

Monthly Review

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What's in Store for Farmers in 1958

In order to provide farmers and others with latest information on prospects for agriculture, the United States Department of Agriculture holds an Annual Outlook Conference in Washington, D. C.

This report is a summary of the outlook for farmers in 1958 as viewed by the department at the thirty-fifth annual conference held November 18-22, 1957.

1958 FARM OUTLOOK IN BRIEF

AS SEEN BY THE UNITED STATES DEPARTMENT OF AGRICULTURE

Prices received by farmers will probably average about the same as in 1957.

Production expenses are apt to work up, but net realized income from farming will probably remain about the same as in 1957.

A slight increase in per capita income of farm people is in prospect.

The standard of living on farms will probably continue to improve, partially because of increased income from nonfarm sources.

Farm output is expected to remain high and may even set a new record, depending on the weather.

Exports of farm products will likely continue high but will probably be somewhat less than during the fiscal year ending June 30, 1957.

Carryover of feed grains is expected to increase, but stocks of wheat and cotton may decline again.

National food consumption will likely remain at a high level.

Marketing charges may increase and push retail food prices higher.

Government price supports, Soil Bank payments and export program costs will probably remain large, but land in the acreage reserve program is expected to be reduced.

Farm debts and farm asset values will likely continue upward.

Specific conditions which are assumed will prevail during the ensuing year are: (1) the domestic business situation will continue fairly strong with no substantial letdown in production, prices or employment; (2) war will be avoided, and the international situation will not touch off a burst of inflation; and (3) there will be no major changes in Governmental programs affecting 1958 farm income.

Federal Reserve Bank of St. Louis

Survey of Current Conditions—p. 9

What's in Store for Farmers in 1958

Average farm commodity prices and net realized farm income are expected to be about the same in 1958 as last year.

THE AVERAGE LEVEL of prices received by farmers has gone up a little for two successive years. For the first ten months of 1957 prices averaged about 3 per cent above the same months of 1956. With domestic demand and exports expected to continue strong during 1958, no great change from average prices received in 1957 is expected.

The somewhat higher level of farm output expected in 1958, coupled with the same average prices, points to a modest increase in gross farm income. Higher production costs, however, may cancel out the increase, leaving net realized income at about the 1957 level. Estimates of realized net farm income in 1957 are slightly above the \$12.1 billion received in 1956 and well above the 1955 total.¹ When the increased aggregate net realized farm income is divided by a reduced number of farms, it means a greater increase in realized net accruing to each farm. The number of farms is declining about 2 per cent per year. Moreover, as farm population is declining at an even faster rate than the number of farms, there will probably be a somewhat greater increase during 1958 in average realized net income per person living on farms.

Production costs will probably continue to rise.

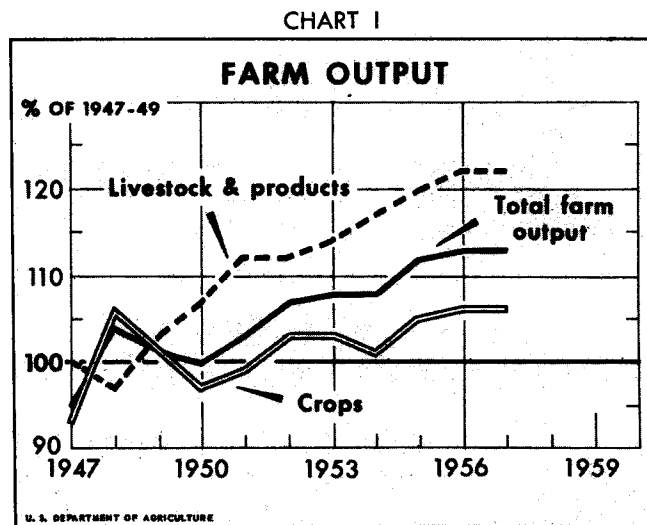
Department of Agriculture economists expect farm costs to continue upward in 1958, although at a slower rate of increase than occurred during 1957.

¹ Realized net farm income in the Eighth District in 1957 was probably less than in 1956 because of poor weather for planting and harvesting, especially in the southern part of the district. Cash farm receipts in the district during the first ten months of 1957 were down 11 per cent from the same months of 1956.

Average prices paid by farmers for goods and services used in production during the first nine months of 1957 were 4 per cent higher than in the same months of 1956. This upturn was attributed to a general increase in the prices of industrial products used by farmers and a substantial rise in feeder livestock prices. Machinery, equipment, building and fencing materials averaged about 4 per cent higher. Prices of such factory-produced goods are expected to increase less in 1958 than last year.

Supplies of farm products will be abundant, . . .

Supplies of farm products in 1958 are expected to exceed the more than adequate supplies of recent years. Output in 1957 of both crops and livestock held near the record levels of 1956 (Chart I) and stocks of feed grain continued to rise. However, some progress was made in reducing burdensome inventories of wheat, cotton and rice. Prospects for an overall reduction in carryover at the end of 1958 are not promising.



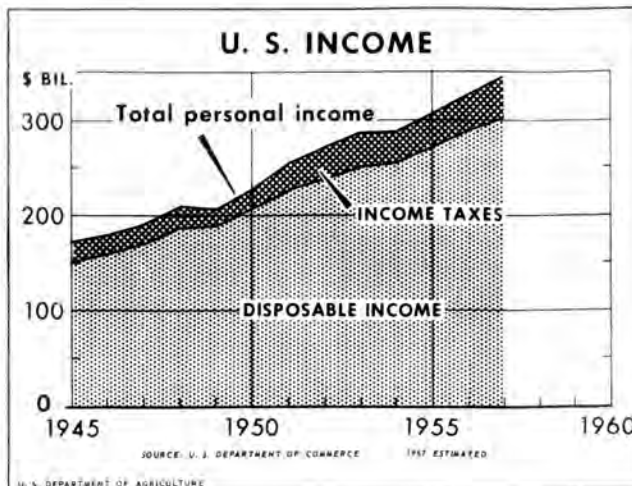
The nation's farms are expected to set new production records, despite acreage allotments and the Soil Bank Program. The Soil Bank Program was credited with reducing crop acreage from 854 million acres in 1955 to 338 million acres in 1957, but crop production remained at record levels. In 1958 fewer acres are expected to be placed in the acreage reserve program. The expected increase in crop acres and the upward trend in yields may again raise total crop output. Furthermore, large feed supplies, coupled with expanding hog and broiler output, point to increased production of livestock and livestock products.

Another supply factor, difficult to measure but of increasing importance during the last quarter century, is the change in farm technology. Today's farm worker produces on the average as much in one hour as a farm worker produced in two hours in 1940, or in three hours in 1910.

Acreage of cropland used on the nation's farms in 1957 was slightly smaller than in 1940, but total production was 24 per cent greater. Markedly increased yields have been obtained for the major crops of wheat, corn, cotton and tobacco.

Production of livestock and livestock products per breeding unit has also shown equally impressive gains. The number of milk cows has been the lowest on record during the past few years, while production of milk has been near record levels. Egg production per laying hen has similarly increased. Total livestock production in 1957 is estimated at 40 per cent above 1940; however, the number of breeding units was up only 8 per cent. These basic trends are expected to continue in 1958.

Consumer expenditures for food and other farm products, at record levels throughout 1957, are expected to remain high in 1958 reflecting the increase in population and disposable income of consumers. Disposable income of consumers was about 5 per cent higher in 1957 than a year earlier, and is expected to

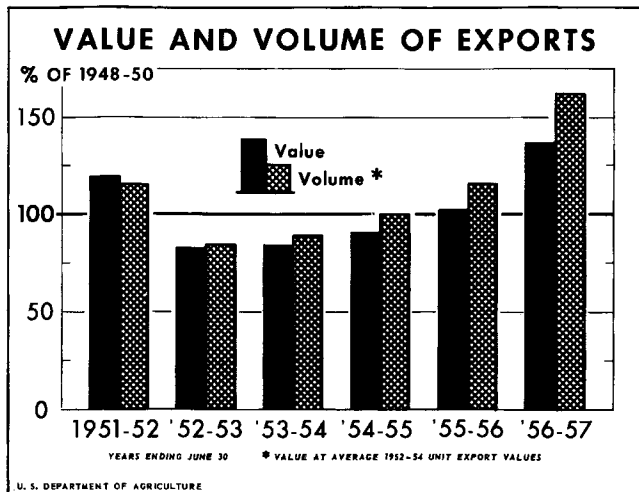


remain high in 1958 (Chart II). Expenditures for food have gone up at about the same rate as consumer income. However, much of the food expenditure increase has been absorbed by additional services and higher cost of food distribution (Chart III).

Exports of American farm products are expected to be high in fiscal 1958, but possibly somewhat below that of the previous fiscal year (Chart IV). In the 1957 year over one-half the production of wheat, cotton and rice, and one-third the production of soybeans and tobacco was shipped to other countries.

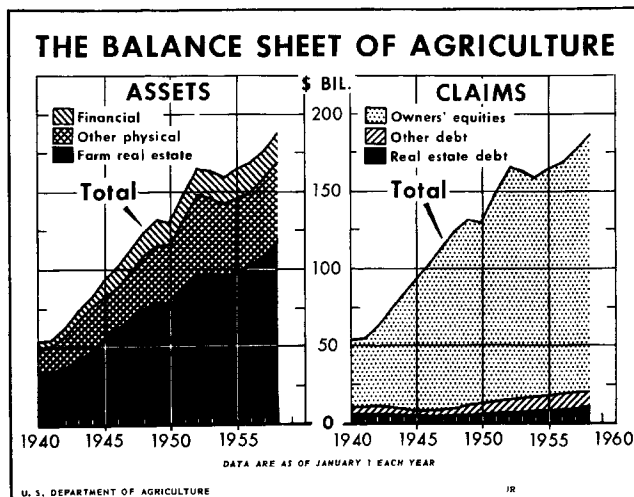
Approximately 40 per cent of 1957 exports can be traced to various Government programs which involve





barter, charitable donations or sales of surplus commodities for foreign currencies. Also, a portion of the remaining 60 per cent was financed by the Government through the Commodity Credit Corporation or other Government agencies. During the past fiscal year, however, our agricultural exports which sold for dollars reached \$2.8 billion, the second highest since World War II.

One important factor in the outlook for exports this year is the financial condition of those nations which pay in dollars for American farm products. Some of those customers suffered important declines in their liquid assets last year. Their efforts in the year ahead to increase gold and dollar holdings may cause a reduction in purchases from us. If their export markets are inadequate, they will be forced to produce increasing quantities of farm products at home and reduce imports from the United States.



Generally strong net worth positions are expected to be maintained by many farmers in 1958. Farm land and most other farm capital items are expected to continue upward in value. A further rise in debt is also anticipated, although the increase may be at a slower rate than in recent years. It was estimated that owners' equities at the beginning of 1958 would total \$168 billion, or nearly 7 per cent above that of the previous year.² Farm real estate accounted for a large percentage of this estimated increase (Chart V). Little change is expected in the amount of financial assets held by farmers. Cash bank deposits and other liquid financial assets remain approximately the same as a year ago.

² Net worth positions of farmers in the Cotton Belt portion of the Eighth District probably deteriorated in 1957. Excessive rainfall reduced the quality and quantity of the cotton crop and prevented the harvest of a considerable acreage of soybeans. Farmers in this area probably had a heavy carryover of debts on January 1, 1958, and equities somewhat below those of the previous year.

CONDENSED SUMMARY OF 1958 OUTLOOK FOR MAJOR EIGHTH DISTRICT
FARM COMMODITIES AS SEEN BY THE DEPARTMENT OF AGRICULTURE

Prices of finished cattle are expected to average a little higher than last year.

Average pork prices may be about the same as last year during the first half of 1958, but in the second half are expected to move appreciably lower than in the second half of the past two years.

Milk prices are not expected to change much from the 1957 average.

Somewhat higher egg prices are in prospect, but the outlook for broilers is less optimistic.

Large supplies generally dominate the outlook for all major Eighth District crops.

The supply of feed concentrates has reached a record of 214 million tons for the current feeding season. High protein feed supplies are expected to equal those of last year.

Wheat carryover may be less next July 1. Price is expected to average near the support level.

Supplies of food fats and oils are up. A carryover of 50 million bushels of soybeans is expected.

Rice carryover may be down in 1958 for the second successive year.

Supplies of cotton are down from last year and a further reduction in carryover in 1958 is expected.

Prices of fed cattle are expected to average a little higher during the current feeding season than last year. Until late 1957, cattle producers withheld few cattle from slaughter. In 1958 the number withheld for breeding is expected to increase, reducing total cattle slaughter and beef output. The estimated supply of all kinds of meat in 1958 is about 158 pounds per person, or 1 pound less than the estimated consumption in 1957. Higher prices were paid for feeder stock last fall than the previous year, but feed cost will be lower, and experience has shown that when cattle prices turn upward the rise generally exceeds expectations.

Hog prices may equal 1957 prices during the first half of the year but are expected to decline after midyear. Supplies of pork per person during the first part of the year will be at about the same level as last year. A larger spring pig crop is anticipated, which will increase supplies when marketed later in the season. This increase is expected to be sufficient to cause a rather sharp decline in prices.³

³ More recently the Department of Agriculture has estimated that the spring pig crop will be smaller than was predicted during the Outlook Conference. If the later estimates are borne out, the price decline may not be so sharp.

Relative stability in milk prices is in prospect again this year.⁴ Milk prices changed very little during the past year except for some seasonal variation and the April 1 increase in the support level. Fluid milk prices were up in a few markets as a result of premiums established over minimum levels. The United States average price for the year was \$4.20 per hundred pounds compared to \$4.13 in 1956.

Total milk production in 1957 was about 127 billion pounds, or about 1.3 billion pounds more than in 1956. Large supplies of feed concentrates and roughages, plus relatively favorable price relationships, point to a further increase in milk production in 1958. Output will probably be up by one to two billion pounds.

Supplies of milk continue to exceed available outlets at existing prices, pointing to a continued surplus milk production this year of about 5 billion pounds. In recent years consumption of non-fat-solids (all milk solids excluding butterfat) have been around 48 pounds per person compared to 46 pounds in 1950 and 40 pounds during the 1920 and 1930 decades. Consumption of milkfat, however, has been 27 pounds per person during the past few years compared to 29

⁴ The Secretary of Agriculture recently announced a reduction in price supports for dairy products effective April 1, 1958. Whole milk may go down ½ cent per quart.

pounds in 1950 and 31 to 32 pounds during the 1920 and 1930 decades. At the current consumption rate, the prospective increase in population next year will little more than offset the expected increase in production.

Somewhat higher egg prices are in prospect for early 1958, according to Department economists. At the beginning of 1958, there were about 5 per cent fewer layers than a year ago. Higher production per bird may partially offset the reduction in layers over the full year, but during the flush spring laying season egg output will probably be down. This would result in reduced egg consumption per person, or fewer eggs for storage, or a combination of the two. In any case, egg prices received by farmers during the first half of 1958 are expected to average about 5 cents per dozen higher than the first half of 1957. Higher egg prices combined with cheaper feed will provide egg producers with a more favorable situation through the 1958 hatching season.

The outlook for broiler prices is less optimistic. Production in 1957 was probably about 6 per cent above the 1,345 million birds produced in 1956. About the same percentage increase is expected again this year. Broiler prices will probably average about 19 cents per pound, in view of increased supplies of poultry but with the slight decline expected in other meat production per person.

Total supplies of feed concentrates have reached a record of 214 million tons for the current feeding season. This is 7 per cent above the 200-million-ton record of last year, and the fourth successive year of record supplies. All increases in stocks have been held under Government support programs, "free" stocks remaining comparatively stable.

Production of feed grains has exceeded consumption plus exports during the past five years by an average of five million tons, or 4 per cent per year, and a sixth consecutive increase is expected this year in the carryover stocks.

Corn has accounted for much of the increase in feed grain supplies. Despite declining acreage, pro-

**FEED GRAIN SUPPLY DISAPPEARANCE AND CARRYOVER ESTIMATES
FOR 1956-1957 AND 1957-1958**

	1956-1957 (millions of tons)	1957-1958
Production	130	140
Carryover from previous year	43	47
Imports	1	1
Total supplies	174	188
Total disappearance	127	130
Carryover into following year	47	58

duction has exceeded disappearance in each of the last five years. Although acreage for harvest in 1957 was about 10 per cent less than in 1955, last year's crop of 3.3 billion bushels was the third largest on record and about 100 million bushels in excess of 1955 production.

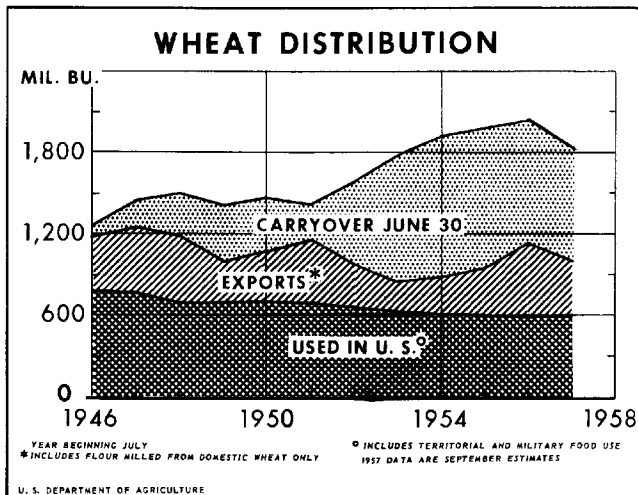
A carryover of 1.4 billion bushels of corn into the 1958-1959 season is expected. This is approximately 100 million bushels in excess of last year's carryover. Most of the carryover will be under loan or owned by the Commodity Credit Corporation.

Supplies of other major feed grains, particularly sorghum grain and barley, increased from 1956 to 1957. The big crop of sorghum grain in 1957 reflects a record acreage harvested, use of improved varieties and a favorable growing season. Large quantities of sorghum grain and barley are being placed under the price support program, and a large carryover into next year is expected. Oats are the only feed grain not in record supply this year.

The level of feed grain prices is expected to continue lower than last year, at least through the winter and spring. The October 1957 prices were about 12 per cent below October prices of the previous year. Practically no seasonal price gains were made last year, and less than normal seasonal increases are expected this year. Winter and spring corn prices are expected to average lower than the \$1.21 per bushel average of last winter and spring.

**ESTIMATES OF PRODUCTION, SUPPLY AND DISAPPEARANCE
OF WHEAT FOR THE MARKETING YEARS OF 1956-1957
AND 1957-1958**

	1956-1957 (millions of bushels)	1957-1958
Production	997	927
Carryover from previous year	1,033	908
Imports	8	8
Total supply	2,038	1,843
Exports	549	400
Domestic consumption	581	592
Total disappearance	1,130	992
Carryover into following year	908	851



Wheat carryover is expected to be down again next July 1. The 1957 decline was the first significant reduction since the buildup began in 1952 (Chart VI). Record exports of 549 million bushels were the main factor in the decline. The previous export record of 504 million bushels in 1948-1949 was exceeded by almost 10 per cent.

A large part of the 1956-1957 wheat exports moved under Government foreign aid programs or by export subsidies. The cost of all the Government programs to stabilize wheat prices and incomes was \$827 million, or about one-fourth of the total spent on all commodities for price stabilization purposes.

Increasing yields per acre have been an important factor in excessive wheat supplies. In 1957, yields reached a record of 18.7 bushels per seeded acre, 50 per cent above the five-year prewar average.

The average price to farmers for wheat in 1957-1958 is expected again to be near the national support level.

The carryover of rice on August 1, 1958 is expected to be down about 15 per cent from last year. On August 1, 1957 carryover totaled 20.1 million hundredweight compared to the record carryover of 36.6 million hundredweight on August 1, 1956. Record exports of 37.7 million hundredweight under Government foreign aid programs was the main factor contributing to the sharp carryover decline in 1957.

Under provisions of existing legislation, a crop of 45.0 million hundredweight of rice may be produced in 1958. Prices of rice for the 1957-1958 marketing year are expected to average slightly above the support rate of \$4.72 with the exception of certain varieties and qualities.

Hay supplies for the 1957-1958 season are also at record levels. Good weather for production of hay and pastures prevailed over most of the nation during the past summer and fall. Drouth areas were comparatively small and confined largely to the eastern states and to local areas in the Southwest.

High protein feed supplies have increased steadily during the past twenty years. Expanded soybean meal production, which now accounts for over half the supply of such feeds, is the major factor in the increase. Total supplies of high protein feed during the current feeding season are expected to equal those of last year. Production of soybean meal and cake may be a little larger than last year's record, but a reduced output of cottonseed and linseed meal is expected.

Soybean meal prices are expected to average about the same as last year. High protein feed prices, particularly soybean meal, have declined more rapidly during the past two or three years than grains. This decline has significantly reduced the difference between the price of soybean meal and corn. This more favorable competitive factor, plus the expected increase in livestock production, should help maintain soybean meal prices at approximately 1957 levels.

Food fats and oils (primarily soybean, cottonseed, linseed, and tung oils and lard), like other crops, are beset by generally larger supplies than a year earlier. The total supply of food fats in 1957-1958 is expected to be about 11.8 billion pounds compared to slightly less than 11.7 billion pounds last year. An additional fifty million bushels of soybeans (equivalent to 550 million pounds of oil) are likely to remain on hand next September 30.

Exports are an increasingly important part of the market for food fats and oils. Such exports were equal to 27 per cent of the 1956-1957 domestic production. Indications are that exports during the current marketing season will be somewhat less than last year. Lower prices will probably prevail, but exports will be dependent largely on Government programs which enable foreign nations to make purchases with their own currencies. Exports of fats and oils are estimated at about 1,100 million pounds for the current marketing year compared with 1,230 million pounds in 1957.

Supplies of soybeans for 1957-1958 are estimated at 500 million bushels, or 40 million more than last year's record. Production last year was estimated at 491 million bushels, 8 per cent higher than in 1956. A crush of about 325 million bushels is anticipated. Exports may total about ninety million bushels. With seed requirements of thirty-five million bushels, about fifty

million bushels would be carried over into the following season. In view of heavy supplies, any seasonal upswing in price will be limited.

Cottonseed output in 1957 was estimated at nearly 11 per cent less than in 1956, and the lowest since 1950. Prices of cottonseed meal and oil, however, will probably reflect the large supplies of soybean meal and oil. No significant rise in cottonseed oil prices is expected, and cottonseed meal prices may average somewhat lower than last year.

The total supply of burley tobacco is slightly below that of last year, and 4 or 5 per cent below the record high of three years ago. Supply is about 3.5 times estimated disappearance compared with a high of 3.6 during 1954-1955 and a range of 2.7 to 3.3 for several years prior to that. Carryover is the third largest on record. The 1957 burley crop is expected to be 5 per cent below that of the previous year, and the second smallest since 1943. The Soil Bank Program, combined with acreage allotments, brought about a slight reduction in acres. Yields per acre were also down from the previous year's levels.

Supplies of cotton are down from last year's record high. On August 1, 1956, cotton producers were faced with a record carryover of 14.5 million bales which, added to 1956 production and imports, resulted in record supplies of 27.6 million bales. But carryover on August 1, 1957 was down by more than three million

bales because of an increase in exports to 7.6 million bales, the highest since 1932. Domestic consumption of 8.6 million bales was slightly below the previous year's level. Much of the increase in exports can be credited to lower export prices. Domestic and export prices were the same until the 1956-1957 marketing season, when export prices on cotton held by the Commodity Credit Corporation were reduced to permit the selling of United States-produced cotton on the world market. It is believed that this reduction affected foreign production, foreign consumption and stocks of cotton.

Carryover on August 1, 1958, is expected to be down another 2.3 million bales. Exports during the current season are estimated to be about 5.5 million bales, the difference between foreign production and consumption. This is smaller than exports last year when foreign stocks were built up. Such stocks are expected to remain fairly stable this year. Domestic mill consumption of cotton is not expected to increase. Consumption per capita has been trending downward since the end of World War II. Concomitant with this downward trend has been an upward trend in consumption of man-made fibers. However, no additional substitution of man-made fibers for cotton was apparent from 1955 to 1957. Use of both types of fibers was down about 9 per cent over the two years.

CLIFTON B. LUTTRELL

Survey

OF CURRENT CONDITIONS

Released for publication January 5

AS 1957 DREW TO A CLOSE, business conditions were somewhat less sanguine than earlier. The trend of activity was downward in manufacturing, and unemployment was rising more than the usual amount. Yet there were some brighter aspects on the economic scene. Department store sales picked up more than seasonally in the first three weeks of December, prospects for home building improved and greater outlays for defense purposes appeared to be in the offing.

While the old year ended with a declining trend, economic activity in 1957 averaged higher than in 1956. Gross national product, personal income and spending were all about 5 per cent higher, according to the latest available information. But the greater part of the increase reflected higher prices and the gain in real terms was nominal. Total employment and the physical volume of industrial output, for example, probably exceeded 1956, but by less than one per cent. With the growth in population, income available for spending by each person, when adjusted for higher prices, was actually slightly less than in 1956.

The capital investment boom, which was a major force in the expansion of economic activity during 1956 and early 1957, apparently reached a peak during the year. According to the survey taken by the Department of Commerce and the Securities Exchange Commission, planned outlays by business on new plant and equipment in the first quarter of 1958 are 5 per cent below those of the fourth quarter of 1957. The decline follows the substantial expansion of plant capacity in recent years. With some manufacturing firms operating at less than desired rates of capacity, the pressure for additional plant facilities has been reduced. According to the Commerce-SEC Survey all major groups of industries intend to reduce capital outlays in the first quarter of the year more than is normal for that season. The largest decline, both relatively and in dollar amount, is anticipated by manufacturers.

With the weakening of inflationary tendencies and the declines in new orders received, a more cautious

attitude toward inventories has become apparent. Business inventories had been augmented moderately during the first three quarters of 1957, but in October stocks were reduced substantially. Inventory liquidation probably continued in November and early December as evidenced by the contraseasonal decline in bank loans to business.

Another factor in the decline of business activity has been the reduction in Government spending for military goods. In the third quarter of 1957, outlays for national security purposes were slightly less than in the preceding quarter and military ordering was substantially reduced. However, following recent developments in the international situation, the rate of military spending may be increased in the months ahead. There may also be a shift in emphasis on the type of weapons, machines and techniques, resulting in reduced activity for some producers and increases for others. Shifts in defense needs have already been felt in the Eighth District in reduced employment at ordnance and aircraft plants in the St. Louis and Louisville areas.

The decline in the demand for military and industrial equipment has been felt most severely in the nation by the metal and metal-fabricating industries. Largely reflecting the reduction in output of durable goods, total industrial production declined in October and November and a further decrease was indicated in December. In November industrial production, as measured by the Federal Reserve index, was about 5 per cent less than a year earlier. Weakness was evident in the automobile industry, and output was cut back in December as dealers' inventories rose sharply. Producers were reported to be scheduling output for the first quarter of 1958 at less than a year ago, reflecting the slower sales pace of the 1958 models.

The decline in industrial production in the past year is also apparent in the major metropolitan areas of the Eighth District. In November, manufacturing employment in these areas averaged 4 per cent less than a year ago, with declines occurring in St. Louis,

Louisville, Memphis and Evansville. In Little Rock, however, manufacturing employment was virtually unchanged from the year-earlier level.

The easing of production apparently continued in December. Steel ingot production in the St. Louis area declined substantially from November to December and was about a third less than a year earlier. Lumber output, livestock slaughter, coal production and freight carloadings likewise fell below year-earlier levels. Crude oil production, however, was at about the same pace.

While manufacturing activity declined, construction activity in the district continued at a high level. The total value of construction contracts awarded in the first ten months of the year was 4 per cent larger than in the corresponding period of 1956. The district gain continued to result entirely from greater residential construction. Nonresidential, public works and utilities construction contracts fell below year-earlier levels. Residential construction contracts in the first ten months of the year totaled \$525 million, an increase of \$76 million over the corresponding period of 1956. The increase was approximately equal to the value of large residential projects at military installations and other publicly owned housing included in contracts awarded in 1957.

Recently, there has been some upturn of private residential activity in the district. The value of contracts for housing in the district averaged about the same in the August-October period as in the first seven months of the year. However, in the three months ending in October nearly all of the contract value was for privately owned housing whereas in the first seven months publicly owned housing constituted about one-fifth of the total.

The outlook for residential construction has been enhanced by recent developments and the Departments of Labor and Commerce have forecast a 6 per cent increase in such expenditures in 1958. Greater availability of mortgage funds and continuing population growth may combine to bring increased residential building in 1958. The recent decline in bond yields has made mortgages more attractive and the prospective decline in business capital outlays may reduce the pressure for investment funds.

The decline in business activity has been reflected in reduced demands for labor. Nonfarm employment in the nation, which usually rises between October and November, dropped by 300,000 and, for the first time in almost three years, fell below year-ago levels. Manufacturing jobs, which declined generally during

1957, numbered 625,000 below a year ago. The average workweek of factory production workers also declined and in November was at the lowest level for that month since 1949. Employment in nonmanufacturing industries also edged downward in November after about three years of consistent gains (allowing for seasonal variations). Employment in construction and transportation was less than a year earlier, but in other nonmanufacturing industries employment continued above year-ago levels.

As demands for labor were reduced, unemployment turned upward more than seasonally in November and early December. In the week ended November 16 there were an estimated 3.2 million unemployed, 5 per cent of the labor force (after seasonal adjustment) and 526,000 more than a year earlier. Insured unemployment continued to mount more rapidly than usual in November and early December.

In the St. Louis, Louisville, Memphis and Evansville areas, total nonfarm employment in November was slightly less than a year earlier. Preliminary indicators in December show unemployment in these cities was larger than a year earlier. In the four weeks ending December 21 unemployment insurance claims rose somewhat in St. Louis and Evansville, in contrast to declines in the corresponding period last year. In Memphis the increase was greater than a year ago, but in Louisville it was substantially less.

With employment leveling off and the average workweek being reduced, personal income declined slightly from August through November. Reflecting this decline and more cautious attitudes, consumers spent at a slower pace in the last few months of 1957. Retail sales, after allowance for seasonal variations, declined through November from the peak reached in August. In the first part of December new automobile sales were less than a year earlier. Department store sales in both district and nation, however, gained more than seasonally in the first three weeks of December and were about the same as a year earlier.

The easing of economic activity has been accompanied by some reduction in the upward pressures on commodity prices and by actual price declines for some important commodities. Average wholesale prices have shown only minor variations since July, primarily as a result of seasonal movements in prices of farm products and processed foods. Average industrial commodity prices have shown little change. The upward pressure on consumer prices has also eased, and the index of consumer prices showed little change from August through October. In November the index

increased slightly, reflecting primarily the higher prices (and lower discounts) on new models of automobiles. Government officials, however, expected a leveling off of the index in subsequent months.

Loan demand at district banks was heavier than usual during December. Total loans (except inter-bank) at weekly reporting banks in the district rose \$34 million or 2 per cent during the four weeks ended December 18. Businesses and consumers accounted for the bulk of the loan expansion. In the business sector, sales finance companies and commodity dealers added \$18 million and \$13 million respectively to their outstanding indebtedness. On the other hand,

manufacturers of textiles, apparel and leather made larger net repayments of bank loans in the four weeks than the average net reductions in the like period of recent years. "Other" (largely consumer) loans rose \$12 million or over 2 per cent. The expansion in these loans centered in banks at St. Louis, Louisville and Memphis.

On balance, district banks increased their investment holdings \$38 million during the four weeks. The increase was in all types of United States Government securities, stemming in large part from net purchases of the Treasury's new certificates, notes and bonds in early December.



VARIOUS INDICATORS OF INDUSTRIAL ACTIVITY

	Nov. 1957	Oct. 1957	Nov. 1957* compared with Nov. 1956
Steel Ingot Rate, St. Louis area (Operating rate, per cent of capacity).....	87	— 4%	—16%
Coal Production Index—8th Dist. (Seasonally adjusted, 1947-49=100).....	76.2 p	—10	— 8
Crude Oil Production—8th Dist. (Daily average in thousands of bbls.).....	389.2	— 1	— 1
Freight Interchanges at RR—St. Louis (Thousands of cars—25 railroads—Terminal R. R. Assn.).....	95.9	— 4	— 7
Livestock Slaughter—St. Louis area (Thousands of head—weekly average).....	107.6	—11	—24
Lumber Production—S. Pine (Average weekly production—thousands of bd. ft.).....	302.7	— 8	— 3
Lumber Production—S. Hardwoods (Operating rate, per cent of capacity).....	71	—12	—20

* 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 change in index points or in percents of capacity.

p—Preliminary.

BANK DEBITS¹

	Nov. 1957 (In millions)	Nov. 1957 compared with Oct. 1957	Nov. 1956
Six Largest Centers:			
East St. Louis—National Stock Yards, Ill.	\$ 140.4	—15%	— 8%
Evansville, Ind.	177.2	— 5	—0
Little Rock, Ark.	200.3	—13	+ 1
Louisville, Ky.	863.3	— 5	— 2
Memphis, Tenn.	886.3	— 3	— 2
St. Louis, Mo.	2,277.9	—10	— 2
Total—Six Largest Centers	\$4,545.4	— 8%	— 2%
Other Reporting Centers:			
Alton, Ill.	\$ 35.9	— 7%	— 7%
Cape Girardeau, Mo.	16.9	—10	— 8
El Dorado, Ark.	27.6	—14	+ 2
Fort Smith, Ark.	60.4	— 4	+ 8
Greenville, Miss.	32.7	+ 5	—0
Hannibal, Mo.	11.6	— 8	+10
Helena, Ark.	16.2	+ 8	+ 9
Jackson, Tenn.	29.1	— 7	—12
Jefferson City, Mo.	92.9	—16	+23
Owensboro, Ky.	50.9	—0	+ 2
Paducah, Ky.	30.4	—0	+ 9
Pine Bluff, Ark.	58.0	—13	— 5
Quincy, Ill.	43.1	—13	+ 3
Sedalia, Mo.	17.1	— 3	+10
Springfield, Mo.	89.5	—15	— 1
Texarkana, Ark.	20.3	— 6	— 4
Total—Other Centers	\$ 632.6	— 9%	+ 3%
Total—22 Centers	\$5,178.0	— 8%	— 2%

INDEX OF BANK DEBITS—22 Centers

Seasonally Adjusted (1947-1949=100)

	1957		1956
	Nov.	Oct.	Nov.
	166.1	169.2	168.9

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

EIGHTH DISTRICT WEEKLY REPORTING MEMBER BANKS

(In millions of dollars)

Assets	Change from		Principal Changes in Commercial and Industrial Loans ² Net Change During 4 Weeks Ended 12-18-57	
	Dec. 18, 1957	Nov. 20, 1957		
Loans ¹	\$1,710	\$+ 84	Business of Borrower	
Business and Agricultural.....	915	+ 23	Manufacturing and Mining:	
Security.....	48	+ 1	Food, liquor and tobacco.....	\$ -0-
Real Estate.....	279	+ 2	Textiles, apparel and leather.....	- 7
Other (largely consumer).....	494	+ 13	Metals and metal products.....	-0-
U.S. Gov't. Securities.....	883	+ 40	Petroleum, coal, chemicals and rubber.....	+ 1
Other Securities.....	225	+ 2	Other.....	- 1
Loans to Banks.....	37	+ 17	Trade Concerns:	
Cash Assets.....	954	+ 29	Wholesale.....	- 2
Other Assets.....	46	-0-	Retail.....	- 1
Total Assets	\$3,855	\$+118	Commodity dealers.....	+13
Liabilities and Capital			Sales finance companies.....	+18
Demand Deposits of Banks.....	\$ 804	\$+ 78	Public Utilities (including transportation).....	+ 2
Other Demand Deposits.....	2,072	+ 57	Construction.....	+ 1
Time Deposits.....	602	+ 2	All Other.....	+ 1
Borrowings and Other Liab.....	80	-15	Total	\$+23
Total Capital Accounts.....	297	-0-		
Total Liab. and Capital	\$3,855	\$+118		

¹ Loans are adjusted to exclude loans to banks; the total is reported net; breakdowns are reported gross.

² Changes in business loans by industry classification from a sample of banks holding roughly 90% of the total commercial and industrial loans outstanding at Eighth District weekly reporting member banks.

CASH FARM INCOME

(In thousands of dollars)	Oct. 1957	Percentage Change	
		Oct. '57 from Oct. '56	Jan. thru Oct. 1957 compared with 1956
Arkansas.....	\$100,067	-26%	-25%
Illinois.....	222,496	- 4	+ 3
Indiana.....	118,210	-0	+ 3
Kentucky.....	35,736	- 2	+ 3
Mississippi.....	80,985	-33	-29
Missouri.....	115,505	-14	- 4
Tennessee.....	61,922	-12	-11
7 States.....	\$734,921	-13	- 5
8th District ¹	\$362,248	-20	-11

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

¹ Estimates for Eighth District revised based on 1954 Census of Agriculture.

CONSTRUCTION CONTRACTS AWARDED IN EIGHTH FEDERAL RESERVE DISTRICT*

(Value of contracts in thousands of dollars)

	Oct. 1957	Sept. 1957	Oct. 1956
Total.....	\$102,690	\$105,979	\$99,574
Residential.....	49,553	50,813	38,241
Nonresidential.....	36,017	30,355	36,250
Public Works and Utilities.....	17,120	24,811	25,083

* Based upon reports by F. W. Dodge Corporation.

DEPARTMENT STORES

	Net Sales			Percentage of Accounts and Notes Receivable Outstanding Oct. 31, '57 collected during Nov.	
	Nov. 1957 compared with Oct. '57	Nov. '56	11 mos. '57 to same period '56	Instal. Accounts	Excluding Instalment Accounts
8th F.R. District Total.....	+ 9%	- 7%	- 1%	16	55
Fort Smith Area, Ark. ¹	+14	- 4	- 1	—	41
Little Rock Area, Ark.	+10	-0	- 3	—	28
Quincy, Ill.	+ 7	- 6	- 4	—	—
Evansville Area, Ind.	+18	-17	- 3	—	—
Louisville Area, Ky., Ind.	+ 9	-10	- 3	14	42
Louisville (City).....	+ 8	-12	- 6	—	—
Paducah, Ky. ¹	- 2	- 5	+ 4	—	—
St. Louis Area, Mo., Ill.	+11	- 5	+ 1	17	67
St. Louis (City).....	+12	- 8	- 3	—	—
Springfield Area, Mo.	+10	+ 1	+ 3	—	—
Memphis Area, Tenn.	+ 6	-14	- 4	13	36
All Other Cities ²	- 6	-16	- 5	—	—

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 1957 were three per cent less than on the corresponding date a year ago.

INDEXES OF SALES AND STOCKS—8TH DISTRICT

	Nov. 1957	Oct. 1957	Sept. 1957	Nov. 1956
Sales (daily average), unadjusted ³	163	138	144	175
Sales (daily average), seasonally adjusted ³	135	126	145	145
Stocks, unadjusted ⁴	n.a.	169	158	168
Stocks, seasonally adjusted ⁴	n.a.	151	151	150

n.a. Not available.

³ Daily average 1947-49=100

⁴ End of Month average 1947-49=100

Trading days: November 1957—25; October 1957—27; November 1956—25.

RETAIL FURNITURE STORES

	Net Sales	
	Nov. 1957 compared with Oct. '57	Nov. '56
8th Dist. Total ¹	-0%	- 3%
St. Louis Area.....	-0	-0
Louisville Area.....	- 7	- 7
Memphis Area.....	+41	-11
Little Rock Area.....	+19	+ 6
Springfield Area.....	-20	-12

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; Evansville, Indiana; and Cape Girardeau, Missouri.

Note: Figures shown are preliminary and subject to revision.