indicated earlier) was 1 per cent less than a year earlier. Total nonmanufacturing employment was about the same as a year earlier as most lines of activity, except government and construction, advanced.

In the Memphis metropolitan area employment averaged 5 per cent higher than a year earlier. Both manufacturing and nonmanufacturing employment advanced. Large employment increases in trade, government and transportation, communication and utilities more than offset reduced employment in construction. As a result of the higher employment levels, unemployment in the first 11 months of 1956 averaged 18 per cent less than a year earlier. However, in November 1956, with employment only one per cent ahead of a year earlier, the number of jobless was slightly higher than a year earlier, although still only constituting 4 per cent of the labor force.

In the Little Rock area total nonagricultural employment in the first 11 months of the year averaged 5 per cent higher than a year earlier. Here, too, the gain narrowed as the year advanced. In November 1956, total employment was 1,350 larger than a year earlier, as a result of gains in nonmanufacturing activities other than construction and transportation, communication and utilities. Manufacturing employment, as noted, was relatively stable throughout the year. Unemployment was 30 per cent less during 1956 than in the preceding year, but in November was slightly greater than a year earlier.

In the Evansville, Indiana—Henderson, Kentucky, area, employment in 1956 was affected by reduced production of automobiles and changes in ownership of two refrigerator plants. The number at work in aircraft parts manufacturing also dropped sharply during the year. With employment in nonmanufacturing industries remaining fairly steady during the year, total nonfarm employment in the first 11 months of 1956 averaged 6 per cent less

than in the year earlier. As a result of the employment decline in the area during the first part of the year, unemployment advanced to very substantial levels. In January unemployment mounted to more than 6 per cent of the labor force, and by March it exceeded 9 per cent. In November, following sizable recalls at automobile and refrigerator plants and with further expansion in employment likely, unemployment declined somewhat but was still substantial. As a result of the decline in employment during the year, the labor force contracted and in November was 3,200 or 4 per cent less than a year earlier.

In Springfield, Missouri, total nonagricultural employment averaged 3 per cent higher than in 1955. In November, both manufacturing and nonmanufacturing employment were slightly above a year earlier. As a result of higher employment, unemployment from January through November was substantially below that in corresponding months of 1955.

Total employment in Fort Smith, Arkansas in the first three-quarters of 1956 increased over 1955. Employment covered by the state unemployment insurance law in the second quarter was almost 4 per cent above the same period of 1955, with manufacturing employment showing a 5 per cent gain.

In the smaller labor markets of the district employment was generally higher in 1956 than a year earlier. Reflecting this improvement and some migration to larger industrial areas of the nation, unemployment was reduced but was still a substantial problem in many areas. In November, ten of the district's areas (Vincennes, Indiana; Herrin-Murphysboro-West Frankfort, Olney, Litchfield, Mount Vernon and Harrisburg, Illinois; Frankfort, Owensboro and Madisonville, Kentucky; Texarkana, Texas-Arkansas) continued to be classified as "surplus labor areas" by the United States Bureau of Economic Security. However, more recent information indicated unemployment had fallen to less than 6 per cent of the labor force in the Frankfort, Kentucky, area.

SELECTED EMPLOYMENT INDICATORS IN SMALL AREAS

		Employment in	
	<u>Period</u>	<u>1956</u>	<u>1955</u>
Arkansas ¹			
Fort Smith	Second quarter	18,413	17,623
Pine Bluff	Second quarter	10,999	10,265
El Dorado	Second quarter	11,182	11,235
Hot Springs	Second quarter	8,373	8,482
Illinois ²			
Cairo	October	1,821	2,118
Centralia	November	5,637	6,060
Herrin-Murphysboro-			
West Frankfort	August	38,050	38,025
Mount Vernon	October	3,717	3,577
Quincy	October	10,829	10,853
Litchfield	August	13,000	12,650
Jacksonville	June	3,136	2,345
Indiana ²			
Vincennes	November	3,444	3,370
Kentucky ³			
Paducah	June	23,400	22,000
Hopkinsville	June	12,100	12,000
Bowling Green	October	14,400	15,100
Frankfort	September	11,650	10,050 ⁴

¹ Data refer to monthly average employment covered by unemployment insurance law for county in which city is located.

² Employment in reporting nonagricultural firms in area.

³ Total nonagricultural employment.

⁴ January 1956.

Source: State Employment Security Divisions.

the 1955 total by a somewhat smaller margin than in the first 10 months. The upturn in cash farm income in 1956 was the first since 1951 for both the district and nation.

... and credit and land prices continued to rise.

District farmers continued to increase their use of credit in 1956 as in previous years, reflecting major changes in resource use and improvements in production practices that require more capital. In addition, operating costs rose with the advance in prices of equipment and supplies. Credit extended to farmers by Eighth District banks on June 30, 1956 was 5 per cent greater than a year earlier and about twice the amount in mid-1947. Loans to district farmers by Production Credit Associations rose from \$102 million to \$111 million, an increase of 9 per cent for the year ending June 30, 1956.

Farm land and building values in all district states except Kentucky moved up for the year ending July 1, 1956. However, land values generally remained below long-run relationships to realized net farm income.

Reflecting high levels of employment and farm output, district incomes advanced ...

Personal income received by district residents in 1956 was in the neighborhood of \$15.5 billion, about 4 per cent greater than in the year before. The gain reflected primarily the higher level of employment in nonagricultural industries, higher rates of pay and greater farm income. District income, however, increased at a slightly slower pace than the national gain of 6 per cent. The more moderate rise in the district reflected primarily the smaller relative advance in district employment. Pay scales apparently increased at about the same rate in both district and nation. As indicated in the following table, average hourly earnings of manufacturing production workers in four of the district metropolitan areas gained at rates close to the 6 per cent advance in the United States.

AVERAGE HOURLY EARNINGS OF
PRODUCTION WORKERS IN MANUFACTURING

Area	October 1956	October 1955	Per Cent Change
St. Louis	\$2.11	\$1.99	+6
Louisville	2.08	1.99	+5
Memphis	1.73	1.63	+6
Little Rock	1.38	1.27	+9
United States	2.02	1.91	+6

Source: State Employment Security Divisions and the United States Bureau of Labor Statistics.

... and consumers spent somewhat more than they did the year before.

With greater incomes consumers spent more on goods and services than the year before. However, the physical volume of goods purchased during the year advanced less rapidly than did sales, as retail prices were generally slightly higher than in 1955.

The increase in consumer purchases was reflected in higher sales at district department, furniture and specialty stores. In 1956, department store sales were about 4 per cent larger than in 1955. Sales in nearly all departments advanced. Sales of furniture and apparel stores in the district gained about 2 per cent from 1955 to 1956.

Despite the fact that consumers generally had larger incomes in 1956 than in any previous year, the percentage of sales made on credit continued its gradual upward trend. At district department stores, credit sales in the first 10 months of 1956 accounted for 60 per cent of the total, slightly more than in the comparable period a year earlier. A similar increase was apparent at district furniture stores where credit sales rose to 87 per cent of the total.

A major exception to the general increase in consumer spending was in the field of automobile purchases. Registrations in the nation in the first 10 months dropped 17 per cent from the same period of 1955. District experience was roughly comparable. Registrations in Arkansas and Missouri declined 9 and 18 per cent, respectively. The number of new cars sold by Louisville dealers in the first 11 months dropped 21 per cent from a year earlier.

The high levels of activity also increased the demand for bank credit.

Eighth District bankers, like those in the rest of the nation, faced a vigorous demand for credit during 1956. Requests from business firms for loans increased as a consequence of both the higher level of economic activity and some shifting away from capital market accommodation. Pressure for bank financing of longer-term projects reflected the excess of demand for investment funds over the supply of new savings available.

Bankers drew upon their secondary reserves to meet a portion of the increased loan demand. Cash assets were kept at a minimum, and bank borrowing continued at a relatively high average level. Also some banks sought to expand their stock of loanable funds by raising interest rates on savings accounts

and by increasing expenditures on advertising for deposits. At the same time, the demand for funds was reduced to some extent by the higher interest rates charged on many types of bank loans and by stricter terms. In addition, some bankers, in order to balance the demand and supply for funds, became more selective in extending loans, making credit unavailable for some and in smaller amounts than requested for others.

Total bank credit expanded approximately \$100 million (2 per cent) during 1956 at Eighth District member banks. In the previous year, by comparison, bank credit rose about \$40 million. In both years the expansion was the result of a loan growth partially offset by a reduction in investment holdings.

Loans rose an estimated \$140 million (over 5 per cent) during 1956 at district member banks. The rate of expansion was roughly the same at the larger and smaller banks. As in the rest of the nation, the bulk of the growth went to business firms. After allowing for seasonal changes the strength in these loans was greatest in the spring of the year.

Most types of business concerns shared in the loan expansion. Metal and metal products firms were particularly heavy borrowers in the first six months of 1956 as these firms reportedly prepared for steel shortages expected as a result of a steel strike. In the final half of the year, these firms reduced their indebtedness somewhat, partially offsetting the gains earlier in the year. All other major types of manufacturing and mining concerns as well as trade outlets, commodity dealers, public utilities and miscellaneous firms were net borrowers in the year. Two categories, however, made net repayments, contractors and sales finance companies.

PRINCIPAL CHANGES IN COMMERCIAL AND INDUSTRIAL LOANS, BY INDUSTRY

Reporting Eighth District Banks
(Millions of dollars)

	1954	1955	1956 ¹
Manufacturing and mining:			
Food, liquor and tobacco	-0-	- 6	+28
Textiles, apparel and leather	- 1	+ 4	+ 8
Metals and metal products	-13	+ 6	+22
Petroleum, coal, chemicals			
and rubber	+ 2	+ 2	+ 6
Other manufacturing and mining ..	- 3	- 2	+ 7
Trade:			
Wholesale	+ 5	+10	+17
Retail	- 1	+ 9	-0-
Commodity dealers	+17	-65	+40
Sales finance companies	- 1	+43	- 2
Public utilities (including			
transportation)	-18	+ 6	+ 1
Construction	+22	+21	-15
All other types of business	+21	+23	+ 5
Total	+30	+51	+117

¹ Through December 19, 1956.

According to preliminary data, consumer and agricultural loans rose in the year, while real estate loans contracted somewhat. Consumer credit at district commercial banks rose approximately 5 per cent during the year compared to a jump of 15 per cent in 1955. The smaller gain reflected some increased screening of applications, a larger volume of repayments and a smaller demand for new automobile loans as sales were at a lower level. The drop in the amount of real estate loans held was partly because of some net sales of these loans by certain banks to other financing institutions in order to obtain funds.

The contraction in investment portfolios of district banks centered in Government securities at the larger banks. The large banks also reduced their holdings of municipal and corporate obligations. The smaller district banks increased their security portfolios, both Government and other, moderately during the year.

Data through November indicate that the money supply (demand deposits adjusted and currency) of business and individuals in the district declined slightly during 1956. An expansion of bank credit within the district was more than offset primarily by net outflows to other districts (net losses to areas to the north and east being larger than net inflows from the south and west). Time deposits, however, rose \$50 million (4 per cent) in the twelve months through October 1956, versus a rise of \$38 million in the corresponding 1955 period. The gain was greatest at the smaller banks and was partly in response to higher rates of interest paid at some banks.

* * *

In summary, 1956 was a good year for most district residents. Workers took home bigger paychecks than ever before. Standards of living for district families were higher, too, despite the rise in prices. Many moved into new homes or improved their old ones. They bought more food, clothes and household goods. And while fewer new cars were purchased in 1956 than in the year before, the total number in use continued to rise. But along with the improvement in living standards, personal debts rose to new heights.

As they started the new year workers in the district looked forward to a continuation of rising incomes. But a major problem in the year ahead remains that of supplying job opportunities for the growing number of workers in the district.

The District Record

Industry

VARIOUS INDICATORS OF INDUSTRIAL ACTIVITY

Industrial Use of Electric Power (Thousands of KWH per working day, selected industrial firms in 6 district cities)
 Steel Ingot Rate, St. Louis area (Operating rate, per cent of capacity)
 Coal Production Index—8th Dist. (Seasonally adjusted, 1947-49=100)
 Crude Oil Production—8th Dist. (Daily average in thousands of bbls.)
 Freight Interchanges at RRs—St. Louis. (Thousands of cars—25 railroads—Terminal R. R. Assn.)
 Livestock Slaughter—St. Louis area. (Thousands of head—weekly average)
 Lumber Production—S. Pine (Average weekly production—thousands of bd. ft.)
 Lumber Production—S. Hardwoods. (Operating rate, per cent of capacity)

Nov. 1956	Nov. 1956* compared with Oct. 1956	Nov. 1955
n.a.	n.a.	n.a.
104	+8	+1
82.7 p	-7	-1
394.9	+1	+5
102.9	-10	-5
141.2	+3	+5
209.2	-5	+2
89	-7	-9

* Percentage change is shown in each case. Figures for the steel ingot rate, Southern hardwood rate, and the coal production index, show the relative percentage change in production, not the drop in index points or in percents of capacity.

p Preliminary. n.a. Not available.

Banking

BANK DEBITS¹

	November 1956 (In millions)	November, 1956 compared with October 1956	November, 1955
Six Largest Centers:			
East St. Louis—National Stock Yards, Ill.	\$ 152.0	-10%	+12%
Evansville, Ind.	178.0	-1	+4
Little Rock, Ark.	197.5	-4	+2
Louisville, Ky.	883.0	-8	+2
Memphis, Tenn.	907.1	-14	+6
St. Louis, Mo.	2,335.0	-6	+1
Total—Six Largest Centers	\$4,652.6	-8%	+3%
Other Reporting Centers:			
Alton, Ill.	\$ 38.8	-3%	-1%
Cape Girardeau, Mo.	18.4	-2	+19
El Dorado, Ark.	27.2	-12	-5
Fort Smith, Ark.	56.0	-4	+1
Greenville, Miss.	32.6	-19	-8
Hannibal, Mo.	10.5	-5	-4
Helena, Ark.	14.9	-17	-0
Jackson, Tenn.	33.1	-5	+2
Jefferson City, Mo.	75.2	-12	+11
Owensboro, Ky.	49.7	+1	-2
Paducah, Ky.	27.9	-0	-0
Pine Bluff, Ark.	61.0	-15	+16
Quincy, Ill.	41.8	-4	+8
Sedalia, Mo.	15.5	-4	+4
Springfield, Mo.	90.0	-11	+10
Texarkana, Ark.	21.2	-6	-6
Total—Other Centers	\$ 613.8	-8%	+4%
Total—22 Centers	\$5,266.4	-8%	+3%

INDEX OF BANK DEBITS—22 Centers Seasonally Adjusted (1947-1949=100)

1956	1955
Nov. 179.5	Nov. 170.3
Oct. 170.3	Nov. 174.4

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

Agriculture

CASH FARM INCOME

		Percentage Change		
(In thousands of dollars)	Oct. 1956	Oct. '56 from Oct. '55	Jan. thru 1956 compared with	Oct. 1954
Arkansas	\$134,852	+35%	+37%	+15%
Illinois	228,717	+29	+12	+4
Indiana	125,288	+16	+1	-5
Kentucky	32,425	+10	-7	-13
Mississippi	144,920	+10	+21	+19
Missouri	144,000	+16	+8	-2
Tennessee	71,636	+14	+16	+1
7 States	881,838	+20	+11	+2
8th District	483,248	+20	+15	+4

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

Construction

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

	Oct. 1956	Sept. 1956	Oct. 1955
Unadjusted			
Total	187.6 p	198.9	248.9
Residential	174.0 p	191.0	273.7
All Other	194.0 p	202.6	237.4
Seasonally adjusted			
Total	210.4 p	177.1	277.1
Residential	177.6 p	169.0	279.3
All Other	225.6 p	180.9	276.0

* 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 OF EIGHTH DISTRICT MEMBER BANKS

(In Millions of Dollars)	Weekly Reporting Banks	All Member Banks
Assets	Dec. 19, 1956	Nov. 28, 1956
Loans ¹	\$1,705	\$2,638
Business and Agricultural	918	
Security	54	
Real Estate	274	
Other (largely consumer)	482	
U. S. Government Securities	895	1,927
Other Securities	220	487
Loans to Banks	31	
Cash Assets	981	1,506
Other Assets	48	72
Total Assets	\$3,880	\$6,630
Liabilities and Capital		
Demand Deposits of Banks	\$ 796	\$ 792
Other Demand Deposits	2,130	3,987
Time Deposits	582	1,264
Borrowings and Other Liabilities	90	96
Total Capital Accounts	282	491
Total Liabilities and Capital	\$3,880	\$6,630

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	Stocks-Sales Ratio	Percentage of Accounts and Notes Receivable Outstanding Nov. 1, 1956, collected during Nov.
	Nov., '56 compared with Oct. '55	11 mos. '56 to same period '55		Instal. Accounts
8th F.R. District Total	+14%	+8%	+5%	17
Fort Smith Area, Ark. ¹	+24	+17	+4	45
Little Rock Area, Ark.	+4	+1	+7	12
Quincy, Ill.	+14	+7	+4	—
Evansville Area, Ind.	+24	+7	+2	—
Louisville Area, Ky., Ind.	+16	+5	+5	17
Paducah, Ky.	+9	+34	+10	43
St. Louis Area, Mo., Ill.	+16	+6	+5	17
Springfield Area, Mo.	+6	+7	+6	63
Memphis Area, Tenn.	+15	+14	+6	18
All Other Cities ²	+2	+16	+11	31

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.

OUTSTANDING ORDERS of reporting stores at the end of November, 1956, were not available.

RETAIL FURNITURE STORES

	Net Sales	Inventories
	Nov., 1956 compared with Oct. '56	Nov., 1956 compared with Oct. '56
8th Dist. Total ¹	+1%	-1%
St. Louis Area	+3	+3
Louisville Area	+2	-17
Memphis Area	+27	-10
Little Rock Area	-5	+4
Springfield Area	-13	-7

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

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

Notes: Figures shown are preliminary and subject to revision.

INDEXES OF SALES AND STOCKS—8TH DISTRICT

	Nov. 1956	Oct. 1956	Sept. 1956	Nov. 1955
Sales (daily average), unadjusted ³	161	131	130	149
Sales (daily average), seasonally adjusted ³	134	119	127	124
Stocks, unadjusted ⁴	n.a.	153	145	147
Stocks, seasonally adjusted ⁴	n.a.	137	134	130

³ Daily average 1947-49=100

⁴ End of Month average 1947-49=100

n.a. Not available.

PERCENTAGE DISTRIBUTION OF FURNITURE SALES

	Nov. '56	Oct. '56	Nov. '55
Cash Sales	14%	15%	14%
Credit Sales	86	85	86
Total Sales	100%	100%	100%