ACCORDING to the trend of department store sales the economy may have reached, or possibly passed, a peak in the present replacement boom.

Since the first of the year the trend of sales has manifested a leveling off. For example, during the first two weeks in May, department store sales were less than 10 percent above the volume of a year ago; while the January sales were 25 percent above those of a year ago.

During the intervening months there has been a lower rate of expansion in dollar volume of sales.

Department store stocks during March were reduced in the larger centers of the district but during April again increased sharply. According to preliminary figures reported to the Federal Reserve Bank, stocks in stores located in Duluth, Minneapolis, St. Paul, and Superior were 6 percent higher in terms of dollar volume than at the end of the previous month. After an adjustment for the usual seasonal variation, the stocks index rose from 243 in March to 283 in April.

In the smaller communities, department store stocks are at an equally high level, although they did not exhibit the same rise in April. During the war years, merchants placed duplicate orders in the expectation of receiving a small percent of the total order. In many instances merchants are now receiving the full amount of these orders. This has resulted in an over-supply of inventories concentrated in some particular items.

An examination of stocks by departments reveals a concentration of merchandise in piece goods and home furnishings. In the 12-months period ending March 31, stocks in these two departments had risen 1½ times faster than the sales. In home furnishings stocks are still unbalanced.

For example, stocks of radios over the same period increased 3.8 times faster than the sales, and stocks of domestics increased 2.5 times faster than the sales. On the other hand, stocks of mechanical refrigerators were still extremely low.

Much of the merchandise held by retailers in this district is still financed by the concerns’ own capital.

In the larger centers more bank credit has been extended to merchants than in the numerous smaller communities. The liquid funds accumulated during the war have been used by some concerns to expand their floor space. The rapid increase in accounts receivable as a result of the release of charge accounts from Regulation W has absorbed a substantial proportion of the liquid funds. Consequently, some concerns found it necessary to secure bank credit to maintain their inventories at rapidly rising prices.

In the smaller communities of the Ninth District, most retailers are still in a position to finance stocks with their own capital. Bankers estimate that credit has been extended on less than 5 percent of the total.

Credit extended for inventories has been chiefly to GI’s who have taken over a business or organized a new one. Some credit has been extended to appliance dealers on the floor plan method. There is reason to think that the better-managed small business outlets in this district are still in a strong financial position to weather an adverse price trend.

SALES SHIFTING FROM NON-DURABLE TO DURABLE GOODS

Department store sales during the first quarter of this year have continued the 1946 shift from non-durable to durable merchandise. During the war, with a shortage of civilian merchandise, consumers spent a smaller percent of their income and saved more of it. Within less than one year after VJ-day consumers had again increased their spending to about the same proportion of the income at their disposal as prior to the war.

However, a decidedly larger proportion of the total expenditures last year was made for non-durable goods. For example, the sale of piece goods and women’s apparel, which was relatively high during the war years, continued to increase during 1946. In this district the sales in these two departments were approximately 2½ and 2½ times the 1941 average respectively.

During the first quarter of this year sales of women’s apparel were only 6 percent larger as compared with sales for the same period of 1946, while sales of home furnishings were 30 percent larger. The shift in sales from non-durables to durables no doubt will continue as stocks of the latter mount in retail markets.

HIGH FARM INCOME BOOSTS RETAIL SALES

Current income, which constitutes the chief support of retail sales, has continued to rise in this district. The increase is traced primarily to a larger cash farm income. During the first quarter, cash farm income was 34 percent larger than for the same period of last year.
Payrolls are also larger than a year ago but have leveled off in recent months, with the plateau reached in non-agricultural employment.

The extension of credit has supplemented current income in the support of retail sales. Since V-J day, consumer credit outstanding has risen sharply and now stands at an all-time high in the nation of over $10 billion. However, in relation to the present high dollar volume of sales, consumer credit is still at a relatively low figure.

In the Ninth District, the rise in consumer credit outstanding has been comparable to the national trend. According to a sample of 25 banks engaged in consumer credit lending, the amount of such credit outstanding has risen by 2 1/2 times the amount outstanding at the end of hostilities. Furthermore, a large number of banks have entered the field of consumer credit lending during the past few years.

Consumer credit has also risen substantially in the institutions especially organized for the extension of such credit; namely, industrial, small loan, and sales finance companies, and state and federal credit unions. For example, the net amount of loans outstanding in industrial loan companies at the end of April was 11 percent larger than at the end of the preceding month.

In department stores, sales continue to shift from cash to credit. In a small sample of department stores in this district, total monthly cash sales since February have been less than a year ago. During April, cash sales constituted 50 percent of the total, charge accounts 45 percent, and installment sales 5 percent.

Collections on charge accounts have also slowed up materially.

Savings are drawn on to make some purchases. Since the first of the year, time deposits in member banks of this district have increased at a slower rate than formerly, and during the latter part of April a decline occurred in such deposits.

Consumers, nevertheless, hold a substantial backlog of savings. During the first part of April, time deposits in member banks of this district reached a total of almost $900 million—an increase of nearly $100 million in twelve months. A substantial amount of U. S. Government savings bonds are also held by individuals.

In the accompanying table are listed the sales less redemptions through March of this year of U. S. Savings Bonds in this district. With the sale of these securities in recent months, aggregate holdings now total well over $2 billion.

(Continued on Page 457)
AGRICULTURE

Farm Income Up Third; Crop Prospects Good

Crop development in most areas of the Ninth District is two weeks to a month behind last year. This is not too serious, providing weather conditions are about average from here on out, since May thus far has been favorable for farming operations.

A year ago crops got an early start, too early in some cases as they were "nipped" back by the late May freeze. Crop development so far this year may not be more than 10 days behind normal, and farmers are catching up in a hurry with their farm work, thanks to farm mechanization.

There are indications, however, that farmers may shift acreage to some extent from oats and spring wheat to corn, soybeans, or other coarse grain crops. The July 1 Government crop report will show to what extent this has happened.

It also appears probable that farmers may plant more flax than was indicated by earlier reports. The "Prospective Plantings" report issued by the U. S. Department of Agriculture on March 20 indicates an increase over 1946 of 60 percent in Minnesota, 52 percent in South Dakota, 95 percent in North Dakota, and 150 percent increase in Montana.

In general, flax, winter wheat, durum wheat, rye, and soybean acreage in the district may be larger than in 1946. Other spring wheat, oats, corn, and potato acreage may be slightly less.

Seldom, if ever, have top and subsoil moisture conditions been as favorable for the district as a whole as they are at the present time. This, at least, will get grain crops, hay, and pastures off to an excellent start. Growth should be rapid and abundant as temperatures warm up. Rainfall in June and July, however, will really tell the final crop production story for 1947.

RECORD WINTER WHEAT CROP IS FORECAST

Most of the district's winter wheat is produced in Montana and South Dakota. The Montana crop is estimated at 34 million bushels this year, compared with 32 1/2 million last year and 21 million for a recent 10-year average.

The winter wheat crop in South Dakota is estimated at 7 million bushels, which would be the largest production in the 35 years of record. Production during the 10-year period 1936-45 averaged less than 2 million bushels.

No Government forecast of spring wheat production will be made until June 10, but a total United States crop of 265 million bushels is forecast, based on intended plantings and average yields. About 83 percent of total United States spring wheat production was harvested in Ninth District states in 1946.

United States winter and spring wheat production in 1947 may total about 1.3 billion bushels, which is 135 million bushels larger than last year's record production, and 450 million bushels in excess of the 10-year average, 1935-44.

Approximately 800 million bushels of wheat were used domestically from the 1946 wheat crop. If the

Farm Returns, Family-Operated Farms, By Type, 1945 and 1946 with Comparisons

<table>
<thead>
<tr>
<th>Type of Farm and Location</th>
<th>1945 Gross Farm Income</th>
<th>1946 Gross Farm Income</th>
<th>1945 Operator's Net Farm Income</th>
<th>1946 Operator's Net Farm Income</th>
<th>Return Per Hour To All Labor</th>
<th>Return to Investment</th>
<th>Return to Operating Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn Belt Farms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash grain</td>
<td>4,508</td>
<td>10,264</td>
<td>14,233</td>
<td>2,006</td>
<td>5,583</td>
<td>8,563</td>
<td>1.10</td>
</tr>
<tr>
<td>Hog· beef fattening</td>
<td>3,831</td>
<td>9,265</td>
<td>13,419</td>
<td>1,837</td>
<td>5,157</td>
<td>8,906</td>
<td>0.91</td>
</tr>
<tr>
<td>Hog· beef raising</td>
<td>2,986</td>
<td>5,971</td>
<td>8,142</td>
<td>1,256</td>
<td>3,913</td>
<td>7,878</td>
<td>0.73</td>
</tr>
<tr>
<td>Hog· dairy</td>
<td>3,901</td>
<td>7,140</td>
<td>8,933</td>
<td>1,399</td>
<td>3,960</td>
<td>7,992</td>
<td>0.71</td>
</tr>
<tr>
<td>Spring Wheat Farms (No. Plains):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wheat· corn· livestock</td>
<td>2,654</td>
<td>8,190</td>
<td>10,125</td>
<td>1,382</td>
<td>5,476</td>
<td>7,314</td>
<td>0.85</td>
</tr>
<tr>
<td>Wheat· small grains· livestock</td>
<td>2,571</td>
<td>8,775</td>
<td>10,778</td>
<td>1,188</td>
<td>5,349</td>
<td>7,181</td>
<td>0.79</td>
</tr>
<tr>
<td>Wheat· roughage· livestock</td>
<td>2,009</td>
<td>7,529</td>
<td>9,154</td>
<td>1,047</td>
<td>5,067</td>
<td>6,784</td>
<td>0.73</td>
</tr>
<tr>
<td>Winter Wheat Farms (So. Plains):</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wheat</td>
<td>2,659</td>
<td>12,075</td>
<td>15,922</td>
<td>2,120</td>
<td>9,592</td>
<td>12,493</td>
<td>0.82</td>
</tr>
<tr>
<td>Dairy Farms</td>
<td></td>
<td>7,450</td>
<td>8,786</td>
<td>1,316</td>
<td>3,972</td>
<td>5,066</td>
<td>0.85</td>
</tr>
</tbody>
</table>

2 Net farm income minus rent and interest paid by the farm operator. This is what the farm operator and his family get for the use of their labor, capital, and land after paying current production expenses, rent, and interest on the mortgage debt and taking account of changes in inventory.
3 Net return above farm production expenses, other than hired labor, and an allowance for the use of capital employed in the farm business divided by the total hours of operator, other family and hired labor used on the farm during the year.
4 Net return above farm production expenses, other than hired labor, and an allowance for the use of capital employed in the farm business divided by the total hours of operator, other family and hired labor used on the farm during the year.
5 Net return above farm production expenses, other than hired labor, and an allowance for the use of capital employed in the farm business divided by the total hours of operator, other family and hired labor used on the farm during the year.
1947 crop actually totals 1.3 billion bushels about $50 million bushels would, therefore, be available for export and carry-over.

Before the war, a prospective crop of 1.3 billion bushels of wheat probably would have resulted in all-time lows for wheat prices. But conditions have changed, at least temporarily. During the past two years nearly 400 million bushels have been exported annually.

The demand for food abroad, especially wheat, is tremendous. More United States wheat could be exported if shipping facilities were available. Many observers feel that because of poor prospective wheat crops in Europe, United States wheat exports this year may exceed the level of recent years; at least the demand is expected to be greater.

Argentina is the only other country with sizeable export quantities of wheat. Foreign governments are purchasing there at a cost of $3.75 a bushel, which is considerably over United States wheat prices.

In another two or three weeks the United States wheat harvest will begin, and especially so if export restrictions are to be removed by July 1.

In spite of the prospects for record wheat exports in 1947, total production may be large enough that wheat carry-over at the end of the 1947-48 marketing season may total nearly 250 million bushels, according to the U. S. Department of Agriculture. This would be a more comfortable margin compared with the 100 million carry-over of the last two seasons.

FARM PRICES DECLINE SLIGHTLY; COSTS HIGHER

The costs of farming continued their upward trend for the period ending April 15. Prices of farm machinery, building materials, feed, seed, fertilizers, and equipment and supplies on April 15 were up slightly from the previous month and up sharply from a year earlier. Farm production costs on April 15 were approximately 80 percent higher compared with the 1935-39 average.

The costs of commodities used in farm family maintenance, including food, clothing, furniture and furnishings, and general operating expenses were nearly double pre-war.

In contrast to rising farm costs, prices received by farmers turned down from their March 15 peak. The decline was slight, however, and prices received on April 15 were still more than two and a half times the 5-year average, 1935-39. Almost full employment, high industrial activity, record high consumer incomes, along with tremendous foreign requirements for United States food have tended to keep the demand for farm products at a high level.

The parity ratio, which is simply the prices received by farmers divided by prices paid index by farmers, stood at 120 on April 15, or 20 points above full parity. A year ago this ratio was 117. It was only 84 for the 5-year period, 1935-39, and it was in the low 60's during the depression. The parity ratio is an indication of the farmer's price position relative to other prices.

CASH FARM INCOME NEW RECORD IN FIRST TWO MONTHS OF '47

New highs for farm prices combined with continued near-record production of farm products have boosted district cash farm income one-third for the first two months this year, compared with the same period a year earlier.

With even higher farm prices since March 1, it appears likely that cash farm income for the first half of 1947 might well be one-fourth to one-third larger compared with the first half of 1946.

District cash farm incomes thus far in 1947 are higher comparatively than for the country as a whole. This difference may be explained, partly at least, by the advance in wheat prices above the average of most farm products, hogs excepted. Wheat is the district's most important single farm commodity, accounting in 1945 for 16 percent of the district's cash farm income.
BANKING

Bank Loans Show Little Gain

The rapid rate of bank credit expansion of recent months tapered off considerably during April and the early part of May in this area. Total loans and discounts of all Ninth District member banks rose by only $2 million during April to total $643 million by the end of the month.

This expansion is substantially less than the approximately $20 million rise during each of the other months in 1947. All of the expansion occurred at country banks.

As a matter of fact, total loans at the larger city banks declined by $9 million during the month. Most of the decline was registered by commercial, industrial, and agricultural loans, together with loans on securities. Loans on real estate continued to expand but apparently at a substantially lower rate of increase than had occurred in recent months.

The rate of expansion in bank loans since June of 1946 has been one of the largest in history. Member bank loans in this area of $459 million at the end of June, 1946, had

Assets and Liabilities of All Ninth District Member Banks* (In Million Dollars)

<table>
<thead>
<tr>
<th>Assets</th>
<th>April 30, 1947</th>
<th>March 30, 1947</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and Discounts</td>
<td>$643</td>
<td>$641</td>
<td>+2</td>
</tr>
<tr>
<td>U. S. Government Obligations</td>
<td>1,811</td>
<td>1,836</td>
<td>-27</td>
</tr>
<tr>
<td>Other Securities</td>
<td>157</td>
<td>153</td>
<td>+4</td>
</tr>
<tr>
<td>Cash and Due from Banks</td>
<td>766</td>
<td>809</td>
<td>+39</td>
</tr>
<tr>
<td>Other Assets</td>
<td>24</td>
<td>22</td>
<td>+2</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$3,401</td>
<td>$3,457</td>
<td>-56</td>
</tr>
<tr>
<td>Liabilities and Capital</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Banks</td>
<td>$327</td>
<td>$376</td>
<td>+39</td>
</tr>
<tr>
<td>War Loan Deposits</td>
<td>73</td>
<td>92</td>
<td>+19</td>
</tr>
<tr>
<td>Other Demand Deposits</td>
<td>1,888</td>
<td>1,872</td>
<td>+16</td>
</tr>
<tr>
<td><strong>Total Demand Deposits</strong></td>
<td>$2,298</td>
<td>$2,340</td>
<td>-42</td>
</tr>
<tr>
<td>Time Deposits</td>
<td>900</td>
<td>898</td>
<td>+2</td>
</tr>
<tr>
<td><strong>Total Deposits</strong></td>
<td>$3,198</td>
<td>$3,328</td>
<td>-128</td>
</tr>
<tr>
<td>Borrowings from F. R. B.</td>
<td>2</td>
<td>21</td>
<td>-19</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>13</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Capital Funds</td>
<td>188</td>
<td>187</td>
<td>+3</td>
</tr>
<tr>
<td><strong>Total Liabilities and Capital</strong></td>
<td>$3,401</td>
<td>$3,457</td>
<td>-56</td>
</tr>
</tbody>
</table>

*This table is in part estimated. Data for loans and discounts, U. S. Government obligations, and other securities are obtained by reports directly from the member banks. Reserve balances, cash items, and data on deposits are largely taken from the semi-monthly report which member banks make to the Federal Reserve Bank for the purpose of computing reserves. Data for borrowings from the Federal Reserve Bank are taken directly from the books of the Federal Reserve Bank. The item "other liabilities," which may include some borrowings by banks from other banks, is largely estimated. Capital funds, other assets, and total assets and liabilities are extrapolated from call report data.

Assets and Liabilities of Twenty Reporting Banks (In Million Dollars)

<table>
<thead>
<tr>
<th>Assets</th>
<th>May 14, 1947</th>
<th>April 16, 1947</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Com., Ind. and Ag. Loans</td>
<td>$201</td>
<td>$210</td>
<td>-9</td>
</tr>
<tr>
<td>Real Estate Loans</td>
<td>46</td>
<td>47</td>
<td>+1</td>
</tr>
<tr>
<td>Loans on Securities</td>
<td>19</td>
<td>20</td>
<td>+1</td>
</tr>
<tr>
<td>Other Loans</td>
<td>82</td>
<td>82</td>
<td></td>
</tr>
<tr>
<td><strong>Total Loans</strong></td>
<td>$348</td>
<td>$357</td>
<td>-9</td>
</tr>
<tr>
<td>U. S. Treasury Bills</td>
<td>5</td>
<td>11</td>
<td>-6</td>
</tr>
<tr>
<td>U. S. Treasury Cert. of Indebt</td>
<td>35</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>U. S. Treasury Notes</td>
<td>76</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>U. S. Government Bonds</td>
<td>589</td>
<td>597</td>
<td>+2</td>
</tr>
<tr>
<td><strong>Total U. S. Government Securities</strong></td>
<td>$705</td>
<td>$716</td>
<td>-11</td>
</tr>
<tr>
<td>Other Investments</td>
<td>60</td>
<td>61</td>
<td>+1</td>
</tr>
<tr>
<td>Cash and due from banks</td>
<td>411</td>
<td>400</td>
<td>-1</td>
</tr>
<tr>
<td>Miscellaneous Assets</td>
<td>16</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$1,540</td>
<td>$1,549</td>
<td>-9</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand Deposits, Ind., Part., Corp.</td>
<td>$730</td>
<td>$711</td>
<td>-19</td>
</tr>
<tr>
<td>Demand Deposits, U. S. Government</td>
<td>31</td>
<td>42</td>
<td>-11</td>
</tr>
<tr>
<td>Due to Other Banks</td>
<td>288</td>
<td>314</td>
<td>-26</td>
</tr>
<tr>
<td>Other Deposits</td>
<td>378</td>
<td>374</td>
<td>+4</td>
</tr>
<tr>
<td><strong>Total Deposits</strong></td>
<td>$1,427</td>
<td>$1,441</td>
<td>-14</td>
</tr>
<tr>
<td>Borrowings</td>
<td>6</td>
<td>2</td>
<td>+4</td>
</tr>
<tr>
<td>Miscellaneous Liabilities</td>
<td>12</td>
<td>11</td>
<td>+1</td>
</tr>
<tr>
<td>Capital Funds</td>
<td>95</td>
<td>97</td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities and Capital</strong></td>
<td>$1,540</td>
<td>$1,549</td>
<td>-9</td>
</tr>
<tr>
<td>Excess Reserves</td>
<td>7</td>
<td>1</td>
<td>+6</td>
</tr>
</tbody>
</table>

In part the tapering off of this increased to $643 million 10 months later, an average increase of approximately $20 million per month.

This expansion has been all the more impressive when it is remembered that loans on securities, which were fairly substantial a year ago, have been rapidly retired during recent months.

Commercial and industrial loans during the final six months of 1946 increased 60 percent, and loans on real estate and consumer loans both experienced impressive gains.

In part the tapering off of this

LOANS at city banks declined during May.

Commercial loans accounted for most of loan contraction.

Country banks lost deposits during the month as city banks gained funds.

Reduction of borrowings at Federal Reserve bank indicates easier reserve position.
rapid expansion is a seasonal development, but it seems probable that part of it arises from a slightly more cautious attitude on the part of bankers with regard to the general business outlook.

The movements in deposits were somewhat more complex. War loan accounts of the U. S. Government continued to decline and amounted to only $73 million for all member banks at the end of April. Deposits due to other banks also declined rather sharply during the month.

On the other hand, demand deposits of individuals and businesses and time deposits on balance increased. A closer examination reveals, however, that virtually all of this deposit expansion was experienced by the larger banks.

Country banks in general either held their own or experienced some deposit contraction. This again is at least to a substantial degree a seasonal development.

In general the reserve position for most banks has been comparatively easy during recent weeks. Borrowings from the Federal Reserve Bank of $21 million at the end of March were reduced to $2 million four weeks later, indicating in part the easier reserve position and the use of excess reserves to retire borrowings from this bank.

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**BUSINESS**

(Continued from Page 453)

According to surveys made on how individuals plan to use their savings, a large number of them intend to employ their savings for the construction of a home or the purchase of other durable goods.

Consequently, a portion of these savings will supplement current income in the creation of purchasing power when, in the opinion of these individuals, this merchandise may be had at reasonable prices.

**Credit Sales Respond to Increased Supplies**

Reports from retail establishments participating in this year's retail credit survey, which provided a breakdown of their sales into cash, open credit, and installment sales (see Table I), indicate that total sales of all credit granting stores during 1946 continued their upward trend to a level 32 percent above 1945 sales.

Although sales in all lines of goods were above a year ago, the largest increases were recorded in sales of consumer durable goods. Soft goods, after price rises are taken into consideration, did little more than maintain a volume of sales equivalent to that recorded for 1945.

Sales during 1946 were still heavily weighted with cash sales, which accounted for approximately 60 percent of the total. Because the retail credit survey deals only with credit granting stores, this proportion of cash sales does not give a true picture for total retail trade in this area. After adjustments have been made to allow for the strictly cash stores operating in this district, cash sales accounted for approximately three-fourths of total sales. (Table II)

Although total cash sales have continued the rising trend exhibited throughout recent years, the proportion that such sales are of total sales has passed the peak and has assumed a downward movement. This drop in the proportion of cash sales and its consequent increase in credit sales reflects the large increase in consumer expenditures in relation to income. Disposable income of individuals in the United States in 1946 was up only 5 percent over 1945, while consumer expenditures were up 20 percent.

Open credit sales, which suffered a proportionate set-back during the war, have started to climb back to a prewar relationship with total sales. Such sales accounted for 26.0 percent of total sales in 1939. This proportion, after increasing up through 1942, dropped to only 19.9 percent of total sales in 1944. During 1946, open credit sales accounted for 21.0 percent of total sales.

Installment selling at retail stores in the Ninth District during 1946, when compared to total sales, showed little change from the proportions that existed during the war years. In 1939, installment sales accounted for 10.3 percent of total sales. This proportion remained much the same until 1942, at which time the effects of Regulation W acted as a deterrent to this type of buying. Installment sales in 1942 were only 4.9 percent of total sales. These sales maintained the same ratio to total sales up through 1946.

These statistics on cash, open

(Continued on Next Page)
The supply of goods had been built up during 1946 for sales to return to a pre-war pattern. Shortages in many lines inhibited this tendency, but with supplies of goods becoming more and more plentiful and competition for the consumer's dollar becoming correspondingly more keen, the pre-war relationship between cash and credit sales should evolve more rapidly.

**PATTERN FOR DURABLES AND NON-DURABLES STORES DIFFERS**

Firms engaged primarily in the sale of durable goods sold a much larger proportion of their goods for cash than did the firms dealing principally in non-durable goods. (Table III)

Cash sales at durable goods stores, which include automobile dealers, automobile tire and accessory shops, furniture, hardware, and household appliance stores, were more than twice as high in 1946 as they were a year previously. Open credit sales were up 91 percent and installment sales increased 71 percent.

The trends exhibited by the durable goods stores were reversed in the non-durable goods firms. In these firms the largest increases occurred in installment sales. Open credit sales were next in importance and sales for cash showed no increase that could not be accounted for by the rise in prices.

These divergent trends in the two types of stores is probably accounted for by the still largely unsatisfied demands for such items as automobiles, refrigerators, and other relatively scarce durable goods. Dealers were still operating in a seller's market and therefore such sales as were made were cash transactions to a greater degree than usual.

In the non-durable goods lines the supply of goods had been built up to a more or less normal relationship with demand.

The divergence between durable goods stores and non-durable goods stores is further reflected in the accounts receivable outstanding at the end of the year for each type of store.

Total receivables at durable goods stores, in spite of the large increases in all types of sales, have increased only 44 percent over the 1945 figure. In non-durable goods stores, sales have increased at a much slower rate, but receivables increased by 51 percent.

**INVENTORIES EXPAND 80%**

Inventories at retail for all reporting stores were 79 percent higher at the end of 1946 than a year earlier. Sales during the same period for an identical group of stores were only up 36 percent.

This increase in the ratio of inventories to sales reflects the attempts of retailers to build up their stockpile of goods which had been eaten into rather heavily during the war years.

Balance sheet figures indicate a shift in assets from cash, bank deposits, and current assets to a more or less normal relationship with demand.

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Agricultural and Business Conditions

National Summary of Business Conditions

April, compared with 277 in March and an average of 271 in the first four months of this year. In May, dollar volume of sales showed less than the usual seasonal decline, and in the first half of the month it was 12 percent larger than in the corresponding period of 1946.

Prices of most basic commodities showed little change in the early part of May, following declines in April. Prices of feed grains and copper advanced, while prices of rubber, wool tops, paint materials, and lumber declined. The general level of wholesale prices, according to the Bureau of Labor Statistics weekly index, has been at 147 percent of the 1926 average since the middle of April as compared to an average level of 149 percent in March.

Treasury Finance and Bank Credit—Treasury redemption for cash of part of the weekly maturing bill issues continued into May. Between April 17, when the program began, and May 22 one billion dollars of Treasury bills were retired. Largely as a result of these retirements, Treasury war loan deposits at commercial banks were reduced by about 800 million dollars in the five weeks ending May 27.

Commercial and industrial loans, which had expanded rapidly from the middle of 1946 until March, 1947, declined somewhat during April and the first half of May at banks in leading cities. Real estate and consumer loans continued to increase. Government security holdings declined between the middle of April and the middle of May.

Agriculture (Continued from Page 455)

In spite of increased farm costs in recent years the farmers' net income position has steadily improved. For example, on a typical family-operated, wheat-small-grains-livestock farm in the northern Plains area, the operator's net farm income in 1946 averaged $7,181. This compared with $5,349 in 1945 and $1,188 for the pre-war 5-year average, 1937-41.

The return per hour to all labor was $1.00 in 1946, 71 cents in 1945, and 25 cents for the 5-year pre-war average. The 1946 return on investment was 7.7 percent for the hog-dairy farms and 15.1 percent for the spring wheat farms. (See table on Farm Returns.)

This interesting study by the Department of Agriculture also indicated that the operating expense per dollar of gross farm income had declined from 69 cents for the 1937-41 average to 28 cents in 1946 for the typical spring wheat farm. For the hog-dairy farm the decline was from 91 cents in 1937-41 to 60 cents in 1946.