

FEDERAL RESERVE BANK OF ST. LOUIS

MONTHLY REPORT ON GENERAL BUSINESS AND AGRICULTURAL CONDITIONS IN FEDERAL RESERVE DISTRICT No. 8

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The Government's procedure against those alleged to be hoarding food, coupled with the increased labor unrest, has tended to unsettle business in some lines. While no marked decrease in the volume of business is apparent, there is evidence of uneasiness in some quarters, because the complexity of the situation makes it difficult to forecast the future from a business standpoint.

During the past four weeks the most important gain in activity was that of dealers in building supplies. They were about the last to feel the effects of the restored confidence that came with spring. Higher rents, increased incomes, and general prosperity, have stimulated activity in this line.

General trade has continued good in this district, although labor troubles in other sections of the country and freight delays have interfered considerably with deliveries in some lines.

MANUFACTURING.—A large shoe manufacturing concern states that its business during July increased 33½% over the corresponding month last year, but decreased 7½% as compared with the past June. It states that the present high prices for shoe materials make business hazardous, because it appears that eventually prices must be lowered materially.

A clothing manufacturer says, the demand exceeds the supply, and that raw material is hard to get. He reports an increase of 40% in business during July as compared with last year, and an increase of 50% over the previous month this year.

A stove manufacturing firm asserts that its orders on hand for future delivery are over 100% larger than they were at this time last year. He attributes the large demand for his product to good crop conditions.

"I think the outlook very good for the fall and winter months," says a manufacturer of clay products. His business, he says, in July was 35% less than July last year, but 47% larger than it was this June.

A large milling company states that it does not expect flour mills to resume normal business until Government control ceases. "At the same time," it says, "we realize that Government control must continue through the 1919 wheat crop, and so we approve of it."

WHOLESALE AND JOBBING.—Inquiries among jobbers reveal that one of their biggest problems is keeping in stock goods called for by the trade. Collections continue good.

Drug concerns report increases in business as high as 25% over July last year. One concern says, it has larger orders on hand for future delivery than are usual at this time of the year. It attributes this fact largely to the expected return of the influenza epidemic this fall. Stocks in the hands of retailers are said to be larger and more complete than formerly.

Wholesale dry goods houses continue to report the demand above normal, and expect trade to continue good through the fall and winter.

Wholesale shoe dealers are beginning to book spring orders in larger volume than heretofore. They look for unusually good business from fill-in orders during the early fall months.

One wholesale grocery concern reports an increase of 85% in business during July, as compared with the corresponding month last year. It says its business is steadily improving, but complains that there is a scarcity of offerings of western coast products.

Steel plants are working at about 80% capacity. Hardware dealers report increases in business as high as 30% over July last year. They complain of slow freight deliveries, and of other causes restricting the supply of goods.

A lumber dealer reports increases of 75% in business over July last year and the previous month this year. The increased building activity has resulted in a good domestic demand, but activity is restricted by the continued lack of export orders. One dealer says, he "looks for the best business in 10 years."

RETAIL.—There is the usual mid-summer dullness in retail trade, but this is somewhat offset by numerous bargain sales which bring out the buyers. One large retail store reports a decrease of 40% in business from June, but an increase of 30% over July last year. Retailers, generally, look for a good fall business, beginning in September, and have laid in heavy stocks in anticipation of a record-breaking demand. The extraordinary demand for automobiles and for high-priced jewelry continues. Jewelers say there is increasing difficulty in obtaining fine goods.

AGRICULTURE.—The harvesting of wheat is nearing completion, and reports indicate that the total yield in this district will exceed that of last year, and the average for the previous five years. However, the quality of the wheat is said to be below the average. Hot, dry weather has damaged corn in some sections. Reports indicate that the yield in this district will be somewhat below last year's yield, and also below the average for the previous five years.

The following table, compiled by the U. S. Bureau of Crop Estimates, shows the acreage of the principal crops in this district, and the estimated production, based on condition August 1st, 1919, as compared to the acreage and production last year. These figures refer to the States of Arkansas, Illinois, Indiana, Kentucky, Mississippi, Missouri, and Tennessee. They exclude the counties in the northern part of Illinois, which are in District No. 7; the counties in the northern part of Indiana, which are in District No. 7; the counties in the eastern part of Kentucky, which are in District No. 4; the counties in the southern part of Mississippi, which are in District No. 6; the counties in the western part of Missouri, which are in District No. 10; and the counties in the eastern part of Tennessee, which are in District No. 6.

CROPS.	Acreage, 1919.	Forecast of Production, Based on Condition August 1, 1919.	Acreage, 1918.	Production, 1918.
	<i>Acres.</i>	<i>Bushels.</i>	<i>Acres.</i>	<i>Bushels.</i>
Corn.....	15,366,000	369,857,000	16,726,000	372,977,000
Winter Wheat.....	7,357,000	103,537,000	5,680,000	101,837,000
Oats.....	2,438,000	70,474,000	2,597,000	77,486,000
		<i>Tons.</i>		<i>Tons.</i>
Hay (all).....	5,626,000	7,443,000	5,672,000	6,500,000

The hot, dry weather has benefited cotton, and planters report that it has been brought up to a better state than expected. The condition of the cotton was estimated by the Government in July 25th, as follows: Arkansas, 63%; Mississippi, 63%; Missouri, 67%; and Tennessee, 67%. Damage by the boll-weevil is reported from some sections in the South, particularly where heavy rains have occurred.

According to Government reports, the level of prices paid producers in the United States for the principal crops, increased about 6.1% during July, while in the past ten years the price level increased only 1.6% during July. On August 1st, the index figure of prices was 17.2 higher than a year ago.

LIVE STOCK.—The report of the St. Louis National Stock Yards for July, 1919, shows increases in all receipts and shipments, except in the receipts of cattle, as compared with the corresponding month last year. The comparative figures are as follows:

	Cattle		Hogs		Sheep		Horses and Mules	
	1919	1918	1919	1918	1919	1918	1919	1918
July Receipts.....	138,609	155,189	232,090	226,621	136,962	93,527	15,535	8,943
Shipments.....	81,059	39,264	339,830	60,333	64,427	16,531	24,623	7,261

Hogs sold as high as \$23.50 per 100 pounds during the month, but since then prices have broken considerably.

LABOR.—The shortage of skilled labor in many industries is still marked. There is a good demand for high-class factory and office executives, and for technical men in manufacturing lines. A strike of telephone operatives, which threatened to spread sympathetically to other industries, has been settled. However, other labor troubles have developed, notably a strike of street car men, which, however, has not resulted in serious trouble, and seems likely to be settled any day.

According to the report of the Demobilization Bureau of Soldiers, Sailors and Marines, in St. Louis, from December 16th to August 2nd, inclusive, 18,735 men registered, and the Bureau had 19,149 calls for help; 17,981 men were referred to positions, and of these, 15,287 were placed.

BUILDING.—The acceleration in building operations noted in June, continued during July. Comparative figures for July are as follows:

	1919		July		1918	
	Permits	Cost	Permits	Cost	Permits	Cost
St. Louis.....	887	\$3,302,537	450	\$1,159,533		
Louisville.....	187	438,215	107	207,785		
Memphis.....	197	808,150	38	42,204		
Little Rock.....	113	282,216	78	79,265		
Evansville.....	117	74,754				

BANKING.—The demand for money in July continued about the same as in June, with no marked changes in rates. The high, low and customary discount and interest rates prevailing in St. Louis, Louisville, Memphis and Little Rock, from July 16th to August 15th, as reported by banks located in those cities, were as follows:

	St. Louis			Louisville			Memphis			Little Rock		
	H	L	C	H	L	C	H	L	C	H	L	C
Customers' prime commercial paper:												
30 to 90 days.....	6	5¼	5½	6	5	6	6	5	6	7	6	6
4 to 6 months.....	6	5½	5½	6	5	6	6	5	6	6½	6	6
Prime commercial paper purchased in open market:												
30 to 90 days.....	5½	5	5½	5½	5¼	5½	.....	.....	.....	6	5¼	5½
4 to 6 months.....	5¾	5¼	5½	5½	5¼	5½	.....	.....	.....	.....	.....	.....
Loans to other banks.....	6	5	5½	5	5	5	6	5	6	6	6	6
Bankers' acceptances of 60 to 90 days:												
Endorsed.....	6	4½	4¼	4½	4¾	4¾	.....	.....	.....	.....	.....	.....
Unendorsed.....	6	4¾	4¼	4½	4¾	4¾	.....	.....	.....	.....	.....	.....
Loans secured by prime stock exchange collateral or other current collateral:												
Demand.....	6	5	5½	6	5	6	6	5	6	7	6	7
3 months.....	6	5½	5½	6	5	6	6	5	6	7½	6	6½
3 to 6 months.....	7	5½	6	6	5	6	6	6	6	8	6	7
Cattle Loans.....	6½	5½	6	.....	.....	.....	6	5½	6	7	7	7
Commodity paper secured by warehouse receipts, etc.....	6½	5½	6	6	5	6	6	5½	6	8	6	7
Loans secured by Liberty Bonds and Certificates.....	6	4¾	5½	6	4¾	5	5	4¾	5	7	6	6

Dealers in commercial paper state that the demand for paper was exceptionally large during July and the early part of August. Firms are liberal borrowers, and rates are firm at 5¼ to 5½ for the best grades of paper.

Stocks and bonds in this District have followed the eastern markets, and have dropped in price very materially, as a result of the agitation against the high cost of living and labor unrest.

In July, the Federal Reserve Bank of St. Louis discounted a total of \$146,827,157.09 of paper for 190 different member banks, which is a decrease of \$24,216,453.12 from the amount of paper discounted during June, and an increase of 22 in the number of banks accommodated. There was no change in the discount rates of the Federal Reserve Bank during the past month. The rates in effect on August 19, 1919, were as follows:

MEMBER BANKS' COLLATERAL NOTES:	15 days and less	16 to 60 days	61 to 90 days	91 days to 6 months
Secured by Liberty Bonds or Treasury Certificates.....	4%	.....	.....	.....
Secured by War Finance Corporation Bonds.....	5%	.....	.....	.....
Secured by Bills Receivable.....	4%	.....	.....	.....
REDISCOUNTS:				
Secured by Liberty Bonds or Treasury Certificates.....	4%	4¼%	4¼%	.....
Secured by War Finance Corporation Bonds.....	5%	5¾%	5¾%	.....
Commercial Paper.....	4%	4¾%	4¾%	.....
Agricultural or Livestock Paper.....	4%	4¾%	4¾%	5½%
Trade Acceptances.....	4%	4½%	4½%	.....
Bankers' Acceptances purchased at the market rate, subject to agreement.				

The condition of the banks in this District at the present time, and the changes during the past month, are reflected in the following comparative statement, showing the principal resources and liabilities of member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville:

	Aug. 8, 1919	July 3, 1919
Number of Banks reporting.....	34	34
United States bonds to secure circulation.....	\$ 17,155,000	\$ 17,156,000
Other United States bonds, including Liberty Bonds.....	17,184,000	15,421,000
United States Victory notes.....	12,143,000	16,544,000
United States certificates of indebtedness.....	35,199,000	30,931,000
Total United States securities owned.....	81,681,000	80,052,000
Loans secured by United States bonds and certificates.....	26,366,000	28,682,000
All other loans and investments.....	410,288,000	390,064,000
Total loans and investments.....	518,335,000	498,798,000
Reserve with the Federal Reserve Bank.....	42,118,000	39,235,000
Cash in vault.....	9,656,000	9,544,000
Net Demand deposits on which reserve is computed.....	320,753,000	300,388,000
Time deposits.....	99,780,000	98,145,000
Government deposits.....	23,771,000	22,688,000

The volume of banking business transacted in this District during the past month is indicated by the following comparative table, compiled from information received from the Clearing Houses in the cities shown:

Debits to Individual Accounts, week ending:	July 16	July 23	July 30	Aug. 6
St. Louis.....	\$214,693,000	\$151,400,000	\$146,176,000	\$156,276,000
Louisville.....	37,606,000	38,091,000	28,923,000	32,642,000
Memphis.....	32,133,000	27,708,000	24,086,000	28,402,000
Little Rock.....	9,270,000	6,417,000	7,257,000	9,091,000
Evansville.....	3,980,000	4,018,000	5,258,000	5,365,000

Debits to Bank Accounts, week ending:	July 16	July 23	July 30	Aug. 6
St. Louis.....	\$190,308,000	\$140,608,000	\$133,484,000	\$151,857,000
Louisville.....	31,391,000	35,767,000	36,609,000	36,723,000
Memphis.....	26,631,000	22,346,000	22,038,000	22,488,000
Little Rock.....	6,832,000	6,304,000	5,783,000	5,694,000
Evansville.....	3,082,000	2,491,000	3,090,000	3,785,000

The resources and liabilities of the Federal Reserve Bank of St. Louis on August 8, 1919, as compared to a month ago and a year ago, are shown in the following statement:

RESOURCES:	July 11, 1919	Aug. 8, 1919	Aug. 9, 1918
Gold coin and certificates.....	\$ 3,535,000	\$ 2,760,000	\$ 2,004,000
Gold settlement fund—F. R. Board.....	26,720,000	24,175,000	34,134,000
Total gold held by bank.....	30,255,000	26,935,000	36,138,000
Gold with foreign agencies.....			388,000
Gold with Federal Reserve Agent.....	62,259,000	51,360,000	31,389,000
Gold Redemption Fund.....	3,363,000	6,474,000	2,341,000
Total gold reserve.....	95,877,000	84,769,000	70,256,000
Legal tender notes, silver, etc.....	3,561,000	4,536,000	480,000
Total reserves.....	99,438,000	89,305,000	70,736,000
Bills discounted—Secured by Government war obligations.....	47,711,000	59,490,000	29,824,000
Bills Discounted—All other.....	10,490,000	10,271,000	27,554,000
Bills bought in open market.....	8,973,000	9,612,000	2,721,000
Total bills on hand.....	67,174,000	79,373,000	60,099,000
U. S. Government bonds.....	1,153,000	1,153,000	1,153,000
U. S. Certificates of Indebtedness.....	17,068,000	17,068,000	321,000
Total earning assets.....	85,395,000	97,594,000	61,573,000
Bank premises.....	692,000	691,000	
Uncollected items and other deductions from gross deposits.....	50,004,000	51,784,000	39,715,000
5% redemption fund against F. R. Bank notes.....	812,000	658,000	
All other resources.....	469,000	510,000	1,100,000
TOTAL RESOURCES.....	236,810,000	240,542,000	173,124,000
LIABILITIES:			
Capital paid in.....	3,862,000	3,945,000	3,640,000
Surplus.....	2,589,000	2,589,000	
Government deposits.....	8,474,000	5,124,000	6,966,000
Due to members—Reserve Account.....	64,915,000	62,752,000	54,227,000
Deferred availability items.....	36,414,000	38,988,000	29,407,000
Other credits.....	482,000	4,143,000	127,000
Total gross deposits.....	110,285,000	111,007,000	90,727,000
F. R. Notes in actual circulation.....	103,883,000	106,004,000	77,037,000
F. R. Bank notes in circulation—net liability.....	15,691,000	16,298,000	
All other liabilities.....	500,000	699,000	1,720,000
TOTAL LIABILITIES.....	236,810,000	240,542,000	173,124,000