

**Dec. 1962**

**FEDERAL RESERVE BANK OF ST. LOUIS**

# *Review*



**VOL. 44 • No. 12 • DEC. '62**

**FEDERAL RESERVE BANK  
OF ST. LOUIS**

**P. O. Box 442 • St. Louis 66, Mo.**

**Page**

*Little Change in Business Activity* 2

*Employment in the St. Louis  
Metropolitan Area, 1950-1962* 5

*Outlook for Farming in 1963* 12

*REVIEW Index - 1962* 16

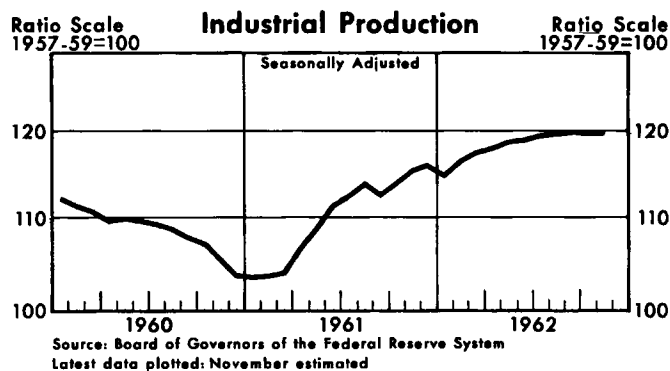
# Little Change in Business Activity

## Introduction

**B**USINESS ACTIVITY during the autumn months has remained on the plateau prevailing since spring, although the most recent statistics indicate some strengthening of activity. Auto production and sales have risen markedly since the new model introduction in September. Personal income from September to October recorded its largest increase since April. Price movements have been moderate, suggesting little strain of demand for goods and services on total capacity. Employment continues at about the 67.8 million level, showing little net gain since February. From August to mid-November bank reserves and the money supply expanded. During this period Treasury and Federal Reserve operations gave consideration to the level of domestic economic activity while at the same time avoiding policies which would have tended to worsen the United States balance-of-payments position.

## Business Activity

Output of the nation's mines, factories and utilities has moved since May within a narrow range of 118.4 to 119.8 per cent of the 1957-59 average, increasing on balance less than 1 per cent.<sup>1</sup> Industrial activity



has remained so stable for as many as five months in only one other period during the last decade, from mid-1955 to mid-1957. Industrial production in October was at 119.5 per cent of the 1957-59 average, and preliminary data suggest that little change occurred in November. Increases slightly larger than seasonal since September in automobile assemblies and in steel output were offset by fractional cutbacks in several other industries, yielding an aggregate

<sup>1</sup> The Federal Reserve Board's index of industrial production has been revised and the base has been shifted from 1957 to 1957-59. For an explanation of these changes, see "Industrial Production—1957-59 Base" in the October *Federal Reserve Bulletin*.

measure of industrial output virtually unchanged from September to October.

Manufacturers' durable goods orders rose 3 per cent from September to October, after allowance for seasonal factors. The October total of \$16.6 billion exceeded for the first time the January total of \$16.4 billion. Between January and September manufacturers' durable goods orders fluctuated about the \$16.0 billion level. The rise in orders in October was widespread, with special strength in steel and autos.

Corporate profits, which tend to reflect movements in total business activity, fell slightly in the third quarter from the \$50.9 billion annual rate of the second quarter according to preliminary data, but have been substantially unchanged since the fourth quarter of last year. Such profits have averaged around \$50.5 billion during the last four quarters. The total cash flow to corporations is estimated to have deviated little from an annual rate of about \$55 billion during the last year. This flow, which includes profits after taxes plus depreciation allowances, is a measure of business capacity to pay dividends to stockholders and to finance investment internally.

## Income

Personal income increased \$2.1 billion from a \$443.5 billion annual rate in September to a \$445.6 billion rate in October. This rise was in contrast to the previous five months, in which no monthly gains had exceeded \$1.4 billion. Factory payrolls were unchanged from September to October, but most other income categories advanced, including dividends, Government transfer payments, and payrolls in merchandising, service and transportation industries.

## Employment and Unemployment

Total civilian employment has been about unchanged, averaging about 67.8 million since February. The number of persons employed tends to vary with changes in general business activity. During the period since the May 1960 peak, however, total civilian employment has been quite stable, increasing sharply only in late 1961 and early 1962.

Unemployment has also been fairly constant, averaging 3.9 million since early this year. As a consequence, the unemployment rate has fluctuated generally within a fairly narrow range throughout 1962. It was 5.8 per cent of the civilian labor force in November.

Average hours of work per week in manufacturing have on balance declined since spring. The work-week in October, at 40.1 hours, was 0.5 hours below the 40.6 average of the spring months.

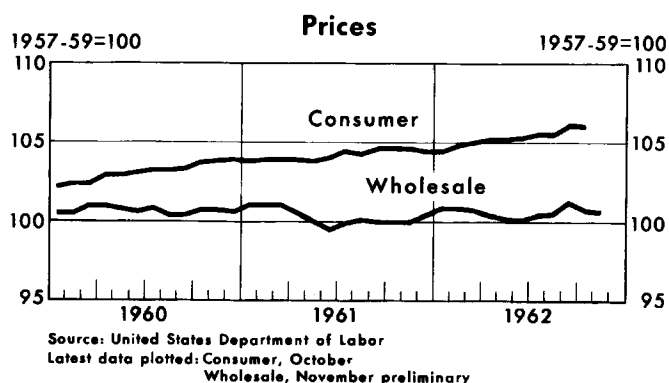
### Prices

Price movements from September to October were moderate and continued as evidence that the economy's capacity to produce is not being strained by excessive demand for goods and services. The consumer price index, which had risen from 105.5 per cent of the 1957-59 average in August to 106.1 in September, declined to 106.0 in October. A large part of these movements were attributable to fluctuations in meat prices as a consequence of farmers withholding livestock from the market. The wholesale price index also rose from August to September and declined in the following month, for largely the same reasons.

Industrial commodity prices have on balance been unaffected by the Cuban crisis. The weekly wholesale price index for industrial commodities, at 100.7 per cent of the 1957-59 average in the week ending November 20, has been unchanged since early October and is slightly below the January average of 101.0.

### Bank Reserves

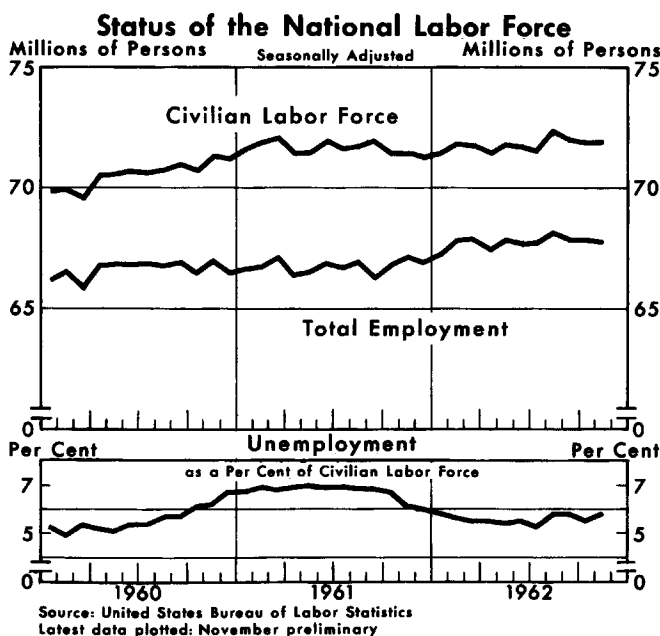
Effective reserves of member banks increased markedly, at an annual rate of about 8 per cent, from August to the month ending mid-November. This rapid increase is in sharp contrast to the experience from April to August of a 1.4 per cent per annum growth in such reserves. During the month from the



first half of October to the first half of November, effective reserves changed only slightly. Within this month the proportion of time and savings deposits which member banks are required to hold as deposits at Reserve Banks or as cash in vault was reduced from 5 per cent to 4 per cent.<sup>2</sup> The impact of lower reserve requirements was more than offset by other factors, however, chiefly seasonal currency outflows.

The effective reserves series have been adjusted to take account of the influence of reserve requirement changes on historical comparisons of movements in bank reserves.<sup>3</sup> For example, total reserves prior to the reserve requirement change have been recalculated as the sum of (1) actual excess reserves and (2) new figures for required reserves which reduce previous required reserves by 1 per cent of time deposits. As shown in the chart (page 4), movements in total reserves adjusted in this manner more closely correspond to movements in the money supply plus time deposits in commercial banks.

Because of a buildup of average Treasury deposits in commercial banks and the rapid growth of time deposits not only since August but throughout this year, only a part of total reserve growth has been available to support private demand deposits. Reserves available to support private demand deposits rose an estimated 6.4 per cent per annum from August to mid-November after having declined at a 2.9 per cent rate from April to August. The recent growth in member bank reserves, both total and those available to support private demand deposits, parallels the autumn experience of the past two years. During the



<sup>2</sup> This action was announced by the Board of Governors of the Federal Reserve System on October 8, and became effective on October 25 in the case of reserve city banks and on November 1 for all other member banks.

<sup>3</sup> For a discussion of the relationship between reserves and money see "Member Bank Reserves and the Money Supply," in the March 1962 issue of this *Review*. A semi-monthly release on total reserves and money can be obtained from the Research Department, Federal Reserve Bank of St. Louis.

autumn months of 1960 and 1961 heavy seasonal credit demands made it possible for reserves to be expanded sharply without putting downward pressure on interest rates which would have aggravated short-term capital outflows.

Excess reserves of member banks, which had moved around the \$470 million dollar level during September and October, rose sharply following the reduction in reserve requirements for time deposits and averaged \$585 million in November. Member bank borrowings from Reserve Banks also increased, averaging \$150 million in the first two weeks in November after remaining generally under \$100 million during September and October. During the last two weeks of November, borrowings declined to about \$95 million.

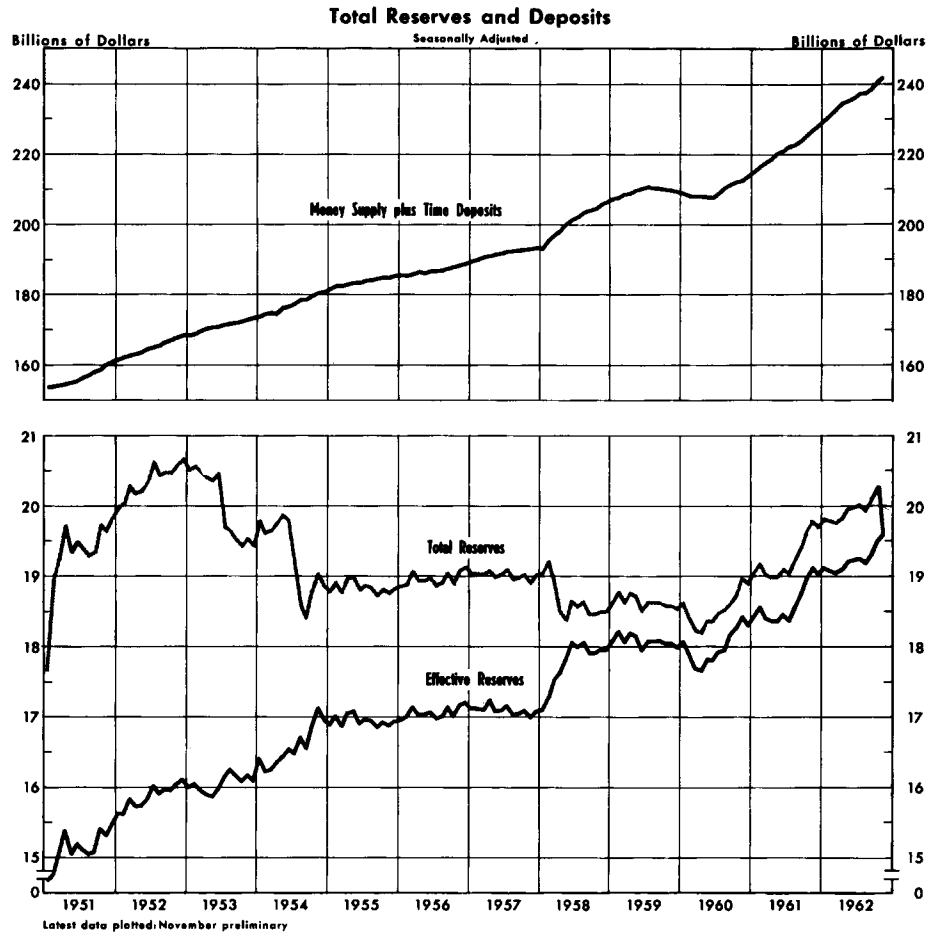
### Bank Credit and Money

With a more rapid expansion of bank reserves taking place since August, commercial bank credit, seasonally adjusted, has been rising at an estimated annual rate of 12 per cent, in contrast to a 7.3 per cent rate from April to August. The greater part of the expansion in bank credit since August has been in loans. Commercial bank investments have been about unchanged. Bank credit also rose markedly during the autumn months of the past two years.

The money supply (demand deposits plus currency outside banks) expanded at a 4.6 per cent annual rate from August to the month ending in mid-November, following a 2 per cent rate of contraction in the previous four months. Despite the recent rise, the money supply in mid-November, at about \$146.7 billion, was only 1.2 per cent above a year earlier. Because of the sharp rise in time deposits throughout this year, the money supply defined broadly to include this liquid asset has increased steadily. Money plus time deposits expanded at an annual rate of 8.5 per cent from August to mid-November, and in the seven months since April has grown 5.5 per cent per annum.

### Interest Rates

Yields on short-term U. S. Government securities, which had been drifting downward since mid-July,



rose at the beginning of November. The three-month Treasury bill rate averaged 2.83 per cent during November and 2.85 per cent during the week ending December 7, after having been in the neighborhood of 2.75 per cent during most of September and October. The Treasury's issuing of short-term securities in greater than normal amounts may have been a major influence in the increase in short-term rates, which was not paralleled in other maturity sectors of the capital market. Intermediate- and long-term U. S. Government securities yields changed little in November from October levels.

### Treasury Activities

The Bureau of the Budget recently has estimated that the U. S. Government will experience a cash budget deficit of \$6.3 billion for the fiscal year ending June 30, 1963, slightly larger than the \$5.7 billion deficit of the previous fiscal year. When the cash budget for fiscal year 1963 was first presented it was expected that a small surplus would be realized. The revision to an expected deficit is largely a consequence of rising Government expenditures and slug-

(Continued on Page 11)

# Employment in the St. Louis Metropolitan Area 1950-1962

## Introduction

**T**HE NUMBER OF PEOPLE which a community is able to employ provides some measure of that community's economic vitality. Short-run changes in local employment serve as one index of the tempo of current business activity. Longer run changes provide clues to the underlying shifts in the economic growth and structure of the area. Movements in total employment as well as its major components in the St. Louis Metropolitan Area from 1950 to the present constitute the focus of this presentation. In addition, there is a review of the significant changes during the past several years in the structure of employment in the St. Louis labor market.

## St. Louis Labor Market

Total employment in the St. Louis labor market averaged 817 thousand during the first ten months of 1962. Of this total, about 715 thousand were classified as nonagricultural wage and salaried workers (the total of manufacturing and nonmanufacturing payroll employment). The remainder, about 102 thousand consisted of agricultural workers (approximately 11 thousand), and an "all other" category (about 91 thousand) which includes the self-employed, unpaid workers in family businesses and paid domestic workers in private households.

## The Data

**E**STIMATES OF LOCAL EMPLOYMENT are made monthly by local employment security agencies in cooperation with the United States Bureau of Labor Statistics.<sup>1</sup> The total employment data include both persons employed by firms which are covered by state unemployment insurance programs and persons who are not covered by the unemployment insurance programs. Estimates of "covered" employment are derived from a sample of monthly payroll reports to employment security agencies. Under cooperative arrangements with these state agencies, responding firms fill out a schedule which is later used for national employment estimates by the Bureau of Labor Statistics.

A significant number of workers are not covered by state employment security programs. Current estimates of the number employed by railroads and by state and local governments are secured from special monthly reports to the local agencies. Others not covered by the state programs include those who work for firms too small to be covered by state unemployment programs, those who work for nonprofit organizations, the self-employed, unpaid family workers, and private household workers. In some cases a local employment agency's sample of establishments includes small firms and nonprofit organizations. In other agencies, estimates of these and other noncovered categories are made by making adjustments based on national data. The procedures for estimating noncovered categories are based

on extensive studies conducted jointly by the Bureau of Labor Statistics and local employment security agencies. These estimating procedures are employed uniformly by the local employment security agencies.<sup>2</sup>

There is a considerable body of detailed employment data for various components of the employed work force in the St. Louis Metropolitan Area. Seasonally adjusted data are available with respect to payroll employment in manufacturing and in its major categories covering the period from 1950 to the present. In 1954 coverage was expanded to include estimates of nonmanufacturing payroll employment. The total of manufacturing plus nonmanufacturing employment is referred to as nonagricultural wage and salaried employment, or payroll employment. These data are presented on pages 8 and 9. Payroll employment excludes proprietors, the self-employed and domestic servants. Beginning in January 1960 the Missouri Division of Employment Security began publishing monthly estimates of total employment<sup>3</sup> in the St. Louis labor market, including estimates of proprietors, the self-employed, and domestic servants.<sup>4</sup>

<sup>2</sup> These procedures are described in *Handbook on Estimating Area Employment of Self-Employed, Unpaid Family, and Private Household Workers—Nonagricultural Total*, U. S. Bureau of Employment Security, 1960.

<sup>3</sup> Workers on strike are excluded from local estimates of employment and unemployment but are included in estimates of the work force. In national data workers on strike are included among the employed.

<sup>4</sup> Prior to January 1960 the Missouri Division of Employment Security prepared bi-monthly estimates of total employment. Because the estimating procedures were somewhat different from those currently in use, the total employment data prior to 1960 are not comparable to the series since January 1960.

<sup>1</sup> The basic data used in this article were prepared by the Missouri Division of Employment Security. The seasonally adjusted data were prepared by the Research Department of the Federal Reserve Bank of St. Louis.

TABLE I

**Composition of the St. Louis Job Market  
in Nonfarm Establishments**

Compared with the Nation and Selected Cities

1961

Employment Categories	St. Louis	U. S.	Memphis	Little Rock	Louisville	Chicago	Cleveland	Detroit
	As a Per Cent of Payroll Employment of Nonfarm Establishments							
Total Nonfarm Employment .....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Manufacturing .....	34.8	30.1	22.8	18.7	34.3	34.0	38.7	39.9
Durables .....	19.8	16.7	9.6	n.a.	17.5	21.3	28.5	33.1
Nondurables .....	15.0	13.4	13.2	n.a.	16.8	12.7	10.2	6.8
Nonmanufacturing .....	65.2	69.9	77.2	81.3	65.7	66.0	61.3	60.1
Government .....	11.1	16.3	16.5	19.8	11.1	10.1	10.8	12.0
Services and Trade .....	34.7	34.9	41.8	36.9	35.0	36.9	34.5	33.5
Contract Const. ....	4.9	5.1	5.3	6.7	5.3	4.5	4.4	3.9
Other Nonmanufacturing .....	14.5	13.6	13.6	17.9	14.3	14.5	11.6	10.7

n.a.—Not available

The composition of the job market varies from area to area, reflecting the economic structure of the locality. As Table I indicates, the manufacturing component in the St. Louis Area constitutes a greater proportion of nonfarm payroll employment than the average for the nation as a whole. Moreover, the durables component (generally regarded as cyclically sensitive) is also relatively more important in the St. Louis labor market than is true of the nation. The government component and the services and trade component constitute a lesser share of the St. Louis labor market than for the nation.

The relative importance of manufacturing in St. Louis is highlighted even more distinctly in comparing the St. Louis job market with the structure of the payroll employment job market in Memphis and Little Rock, two other large cities in the Eighth Federal Reserve District. Manufacturing employment constitutes a small proportion of these labor markets. In Memphis, there is a greater concentration in the manufacturing of nondurables than in durables. In Louisville, another large city in the Eighth District, manufacturing as a percentage of payroll employment is comparable to that in the St. Louis Area; however, there is less concentration in the durables area in Louisville than in St. Louis.

It may be more relevant to compare the St. Louis job market with that of other large midwestern cities. There is striking similarity between the composition of the St. Louis and Chicago job markets (see Table I). However,

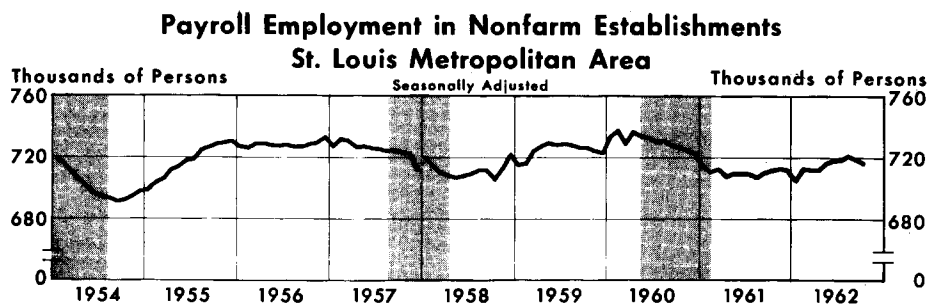
a comparison with Detroit and Cleveland indicates that in both of these cities manufacturing constitutes a larger share of the total.

### *Cyclical Movements*

An analysis of Chart 1 reveals a broad correspondence of changes in St. Louis payroll employment with changes in national business activity. There were declines in employment during the 1953-54, 1957-58, and 1960-61 recessions (see shaded areas of charts). During the 1954-57 and 1958-60 periods of recovery and expansion there were marked increases in employment. Thus far during the 1961-62 expansion period, however, the net gains in St. Louis payroll employment, as in the nation, have been quite moderate.

During the 1953-54 recession manufacturing employment in the St. Louis Area declined 15 per cent compared with a 10 per cent decline for the nation as a whole (see Chart 2). Looking behind the movements in local manufacturing employment, it appears that the major source of fluctuation is in the durables

CHART 1



Source: Missouri Division of Employment Security

\*Revision in sample. Jefferson County, Missouri, added to St. Louis Standard Metropolitan Statistical Area.

Latest data plotted: October

sector. During the 1953-54 recession, employment in durables manufacturing, seasonally adjusted, declined 21 per cent, from 176 thousand workers in July 1953 to 140 thousand in August 1954. With the termination of hostilities in Korea there were cutbacks in the production of military goods. Declines in employment in ordnance and in transportation equipment (which includes the aircraft industry) accounted for about half of the overall reduction. Layoffs in machinery-producing industries accounted for 23 per cent of the reduction, and declining payrolls in iron and steel foundries made up another 17 per cent.

During the recession from July 1957 to April 1958 payroll employment in the St. Louis Area, seasonally adjusted, fell 2.5 per cent, a loss of 18 thousand jobs.<sup>1</sup> In comparison, national payroll employment declined 4 per cent. As in the previous recession the decline in St. Louis employment was confined to the manufacturing sector. During this period there were pro-

<sup>1</sup> In 1958 Jefferson County, Missouri, was added to the St. Louis Standard Metropolitan Statistical Area. A comparison of total payroll employment in 1958 in the St. Louis Area including Jefferson County with the total excluding Jefferson County indicates that the change resulted in an increase of about 13.6 thousand workers. Comparisons of employment statistics prior to 1958 with those of subsequent years will tend to understate declines and overstate increases, but in the periods discussed in this article the magnitude of these biases is slight.

nounced reductions in employment in the transportation equipment industry, iron and steel foundries, and fabricated metal products. These layoffs accounted for 37 per cent of the overall reduction. Employment in the machinery-producing industries (including electrical machinery) was reduced from more than 39 thousand to about 33 thousand workers, a decline of nearly 15 per cent.

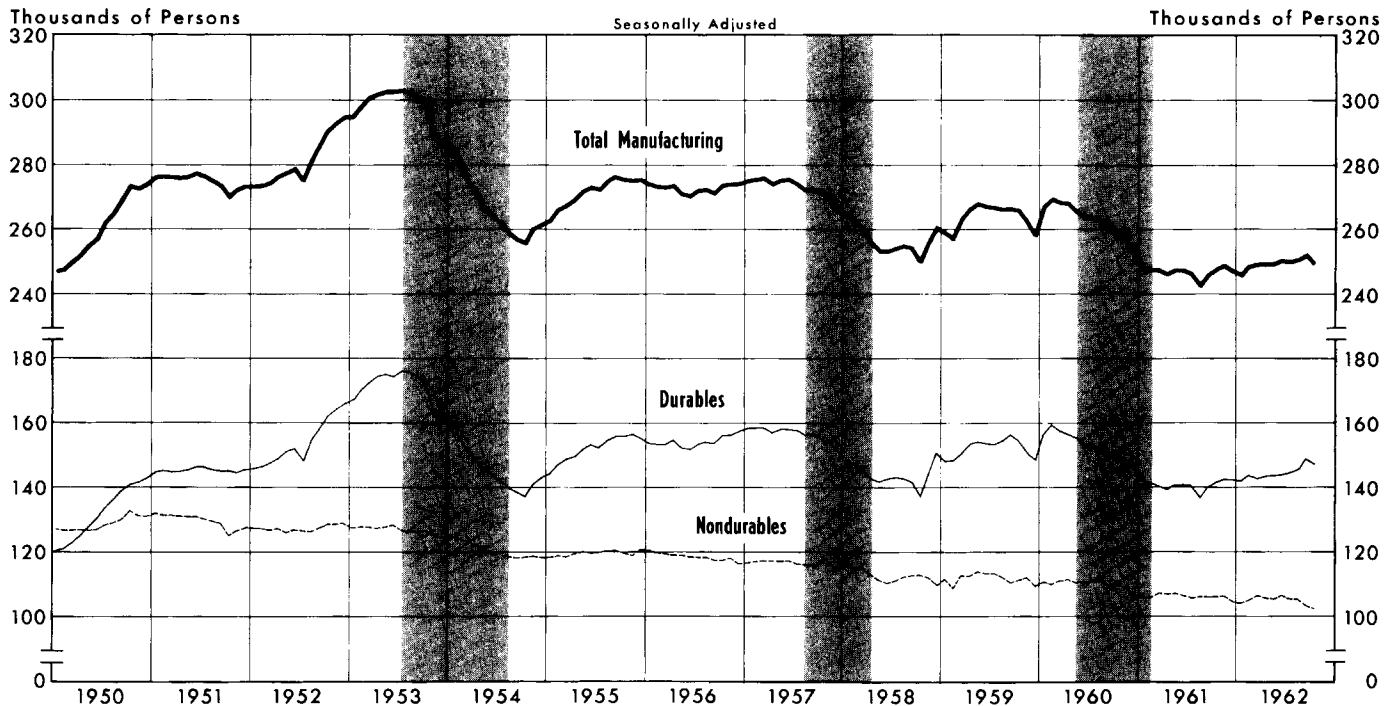
Payroll employment in the St. Louis Area fell by nearly 24 thousand workers, or 3.3 per cent, during the 1960-61 recession. Layoffs in manufacturing accounted for 75 per cent of the total reduction, with major weaknesses in transportation equipment industries.

On the basis of a review of the past twelve years it seems clear that the primary sources of cyclical movements in local manufacturing employment are to be found in the durables sector, with a major part of the cyclical variation associated with employment shifts in the iron and steel, machinery, and transportation equipment industries.

### Changing Trends of Employment

During the past twelve years there has been a marked shift in the job structure of the manufactur-  
*(Continued on Page 10)*

CHART 2  
**Manufacturing Employment-St. Louis Metropolitan Area**



Source: Missouri Division of Employment Security  
\*Revision in sample Jefferson County, Missouri, added to St. Louis Standard Metropolitan Statistical Area.  
Latest data plotted: October

**PAYROLL EMPLOYMENT IN NONFARM ESTABLISHMENTS—1950-1962\***

**St. Louis Metropolitan Area**

(in thousands)

	<b>Total</b>		<b>Manufacturing</b>						<b>Non-Mfg.</b>	
	<u>Unadj.</u>	<u>Seas. Adj.</u>	<u>Total</u>		<u>Durables</u>		<u>Non-Durables</u>		<u>Unadj.</u>	<u>Seas. Adj.</u>
			<u>Unadj.</u>	<u>Seas. Adj.</u>	<u>Unadj.</u>	<u>Seas. Adj.</u>	<u>Unadj.</u>	<u>Seas. Adj.</u>		
<b>Jan. 1950</b>	n.a.	n.a.	245.9	247.1	119.2	120.2	126.7	127.0	n.a.	n.a.
Feb.	n.a.	n.a.	247.2	247.7	120.5	121.0	126.7	126.7	n.a.	n.a.
Mar.	n.a.	n.a.	250.6	249.9	123.4	123.0	127.2	126.8	n.a.	n.a.
Apr.	n.a.	n.a.	253.0	252.0	125.8	125.1	127.2	126.9	n.a.	n.a.
May	n.a.	n.a.	254.8	254.8	128.8	128.0	126.0	126.8	n.a.	n.a.
June	n.a.	n.a.	257.1	257.1	131.1	130.2	126.0	126.9	n.a.	n.a.
July	n.a.	n.a.	260.8	262.1	132.1	133.7	128.7	128.4	n.a.	n.a.
Aug.	n.a.	n.a.	267.0	265.1	135.9	136.0	131.1	129.1	n.a.	n.a.
Sept.	n.a.	n.a.	270.3	269.0	139.4	138.8	130.9	130.1	n.a.	n.a.
Oct.	n.a.	n.a.	273.3	273.6	141.3	140.7	132.0	132.8	n.a.	n.a.
Nov.	n.a.	n.a.	271.3	272.9	140.7	141.5	130.6	131.4	n.a.	n.a.
Dec.	n.a.	n.a.	273.5	274.0	143.2	142.9	130.8	131.1	n.a.	n.a.
<b>Jan. 1951</b>	n.a.	n.a.	275.1	276.5	143.6	144.6	131.5	131.9	n.a.	n.a.
Feb.	n.a.	n.a.	276.3	276.6	144.8	145.1	131.5	131.5	n.a.	n.a.
Mar.	n.a.	n.a.	277.1	276.3	145.3	144.7	131.8	131.6	n.a.	n.a.
Apr.	n.a.	n.a.	277.4	276.0	145.8	144.8	131.6	131.2	n.a.	n.a.
May	n.a.	n.a.	276.3	276.3	145.9	145.2	130.4	131.1	n.a.	n.a.
June	n.a.	n.a.	277.5	277.2	147.1	146.1	130.4	131.1	n.a.	n.a.
July	n.a.	n.a.	274.9	276.6	144.2	146.2	130.7	130.3	n.a.	n.a.
Aug.	n.a.	n.a.	277.1	275.2	145.3	145.4	131.8	129.7	n.a.	n.a.
Sept.	n.a.	n.a.	274.9	273.5	145.1	144.5	129.8	129.0	n.a.	n.a.
Oct.	n.a.	n.a.	269.7	270.2	145.2	144.8	124.5	125.5	n.a.	n.a.
Nov.	n.a.	n.a.	270.8	272.2	144.6	145.3	126.2	126.8	n.a.	n.a.
Dec.	n.a.	n.a.	272.7	273.2	145.7	145.6	127.0	127.7	n.a.	n.a.
<b>Jan. 1952</b>	n.a.	n.a.	272.0	273.1	145.0	145.7	127.0	127.4	n.a.	n.a.
Feb.	n.a.	n.a.	273.3	273.6	146.4	146.4	126.9	127.2	n.a.	n.a.
Mar.	n.a.	n.a.	275.5	274.4	148.2	147.5	127.3	126.9	n.a.	n.a.
Apr.	n.a.	n.a.	277.7	276.3	150.4	149.1	127.3	127.3	n.a.	n.a.
May	n.a.	n.a.	277.2	277.5	151.8	151.3	125.4	126.1	n.a.	n.a.
June	n.a.	n.a.	279.1	278.8	152.8	151.9	126.3	126.9	n.a.	n.a.
July	n.a.	n.a.	272.7	274.9	145.7	148.2	127.0	126.7	n.a.	n.a.
Aug.	n.a.	n.a.	283.1	281.4	154.7	154.9	128.4	126.6	n.a.	n.a.
Sept.	n.a.	n.a.	287.5	285.8	159.1	158.3	128.4	127.5	n.a.	n.a.
Oct.	n.a.	n.a.	290.1	290.7	161.7	162.0	128.4	128.7	n.a.	n.a.
Nov.	n.a.	n.a.	292.2	293.1	163.9	164.4	128.3	128.7	n.a.	n.a.
Dec.	n.a.	n.a.	294.6	294.9	166.2	166.0	128.4	128.9	n.a.	n.a.
<b>Jan. 1953</b>	n.a.	n.a.	294.0	294.9	167.2	167.5	126.8	127.4	n.a.	n.a.
Feb.	n.a.	n.a.	298.3	298.0	170.9	170.2	127.4	127.8	n.a.	n.a.
Mar.	n.a.	n.a.	302.0	300.5	173.7	172.7	128.3	127.8	n.a.	n.a.
Apr.	n.a.	n.a.	303.5	302.0	176.0	174.4	127.5	127.6	n.a.	n.a.
May	n.a.	n.a.	301.9	302.8	175.1	174.9	126.8	127.9	n.a.	n.a.
June	n.a.	n.a.	302.5	302.8	174.8	174.5	127.7	128.4	n.a.	n.a.
July	n.a.	n.a.	300.3	303.0	172.8	176.1	127.5	126.9	n.a.	n.a.
Aug.	n.a.	n.a.	304.4	302.6	175.7	175.9	128.7	126.7	n.a.	n.a.
Sept.	n.a.	n.a.	302.4	300.6	175.1	174.2	127.3	126.4	n.a.	n.a.
Oct.	n.a.	n.a.	296.6	297.8	169.8	171.2	126.8	126.6	n.a.	n.a.
Nov.	n.a.	n.a.	287.2	287.5	162.0	162.0	125.2	125.5	n.a.	n.a.
Dec.	n.a.	n.a.	286.9	286.6	162.8	162.3	124.1	124.3	n.a.	n.a.
<b>Jan. 1954</b>	713.1	719.6	285.1	285.4	160.7	160.5	124.4	124.8	428.0	434.2
Feb.	707.4	716.0	280.6	279.8	156.8	155.7	123.8	124.1	426.8	436.2
Mar.	705.0	710.7	276.1	274.7	152.4	151.3	123.7	123.4	428.9	436.0
Apr.	703.0	705.1	271.5	270.7	149.6	148.4	121.9	122.3	431.5	434.4
May	698.1	700.9	265.1	266.4	145.7	146.0	119.4	120.4	433.0	434.5
June	698.5	696.4	262.8	263.6	143.8	143.8	119.0	119.8	435.7	432.8
July	694.5	694.5	259.9	262.0	139.4	142.0	120.5	120.0	434.6	432.5
Aug.	694.1	693.4	259.9	258.6	139.6	139.9	120.3	118.7	434.2	434.8
Sept.	693.7	691.6	257.8	256.8	139.0	138.7	118.8	118.1	435.9	434.9
Oct.	691.7	692.4	254.2	255.7	135.6	137.4	118.6	118.3	437.5	436.7
Nov.	698.3	694.8	260.3	260.0	141.8	141.2	118.5	118.8	438.0	434.8
Dec.	714.2	698.1	262.2	261.4	143.8	143.1	118.4	118.3	452.0	436.7
<b>Jan. 1955</b>	691.0	698.7	263.1	262.8	144.6	144.3	118.5	118.5	427.9	435.8
Feb.	694.4	703.5	267.2	266.1	148.6	147.3	118.6	118.9	427.2	437.4
Mar.	701.6	706.5	269.1	267.5	150.2	148.9	118.9	118.6	432.5	439.1
Apr.	709.3	712.1	269.1	269.4	150.4	149.8	118.7	119.6	440.2	442.8
May	712.6	714.7	270.0	271.9	151.0	151.9	119.0	120.0	442.6	442.8
June	720.9	718.0	272.0	273.1	152.9	153.2	119.1	119.9	448.9	444.9
July	720.3	719.6	270.9	272.5	150.1	152.5	120.8	120.0	449.4	447.0
Aug.	725.8	725.1	275.8	275.0	154.5	154.8	121.3	120.2	450.0	450.1
Sept.	730.3	727.4	277.2	276.4	156.0	155.8	121.2	120.5	453.1	451.0
Oct.	730.0	729.3	274.0	275.7	153.9	155.8	120.1	119.9	456.0	453.6
Nov.	733.8	730.1	275.9	275.3	157.3	156.2	118.6	119.1	457.9	454.8
Dec.	746.0	730.7	276.7	275.6	156.1	155.2	120.6	120.4	469.3	455.1

n.a. Not available

\* Jefferson County, Missouri, added to St. Louis Standard Metropolitan Statistical Area in 1958.



	<b>Total</b>		<b>Manufacturing</b>						<b>Non-Mfg.</b>	
	Unadj.	Seas. Adj.	Total		Durables		Non-Durables		Unadj.	Seas. Adj.
			Unadj.	Seas. Adj.	Unadj.	Seas. Adj.	Unadj.	Seas. Adj.		
<b>Jan. 1956</b>	719.6	727.6	274.6	274.1	154.0	153.7	120.6	120.4	445.0	453.6
Feb.	717.2	726.6	274.3	273.2	154.4	153.3	119.9	119.9	442.9	453.4
Mar.	724.1	729.2	274.7	273.1	155.0	153.5	119.7	119.6	449.4	456.1
Apr.	726.0	729.6	272.7	273.8	154.7	154.7	118.0	119.1	453.3	455.9
May	726.3	728.5	268.5	271.2	150.7	152.2	117.8	119.0	457.8	457.3
June	731.9	728.3	269.3	270.4	151.6	151.9	117.7	118.5	462.6	457.9
July	730.2	728.7	271.5	272.3	152.3	153.7	119.2	118.6	458.7	456.4
Aug.	728.1	727.4	272.9	272.4	153.9	154.1	119.0	118.3	455.2	455.0
Sept.	731.9	727.5	272.0	271.5	153.9	153.9	118.1	117.6	459.9	456.1
Oct.	731.1	728.9	272.4	273.8	154.9	156.1	117.5	117.6	458.7	455.1
Nov.	733.4	729.8	274.7	274.2	157.3	156.2	117.4	117.9	458.7	455.6
Dec.	747.4	733.5	276.3	274.4	158.6	157.8	117.7	116.6	471.1	459.1
<b>Jan. 1957</b>	719.7	727.7	276.0	275.2	158.6	158.3	117.4	116.9	443.7	452.5
Feb.	722.0	732.3	276.5	275.7	159.3	158.7	117.2	117.0	445.5	456.6
Mar.	726.6	731.7	277.4	276.0	160.0	158.6	117.4	117.4	449.2	455.7
Apr.	723.6	727.2	272.4	274.3	156.5	157.1	115.9	117.2	451.2	452.9
May	725.4	727.6	272.8	275.6	156.5	158.2	116.3	117.3	452.6	452.0
June	730.8	726.4	275.1	275.7	158.2	158.0	116.9	117.6	455.7	450.8
July	729.0	726.1	274.4	274.4	157.6	157.9	116.8	116.5	454.6	451.7
Aug.	725.9	724.5	273.0	272.5	156.5	156.3	116.5	116.1	452.9	452.0
Sept.	730.0	724.9	273.4	272.6	157.0	156.7	116.4	115.9	456.6	452.3
Oct.	727.4	723.8	271.0	271.8	154.6	155.1	116.4	116.8	456.4	452.0
Nov.	725.2	722.3	270.5	270.5	154.3	154.0	116.2	116.5	454.7	451.8
Dec.	722.6	711.9	267.1	265.2	150.9	150.9	116.2	114.3	455.5	446.7
<b>Jan. 1958</b>	714.1	720.6	265.7	265.0	148.6	148.3	117.1	116.6	448.4	455.7
Feb.	703.5	714.2	262.6	262.1	147.1	147.2	115.5	114.8	440.9	452.1
Mar.	703.6	710.0	261.1	260.3	146.3	145.3	114.8	115.0	442.5	449.7
Apr.	704.6	708.1	253.9	256.0	142.0	142.7	111.9	113.2	450.7	452.2
May	704.9	707.0	250.7	253.2	140.5	141.9	110.2	111.3	454.2	453.8
June	712.5	708.3	253.1	253.4	143.6	142.9	109.5	110.5	459.4	454.9
July	713.2	709.7	255.0	254.2	143.7	143.1	111.3	111.1	458.2	455.4
Aug.	713.3	711.9	255.5	255.0	143.1	142.7	112.4	112.3	457.8	456.9
Sept.	716.9	711.9	255.6	254.6	142.2	141.8	113.4	112.8	461.3	457.3
Oct.	709.8	706.3	249.6	250.1	137.1	137.1	112.5	113.0	460.2	456.2
Nov.	715.1	713.0	255.6	256.4	143.7	144.3	111.9	112.1	459.5	456.6
Dec.	731.1	721.7	262.9	260.6	150.2	150.8	112.7	109.8	468.2	461.2
<b>Jan. 1959</b>	709.4	715.8	260.4	259.6	148.1	148.0	112.3	111.7	449.0	456.2
Feb.	704.8	716.3	257.4	257.4	147.6	148.6	109.8	108.8	447.4	458.9
Mar.	716.5	724.5	263.3	263.3	151.1	150.5	112.2	112.8	453.2	461.2
Apr.	724.8	727.7	263.9	266.3	152.7	153.6	111.2	112.7	460.9	461.4
May	728.2	729.7	266.4	268.0	153.2	154.0	113.2	114.0	461.8	461.7
June	734.7	728.9	267.7	267.2	155.2	153.8	112.5	113.4	467.0	461.7
July	733.5	729.1	267.9	266.8	154.4	153.5	113.5	113.4	465.6	462.3
Aug.	730.0	728.5	266.6	266.3	154.4	154.2	112.2	112.1	463.4	462.2
Sept.	731.9	726.8	267.6	266.5	156.8	156.2	110.8	110.4	464.3	460.3
Oct.	731.1	726.7	266.1	265.8	155.4	154.6	110.7	111.2	465.0	460.9
Nov.	725.9	724.5	261.7	262.8	149.7	150.6	112.0	112.1	464.2	461.7
Dec.	731.9	723.2	259.8	258.0	147.5	148.4	112.3	109.6	472.1	465.2
<b>Jan. 1960</b>	727.2	734.5	268.0	267.5	156.5	156.7	111.5	110.8	459.2	467.1
Feb.	726.9	738.7	269.0	269.5	157.9	159.7	111.1	109.9	457.9	469.2
Mar.	719.7	729.2	267.4	268.2	157.3	157.3	110.1	110.9	452.3	461.0
Apr.	733.4	737.1	265.4	268.1	155.4	156.7	110.0	111.4	468.0	469.0
May	732.7	734.2	264.5	265.6	154.9	155.2	109.6	110.4	468.2	468.6
June	738.8	732.9	265.1	264.0	155.1	153.4	110.0	110.6	473.7	468.9
July	734.7	730.3	264.8	263.5	153.6	152.4	111.2	111.1	469.9	466.8
Aug.	732.5	731.0	262.9	262.9	151.6	151.8	111.3	111.1	469.6	468.1
Sept.	732.7	728.3	260.6	260.1	150.8	150.5	109.8	109.6	472.1	468.3
Oct.	731.9	726.8	259.4	258.4	149.7	148.5	109.7	109.9	472.5	468.4
Nov.	727.0	724.8	256.6	257.1	147.9	148.3	108.7	108.8	470.4	467.7
Dec.	732.2	722.8	253.9	252.1	145.4	146.0	108.5	106.1	478.3	470.7
<b>Jan. 1961</b>	705.8	714.4	248.1	248.1	141.0	141.9	107.1	106.2	457.7	466.3
Feb.	698.3	710.4	246.1	247.6	139.6	141.4	106.5	106.1	452.2	462.8
Mar.	703.5	712.8	246.0	247.5	139.7	140.1	106.3	107.4	457.5	465.3
Apr.	703.7	707.9	243.2	246.2	137.6	139.3	105.6	106.9	460.5	461.8
May	709.0	709.7	247.3	247.5	140.6	140.5	106.7	107.1	461.7	462.2
June	716.0	709.6	248.9	247.4	142.8	140.7	106.1	106.7	467.1	462.2
July	713.0	709.5	247.8	246.3	141.7	140.3	106.1	106.0	465.2	463.1
Aug.	707.9	707.2	242.5	242.7	135.8	136.5	106.7	106.3	465.4	464.5
Sept.	715.3	710.3	246.2	246.0	140.1	140.0	106.1	106.0	469.1	464.4
Oct.	717.6	711.9	249.5	247.8	143.4	141.7	106.1	106.1	468.1	464.1
Nov.	715.8	712.9	249.0	248.8	142.7	142.4	106.3	106.3	466.8	464.2
Dec.	722.3	712.3	248.7	247.2	142.3	142.4	106.4	104.8	473.6	465.1
<b>Jan. 1962</b>	696.2	705.4	245.7	245.9	140.7	141.8	105.0	104.1	450.5	459.5
Feb.	700.6	712.7	246.8	248.8	141.7	143.7	105.1	105.1	453.8	463.9
Mar.	702.6	711.9	247.5	249.2	142.1	142.7	105.4	106.5	455.1	462.7
Apr.	707.9	712.2	246.3	249.2	141.4	143.4	104.9	105.8	461.5	463.0
May	717.0	717.0	249.4	249.2	144.1	143.7	105.3	105.5	467.6	467.8
June	725.9	718.3	252.3	250.5	146.2	143.8	106.1	106.7	473.6	467.8
July	722.4	718.8	251.7	250.0	145.9	144.3	105.8	105.7	470.7	468.8
Aug.	721.4	720.7	250.5	250.8	144.5	145.5	106.0	105.3	470.9	469.9
Sept.	725.1	719.3	252.3	252.0	148.9	148.8	103.4	103.2	472.8	467.3
Oct.	723.1	716.7	251.7	249.5	149.2	147.1	102.5	102.4	471.4	467.2
Nov.										
Dec.										

Source: Missouri Division of Employment Security. Seasonal Adjustments by Federal Reserve Bank of St. Louis.

ing sector of the St. Louis labor market.<sup>2</sup> In 1950 manufacturing employment totaled 260 thousand. From early 1950 to mid-1953 (the peak of the 1949-1953 expansion in national business activity) employment in manufacturing firms rose markedly, reaching a total of 303 thousand in July 1953 (see Chart 2). In large part this 1950-53 increase reflected an expansion in productive activity associated with the Korean War. Employment in ordnance rose from less than 3 thousand workers in 1950 to about 16 thousand in 1953. Since that time, except for cyclical upswings, manufacturing employment has trended downward. In 1962 the number of workers employed in manufacturing firms stood at 250 thousand (an average of the first ten months), a decline of 16 per cent from the 1953 level and a decline of 4 per cent from the 1950 level. In comparison, manufacturing employment in the nation has declined 4.5 per cent since 1953 but has increased 10 per cent on balance since 1950. Manufacturing as a per cent of total payroll employment declined from 38 per cent in 1954, the first year for which these data are available on a monthly basis, to 34.9 per cent in 1962. Accordingly, nonmanufacturing employment as a proportion of total payroll employment increased from 62 per cent in 1954 to 65.1 per cent in 1962.

The decline in manufacturing employment, both in relative and absolute terms, has reflected a sharp drop in the nondurables area which more than offset moderately rising employment in the durable goods sector. As Table II shows, employment in nondurables manufacturing declined from about 129 thousand workers in 1950 to 105 thousand in 1962, an 18 per cent decrease. Over this same period nondurables employment in the nation increased 2.4 per cent. In 1950 employment in St. Louis Area firms producing nondurable goods nearly equaled that in durables, constituting 49.4 per cent of the total. In 1962 nondurables manufacturing constituted only 42 per cent of total payroll employment.

The declines in employment in the nondurables area proceeded at a steady pace throughout the 1950-1962 period (see Chart 2), averaging a 1.5 per cent decline per year or a total decline of 24 thousand jobs. As shown in Table II, the declines centered in the food, beverage, and clothing industries. From 1950 to 1962 there was a 37 per cent cutback in the meat products industry which resulted in a loss of more than 4 thousand jobs. During this period there was a loss of

<sup>2</sup> Because Jefferson County, Missouri, was added to the St. Louis Standard Metropolitan Statistical Area in 1958 the changes in employment from 1950 to 1962 will tend to understate declines and overstate increases. See footnote 1.

TABLE II  
Changes in Employment 1950-1962 in  
Nondurable Manufactures

	Change During the Period			
	1950	1962*	Number of Jobs (thousands)	Per Cent
Meat Products . . . . .	11.8	7.4	- 4.4	-37.3
Beverage Industries . . . . .	11.0	8.3	- 2.7	-24.6
Textile Mills, Apparel and Other Finished Textile . . . . .	24.7	14.2	-10.5	-42.5
Leather and Leather Products . . . . .	17.9	10.6	- 7.3	-40.8
All Other Nondurables . . . . .	63.3	64.5	+ 1.3	+ 2.1
Total . . . . .	128.7	105.0	-23.6	-18.4

\* Average of first ten months

10.5 thousand jobs in textiles and apparel and a decline of 7 thousand jobs in leather and leather products. These declines reflected a movement of production operations in the meat products, apparel and shoe industries away from the St. Louis Area.

Employment in nonmanufacturing has grown moderately since 1954, the first year for which comparable data are available (see Chart 3). There were 435 thousand persons employed in nonmanufacturing firms in 1954. In the following eight years 31 thousand additional jobs were created, an increase of 7 per cent compared with an 18 per cent increase in the nation. The most rapid increases in nonmanufacturing payroll employment occurred between 1954 and 1956 when more than 21 thousand jobs were added. This increase resulted from marked expansion in employment in retail trade establishments and services coupled with moderate increases in most other nonmanufacturing areas.

Total payroll employment of nonfarm establishments has increased only slightly on balance since 1954, rising from 701 thousand to 715 thousand in the first ten months of 1962. This represents an increase of 2.0 per cent, or less than a 0.3 annual rate of increase. In the nation, payroll employment has increased 13 per cent since 1954, or at an annual rate of 1.6 per cent. The absence of growth in payroll employment during the past eight years in the St. Louis area reflects the fact that increases in nonmanufacturing were nearly offset by declining payrolls in manufacturing.

The total employment series has been available on a comparable basis only since 1960.<sup>3</sup> During this three-year period total employment has edged down-

<sup>3</sup> These data are included in "Selected Economic Indicators," a monthly release of the Federal Reserve Bank of St. Louis. This report is available without charge. Requests should be directed to the Research Department.

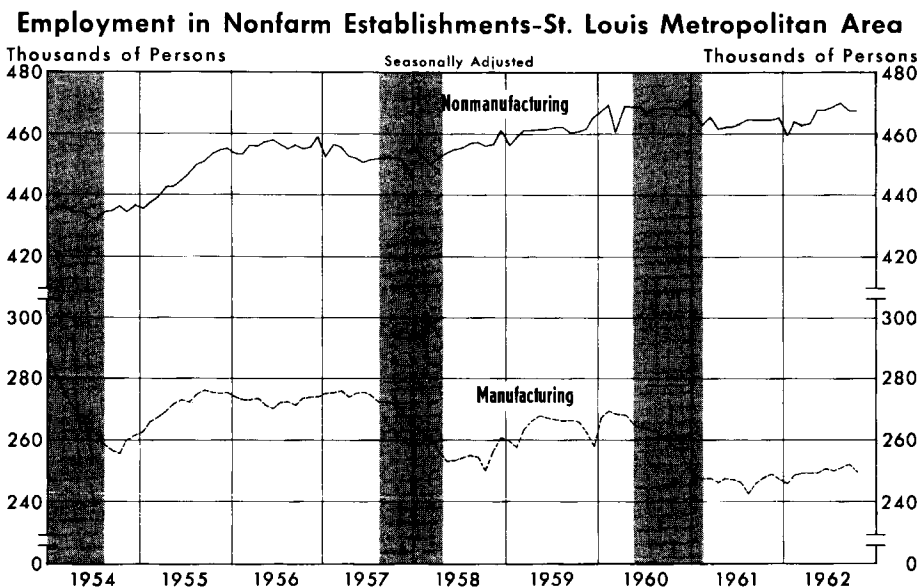
ward. The decline during the period from mid-1960 to early 1961 may have been associated with the downturn in national business. Since early 1961 total employment has shown only nominal improvement. Total employment in the nation has increased about 2.5 per cent since the beginning of 1960, with most of the increase occurring since mid-1961.

### Conclusions

The structure of the St. Louis job market is similar to that in other large Midwestern cities. There is a fairly high concentration of employment in manufacturing, notably in the durable goods area. The number of persons employed in the St. Louis work force varies closely with changes in national business activity. Most of the cyclical shifts in employment have occurred in the durables manufacturing area.

After rising sharply from 1950 to 1953, the number of workers employed by manufacturing firms declined 16 per cent from 1953 to 1962. Although there have been gains in employment in durables manufacturing,

CHART 3



Source: Missouri Division of Employment Security  
 \*Revision in sample. Jefferson County, Missouri, added to St. Louis Standard Metropolitan Statistical Area.  
 Latest data plotted: October

these increases have been more than offset by steady declines in the nondurables area. The major declines have occurred in the meat products, textiles, and leather products industries. The number employed in the nonmanufacturing sector increased from 1954 to 1962. Rising employment in this sector has about offset the decreases in manufacturing employment. As a result, total nonfarm payroll employment has been virtually unchanged since 1954.

### Little Change in Business Activity

(Continued from Page 4)

gish economic expansion which has yielded tax receipts lower than anticipated.

Despite the cash deficit being incurred in fiscal year 1963, Treasury deposits at commercial banks have been rising sharply in the last several months. Treasury deposits in Tax and Loan Accounts increased from an average of around \$4.8 billion in the fourth quarter of 1961 to about \$6 billion in the third quarter of 1962. This increase has taken place largely since April, during the time of year when Treasury balances normally decline as tax receipts decline.

Treasury debt management in recent months may have helped to maintain short-term interest rates in this country and thereby to mitigate the outward

movement of short-term funds. Short-term capital movements from the U. S. in response to interest rate differentials are one of the threats to the balance-of-payments position of this country. At a time when domestic credit demands have not been strong, the Treasury has been selling securities, especially in the short-term area, in larger amounts than needed to cover its operating deficit. This may have been a factor in the firming of short-term interest rates in early November. In addition, marketable U. S. Government securities maturing within one year in the hands of the nonbank public have been increasing as Treasury balances have expanded this year. During the fourth quarter of 1961 such securities averaged around \$41 billion, but by the autumn months of this year they averaged about \$50 billion.

# Outlook for Farming in 1963

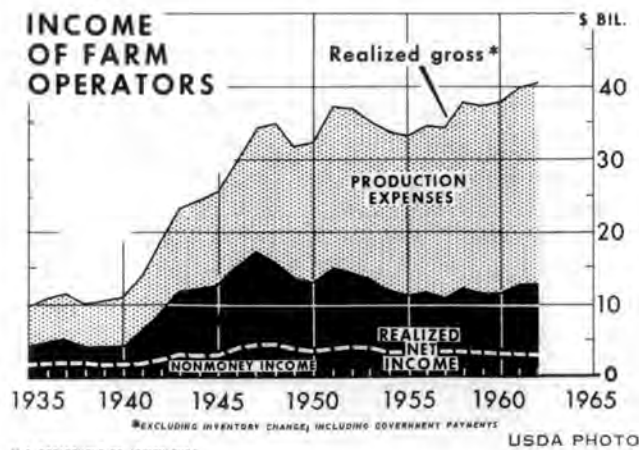
*The outlook for agriculture in 1963 was presented by representatives of the United States Department of Agriculture at the Annual National Agricultural Outlook Conference in November 1962. A summary of the forecast of developments for the coming year as presented at the conference follows.*

**NET FARM INCOME** in 1963 will not change significantly from the \$12.8 billion 1962 level. Gross income will continue upward from the \$40.3 billion level of 1962, but the gains may be offset by rising costs. Cash receipts from farm commodity sales may be about the same as in 1962. Government payments to farmers, primarily under the feed grain and wheat programs, will be about \$400 million higher, pushing total gross income upward. With a continued decline in number of farms, operators' realized net income per farm should show a further gain.

Domestic demand for farm products will increase at about the population growth rate of 1.5 per cent. Exports may be maintained at the high levels of 1961-62. Supplies of farm commodities will be up somewhat from levels of the 1961-62 marketing year and prices received by farmers may average slightly lower.

This general outlook for agriculture is predicated upon no substantial change developing in international relations. An increase in international tensions probably would result in higher prices for many farm products and a temporary rise in net farm income. As prices return to normal, however, after tensions ease, lagging costs will result in lower profit margins.

The outlook for agriculture in the Eighth District is about the same as that for the nation. The impact of lower prices for most livestock marketings by district farmers should offset an expected increase in volume. No significant change is anticipated in prices and output of major crops in the district.



## National Prospects

### Farm Income

Net farm income<sup>1</sup> in 1963 may continue at about the 1961 and 1962 levels of \$12.8 billion, the highest level reached since 1953. Gross income to operators has generally trended upward for the past five years, but in 1962 increased expenses about offset the gains with no change in net. Similar trends are projected for 1963.

Little change in cash receipts from 1962 levels is anticipated. The volume of crops marketed may be maintained at about 1962 levels with little change in average prices received. The volume of livestock and livestock products marketed should be up and prices slightly lower. Gross receipts from livestock and products, however, probably will equal 1962 levels.

Government payments to farmers in 1963 may total slightly more than in 1962, accounting for most of the gain in gross farm income. Government payments to farmers in 1962 were about \$400 million more than in 1961 and further increases of about \$400 million are looked for in 1963 under the feed grain and wheat programs. Corn producers diverting 20 per cent or more of their base acreage will again receive payments for diverted acres. In addition, they will receive an 18 cents per bushel payment for "normal" output on the acres planted. Instead of the price support loan of \$1.20 per bushel as in the past two years, however, the 1963 program provides for a corn loan of only \$1.02 per bushel. Wheat producers also will be eligible for payment at the rate of 18 cents per bushel for "normal" production on acres planted to wheat. Payments to farmers under other Government programs, such as the Soil Bank, Agricultural Conservation, and the Sugar and Wool Acts, are not expected to show much change from 1962 levels.

Farm production expenses will continue upward in 1963 but probably at a slower rate than in 1962. In the first 9 months of 1962 farm expenses rose about \$600 million from the same months a year earlier.

Higher prices of farm machinery are indicated, continuing the rising trend which began in the early forties, but the increase in 1963 may be at a reduced rate. Prices

<sup>1</sup> Realized gross income to operators less production expenses. No allowance is made in expenses for a return on owners' capital or operators' labor and management.

of building and fencing materials have held steady for the past four years and probably will not change significantly. Fertilizer and feed grain prices have not increased above the 1957-59 average and no substantial change is anticipated during the coming year. Tax levies on farm property were up in 1962 and may rise further in 1963. Interest rates on farm loans were generally stable in 1962 and are expected to remain about unchanged in 1963. Total interest costs, however, will be up with the increase in outstanding debt. The total hired labor bill may not increase, as a decline in number of hired workers may offset the wage increases. Wage rates, which have risen substantially, likely will continue to rise in 1963.

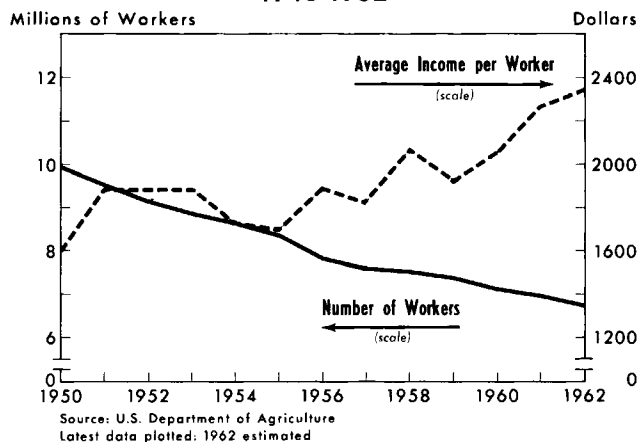
### Income Per Farm and Per Farm Worker

Operators' realized net income per farm should continue upward, reflecting a further decline in number of farms in 1963 and stable total income. Net income per farm, which averaged \$3,360 in 1961, is estimated at \$3,471 in 1962 and may rise to about \$3,600 in 1963.<sup>2</sup>

Net income per farm reached a post-World War II low of \$2,334 in 1950. It rose during the Korean conflict but declined after the armistice, reaching a low point of \$2,465 in 1955 when the current upward trend began. The gains in realized net per farm reflect primarily the reduction in number of farms, as total realized net income has not changed significantly over the period.

Average annual farm income per worker (family workers plus hired labor) in 1963 will continue its general upward trend of the past 12 years. Farm income per worker

### Number of Farm Workers and Income per Worker 1940-1962



in 1961 was computed at \$2,268 and, on the basis of preliminary farm employment and income estimates, will average about \$2,340 in 1962. A further gain is projected for 1963. The income-per-worker rise resulted from relatively little change in aggregate net farm income and a consistent decline in number of workers. Employment in agriculture has declined steadily since the early 1920's, but the downtrend has been more pronounced since 1950. Such employment declined from 13.4 million in 1920 to 9.9 million in 1950, an average annual rate of less than one per cent. The 6.8 million farm workers in 1962, however, represent a decline of more than 2 per

<sup>2</sup> Computed on the basis of estimated realized net farm income for the nation and the trend in number of farms.

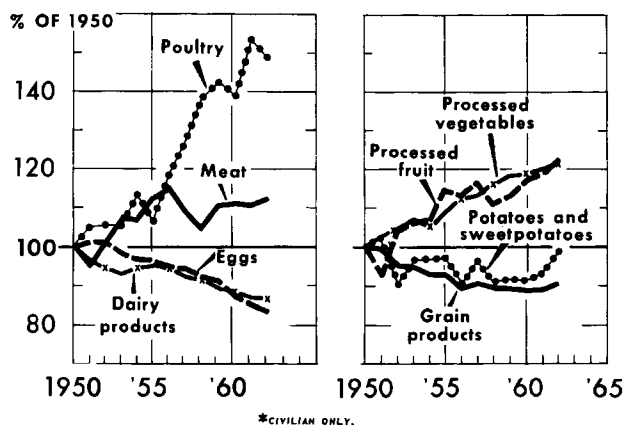
cent per year for the past 12 years. This general downward trend probably will continue in 1963.

The foregoing data represent only income per farm worker from farming. Both farm operators and other farm workers receive income from nonfarm sources, which totals about 50 per cent of their income from farming.

### Demand for Farm Products

Demand for farm products in 1963 will continue upward. Domestic demand should expand by about 1.5 per cent, mainly as a result of population growth. This rise

### Trends in Food Consumption - Per Capita Use\*



in the domestic demand for farm products also assumes a modest gain in general business activity and consumer incomes. Exports may not change substantially from the \$5.1 billion level of 1961-62. Continued economic growth in the more industrial nations of the world and record holdings of gold and dollars in many of the principal importing countries are factors in this optimistic forecast for exports.

Exports have generally trended upward since fiscal 1953-54, and the 1961-62 total was about 60 per cent greater than the average for the years 1954-56 inclusive. A substantial portion of the gain is attributed to Government programs. Public Law 480 enacted in 1954 authorized sales for foreign currencies, donations for relief and emergency needs, and barter in exchange for strategic goods. Exports outside Government programs have accounted for 60 to 70 per cent of total agricultural exports annually since 1954-55. However, 20 to 40 per cent of these commercial sales received some form of Government assistance, such as payments by cash, in kind, or by sales from CCC stocks at less than domestic market prices. These programs for implementing exports will be continued in 1963.

Policies of the European Economic Community (Common Market) may have some adverse effects on exports, particularly of wheat flour and poultry, during the coming year. A system of variable import levies designed to offset the difference between world prices of commodities and desired prices in the Common Market was put into effect on July 30. It remains to be seen what impact these levies will have on United States exports to the area, which represented more than one-fifth of total United States farm exports in fiscal 1961-62.

## Supply of Farm Products

Total output for farm products, after holding relatively steady for three years, may be up somewhat in 1963 from 1962 levels. Quantities of crops produced may be about unchanged, but increases in livestock products are in prospect. Output of all commodities in 1962 is estimated at 107 per cent of the 1957-59 average. This compares with an output of 92 per cent a decade earlier and 82 per cent two decades earlier.

The projected 1963 crop output does not differ greatly from the reduced levels of 1962, although weather, the impact of Government programs, and other factors will, to a great extent, determine yields and production. Stocks of most crops are still abundant. Government stocks at the end of the 1961-62 marketing year, however, were generally down from year-earlier levels, with the smaller output of food and feed grains. Total supplies of feed grain (production plus carryover) in 1962-63 are almost 10 per cent less than a year earlier.

Livestock production is rising and should be up again in 1963 from the record level of 1962. Meat production may total 163.5 pounds per person, or about a pound more than in 1962. Cattle and hog slaughter may each total about 3 per cent more. Broiler production will also be up, providing substantially more than the 25.9 pounds per person consumed in 1962. Small reductions are indicated for veal, lamb, and mutton.

Quantities of dairy products and eggs will rise in 1963, although the increases in output probably will be less than the rate of population growth. Milk production may total 127.5 billion pounds, or 1 billion above 1962 output, and Government stocks are expected to increase sharply. Egg production may exceed slightly the 175 million cases estimated for 1962.

## Prospects for Major Eighth District Commodities

The general outlook for agriculture in the Eighth Federal Reserve District in 1963 is similar to that for the nation, on the basis of the outlook for specific commodities. Realized net income to farmers in the area should remain at about 1962 levels. The district has a wide diversity of farm commodities and no major changes are anticipated in returns from any one commodity. Cotton sales amount to 22.0 per cent of total marketings, cattle sales 18.4 per cent, and soybeans and hog sales 12.0 and 11.5 per cent, respectively. Other products of major importance include: milk, corn, tobacco, broilers, wheat, eggs, and rice. The prospects for these specific commodities, as reported in the Outlook Conference, follow.

### Major Eighth District Commodities

**Cattle**—Commercial cattle slaughter for the nation in 1963 is estimated at about 27 million head, up 3 to 4 per cent from the 1962 level. Beef production may increase similarly. The number of cattle on feed on January 1, 1963 may be 7 to 8 per cent greater than at the beginning of 1962, and carryover of cattle on feed from October

## Farm Commodity Prices

Prices for all farm commodities in 1963 may average slightly below 1962 levels. Farm product prices in 1962 averaged about 1 per cent higher than in 1961 and well above 1959-61 levels. While prices for crops should remain at about their 1962 average in the coming year, livestock prices are expected to be down a little, resulting in slightly lower average prices for all commodities.

Prices of most crops will be supported by Government programs at near 1962 levels when special payments are included. With the Government taking the surplus at support prices, prices received by farmers will remain relatively stable. Corn prices for those who participate in the special conservation program will be supported at \$1.02 per bushel plus an 18 cent per bushel payment-in-kind on "normal" production. Wheat producers who stay within their allotments will be eligible for loans at \$1.82 per bushel and those who participate in the diversion program will receive an 18 cent per bushel payment-in-kind similar to that for corn. Programs like the one for corn are available for grain sorghum and barley producers. Tobacco price supports about 1 per cent higher than in 1962 are indicated on the basis of current supplies. Support prices for the 1963 cotton crop have not been announced.

Prices of most major livestock products, with the exception of dairy products, are not supported and reflect supply and demand conditions in the market. The larger per capita supplies of beef and pork in 1963 probably will be marketed at average prices slightly lower than in 1962. Reduced supplies should result in slightly higher prices for lambs. Support prices for dairy products may average somewhat lower in 1963, especially in the first half of the year. Lower egg prices also may result from a small increase in output and declining consumer demand. A greater output of broilers may bring lower average prices.

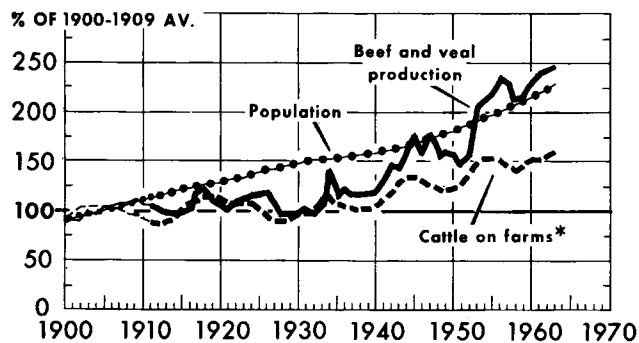
### Major Farm Products Marketed in Eighth Federal Reserve District<sup>1</sup>

Livestock	Per Cent of Total District Marketings
Cattle .....	18.4%
Hogs .....	11.5
Milk .....	7.4
Broilers .....	3.6
Eggs .....	2.3
Other .....	2.2
	45.4%
Crops	
Cotton .....	22.0%
Soybeans .....	12.0
Corn .....	6.1
Tobacco .....	4.0
Wheat .....	3.5
Rice .....	2.2
Other .....	4.8
	54.6%
<b>TOTAL</b> .....	<b>100.0%</b>

<sup>1</sup> Calculated from 1959 Census of Agriculture data. These relationships do not reflect total production. Large quantities of crops are consumed on farms where produced.

1, 1962 to January 1 may be 15 to 17 per cent greater than a year earlier. Numbers placed on feed in the fourth quarter of 1962 probably will exceed those of the fourth quarter last year, contributing to the large January 1 inventory.

### Cattle Numbers and Beef Production



\* CATTLE AND CALVES ON FARMS JAN. 1.

U. S. DEPARTMENT OF AGRICULTURE

USDA PHOTO

The buildup in total cattle numbers, which began in 1958, probably will continue through 1963. The calf crop and imports in 1962 will exceed slaughter and death losses by about 2.5 million head. The calf crop was about 40.5 million head, and imports totaled 900 thousand head. Cattle and calf slaughter was only about 35.8 million head for the year. Cattle and calf numbers in the nation on January 1, 1963 are projected at a record 102 million head. This compares with 99.5 million a year earlier and 91.2 million in 1958 when the current upswing began.

Fed cattle prices may average slightly below 1962 levels in view of the outlook for a substantial increase in beef supplies. Demand for beef has been rising in recent years and should partially offset the impact on prices of larger supplies. Average prices for beef cattle in 1962 were about the same as in 1958, although beef supplies were 18 per cent greater. This upward trend in demand is expected to continue in 1963 and average prices may be only slightly below 1962 levels.

**Hogs**—Indicated fall and spring pig farrowings point to a larger hog slaughter in 1963, and prices may average a little lower than in 1962. The 1962 fall pig crop is estimated at 2 to 3 per cent larger than in 1961 and plans to increase 1963 spring farrowings are reported. Feed grain prices, however, are favorable for hog producers, and profits may be only slightly less than in 1961 and 1962.

**Dairy Products**—Gross returns to farmers from marketings of milk and cream in 1963 are likely to be somewhat less than in 1962. The number of milk cows on farms points to milk production of about 127.5 billion pounds, 1 billion more than in 1962 and considerably above estimated consumption. Per capita consumption of milk in all forms has generally declined since 1955. Stocks of dairy products held by the Commodity Credit Corporation, which are already substantial, are expected to rise further, provided no change is made in the Government dairy program.

**Poultry and Eggs**—A large expansion in poultry output is projected for 1963 and prices probably will average

below 1962 levels. An uptrend in broiler production was underway in the fourth quarter of 1962, and turkey growers indicated plans to keep more breeder hens than a year earlier.

Egg production for the entire year of 1963 may be up slightly and average prices slightly lower. During the early months of the year, however, reduced supplies are indicated, and egg prices may average a little higher than in the second half of the year. Per capita consumption of eggs generally has declined since 1952.

**Cotton**—The 1962 cotton crop of 14.6 million bales exceeded the 1961 crop by 2 per cent. Disappearance in the 1962-63 marketing year is expected to be the smallest since 1958. The smaller disappearance is attributed to a decline in domestic mill consumption. Exports may total about 5.0 million bales, the same as in 1961-62. Because of the larger crop and anticipated smaller disappearance, carryover at the end of the year probably will total around 9.0 million bales, the highest since 1957 but well below the record 14.5 million bales in 1956.

Price supports, which determine, in large part, prices received by farmers, have not been announced for the 1963 crop. The support price for the 1962 crop was 31.88 cents, the same as in 1961.

**Soybeans**—Soybean supplies in the 1962-63 marketing season of 730 million bushels are more than 4 per cent above levels of the previous year. Larger beginning stocks on October 1, 1962 more than offset a 3.5 per cent decline in production. Demand for soybeans, both domestic use and exports, has been rising consistently in recent years, and carryover into 1963-64 may not exceed the 60 million bushels carried over into the 1962-63 marketing year. Soybean crushings in 1962-63 are forecast at a record 450 million bushels, up three per cent from the previous year's level, and exports may total 175 million bushels, an increase of about 12 per cent.

Other major oil and fat supplies, which compete with soybean oil, are up only a small per cent from 1961-62 levels. Lard supplies will remain about the same, and cottonseed and flaxseed oil supplies will be somewhat higher.

The rising demand for high-protein feed points to slightly higher prices for soybean meal in 1962-63, despite the outlook for larger supplies.

**Feed Grains**—Reduced supplies of feed grains for 1962-63 (7 per cent less than in 1961 and 9 per cent below the record high of two years ago) are in prospect as a result of a reduction in feed grain acreage. Such acreage in 1962 was down 4 per cent from that of 1961 and 18 per cent from that harvested in 1959 and 1960, the base period for the Government Feed Grain Program. Most of the reduction has been in corn and grain sorghums, although oats and barley acreages have also been reduced. In spite of a continued increase in yields, the 1962 feed grain crop was slightly below the 1961 crop and 11 per cent under output in 1960. At 139 million tons, the crop is expected to be short of domestic use and exports for the second year in a row. As a result, carryover stocks at the end of 1962-63 may be reduced another 14 million tons, about the same as the reduction in 1961-62. Demand for feed may exceed the high level of this past year, with the

prospective increase in livestock production. Exports of feed grains, however, are expected to be about 3 million tons less than in 1961-62, partially offsetting the increase in domestic consumption.

**Wheat**—The 1962 wheat crop of 1,095 million bushels, together with a carryover of 1,304 million bushels last July 1 and imports of 6 million bushels, has provided a supply of 2,405 million bushels for the 1962-63 marketing year. Domestic disappearance for the year is estimated at a little over 600 million bushels, about the average for the past six years. Exports estimated at about 600 million bushels would be substantially below the levels of the previous two years. Based on these estimates, a carryover of about 1,200 million bushels is in prospect for July 1, 1963.

The 1963 Government Wheat Program provides for the voluntary diversion of allotted wheat acres and support prices. Farmers participating are eligible for payments on acres diverted and a payment of 18 cents per bushel on the "normal" production of acres devoted to wheat. This 18 cents per bushel payment, plus the support price of \$1.82 per bushel, brings the support level to \$2.00 per bushel.

**Rice**—Production of rice in 1962 of 62.7 million hundredweight was about 20 per cent more than in 1961 and 25 per cent larger than the average for the twelve years

1950 through 1961. An expected 10 per cent rise in exports in 1962-63 compared to a year earlier will more than offset a slight decrease in domestic disappearance. Carryover on August 1, 1963 probably will be up sharply from the 1962 level, which was low for recent years. The 1961-62 average price received by farmers for rice is estimated at \$5.02 per hundredweight, 31 cents above the support rate of \$4.71. Support prices for the 1963 crop have not been announced.

**Tobacco**—Total supplies of burley tobacco, the major type produced in the Eighth Federal Reserve District, are about 2 per cent larger in 1962-63 than for 1961-62. Production in 1962 was about 4 per cent above a year earlier and the largest in eight years. Disappearance of burley tobacco may be about 3 per cent above that of a year earlier. Domestic use of burley has increased for four years in succession and, with a continued increase in cigarette output, may gain further in 1962-63.

Some reduction in United States exports in the first half of 1963 compared with a year earlier may result from improved 1962 crops in several European countries. Exports of burley tobacco in 1961-62 were the second highest on record. Demand for United States tobacco is favored by rising world cigarette consumption but this factor will be offset in some degree by increasing competition from foreign producing areas and trade restrictions of importing countries.

## REVIEW INDEX — 1962

Month of Issue	Title of Article	Month of Issue	Title of Article
Jan.	<i>The Economic Recovery of 1961</i>	July	<i>Monetary Developments</i> <i>District Business Activity</i> <i>Budgets of the Federal Government</i> <i>Yields on Corporate Stocks</i> <i>Residential Construction—Major District Cities</i>
Feb.	<i>Business Expands and Bank Credit Rises</i> <i>Review of District Developments in 1961</i> <i>Operations of the Federal Reserve Bank of St. Louis in 1961—An Annual Report</i>	Aug.	<i>Recent Monetary Developments</i> <i>Seasonal Patterns of Business Activity</i> <i>International Comparisons</i> <i>Map of Cities in the Eighth District</i>
March	<i>A Year of Recovery</i> <i>Recent District Banking Developments</i> <i>Member Bank Reserves and the Money Supply</i>	Sept.	<i>Current Problems Facing the United States Economy</i> <i>Recent Developments in Government Foreign Exchange Transactions</i> <i>Farm Income in the Eighth District</i> <i>Eighth District Business Loans</i>
April	<i>Earnings and Expenses of Eighth District Member Banks</i> <i>Developments in the Structure of Banking</i> <i>Recent Growth of Time Deposits</i> <i>The Business Expansion</i> <i>Consumer Instalment Credit</i> <i>Livestock Inventory—January 1, 1962</i> <i>Check Payments—Large District Cities</i>	Oct.	<i>Current Economic Trends</i> <i>Revised Money Supply Series</i> <i>Farm Capital Rose in 1961</i> <i>Economic Indicators—Major District Cities</i>
May	<i>Recent Financial Developments</i> <i>Business Improves Moderately</i> <i>District Developments</i> <i>The International Payments System</i> <i>Prospective Crop Plantings—1962</i> <i>Farm Commodity Exports</i> <i>Check Payments—Medium-sized District Cities</i>	Nov.	<i>A Plateau in Economic Activity</i> <i>Federal Reserve "Float"</i> <i>A Change in Reserve Requirements</i> <i>Labor Market Classifications in the Eighth District</i> <i>Federal Reserve System Actions</i>
June	<i>Monetary Developments</i> <i>Changes in the Velocity of Money, 1951-1962</i> <i>Check Payments—Large District Cities</i>	Dec.	<i>Little Change in Business Activity</i> <i>St. Louis Area Employment, 1950-1962</i> <i>Outlook for Farming in 1963</i>