



MONTHLY REVIEW

*Of Agricultural, Industrial, Trade and Financial
Conditions in the Eighth Federal Reserve District*

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INFLUENCED by the usual seasonal quietness and depressed business conditions elsewhere, the trend of commercial and industrial activities in the Eighth Federal Reserve District continued downward during August. Unusually hot weather during the first three weeks of September militated against the movement of many lines of merchandise, and interfered with plans for resumption of operations at numerous manufacturing plants, with the result that signs of betterment in business which ordinarily appear at this time were less in evidence than in former years. Failure of commodity prices to advance or to exhibit a tendency to stabilize at their recent low levels, weakness in the security markets and the further decline in values of farm products combined to emphasize the cautious and conservative attitude of merchants and the general public in the matter of filling their requirements for goods. This was particularly the case with reference to future commitments, purchasing being almost universally on a hand-to-mouth basis.

Without exception, the volume of business transacted in August by lines investigated by this bank was below that of the same month in 1930, and the average during the past decade. Barring a few classifications directly affected by seasonal considerations, such as dry goods, men's hats, stoves and groceries, the August volume was smaller than in July, and where increases occurred, they were less than the average in recent years. In the comparison with a year ago, a considerable part of the decline was accounted for by the sharp decline in prices, the actual unit volume handled making a relatively much better showing than the dollar amount. Almost universally demands center on the cheaper descriptions of merchandise. Price concessions are insisted upon by ultimate consumers, and this attitude ramifies back to wholesalers and manufacturers.

The situation in iron and steel, building materials and the general run of goods of the heavier and

more permanent sort, showed no improvement during the period, August and early September witnessing the lowest point of the year in production and distribution of these commodities. Taken as a whole, the past thirty days were favorable for agriculture, and excepting cotton and several less important productions, the earlier indications of heavy yields and high quality were reiterated in the report of the U. S. Department of Agriculture based on September 1 conditions. Farm operations of all sorts have progressed well, save for some interruption in preparations for planting fall crops occasioned by the extremely high temperatures and lack of rainfall in early September.

Measured by sales of department stores in the principal cities of the district, the volume of retail trade in August was 8 per cent smaller than during the same month in 1930 and for the first eight months the volume was approximately 11 per cent less than for the corresponding period a year ago. Combined sales of all wholesaling and jobbing firms reporting to this bank were 19 per cent smaller in August than for the same month in 1930, and 2 per cent less than the July total this year; for the first eight months this year the total was 14 per cent smaller than for the same period in 1930. The value of permits issued for new construction in the five largest cities of the district in August was 20 per cent and 39 per cent smaller, respectively, than a month and a year earlier. Construction contracts let in the Eighth District in August were 6 per cent less than in July and 30 per cent smaller than in August, 1930. Debits to individual accounts in August were 12.5 per cent smaller than in July, and about one-fourth smaller than in August, 1930; for the year through August the total was one-fifth less than for the same period in 1930. The amount of savings accounts on September 2 was slightly lower than a month and a year earlier.

Due chiefly to backwardness in the movement of grain, cotton and fuel, freight traffic of railroads operating in this district failed to show the usual

seasonal gain during the past thirty days, and the volume continued substantially below the similar period a year and two years ago. According to officials of the roads, competition of trucks, pipe lines and other means of transportation, figures more importantly in their traffic than heretofore. For the country as a whole loadings of revenue freight for the first 35 weeks this year, or to August 29, totaled 25,658,035 cars, against 31,428,015 cars for the corresponding period last year and 35,377,737 cars in 1929. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 167,311 loads in August, against 171,931 loads in July and 197,862 loads in August, 1930. During the first nine days of September the interchange amounted to 42,356 loads, against 42,412 loads during the corresponding period in August, and 52,183 loads during the first nine days of September, 1930. Passenger traffic of the reporting roads in August declined 30 per cent as compared with the same month in 1930. Estimated tonnage of the Federal Barge Line, between St. Louis and New Orleans, in August was 104,000 tons, which compares with 103,444 tons in July and 84,266 tons in August, 1930.

Reports relative to collections during the past thirty days reflect little change from the unsatisfactory conditions existing during the preceding several months. Universally there is a disposition to conserve cash and to postpone paying bills as long as possible. In the case of wholesale and jobbing interests, strong customers are meeting their obligations promptly, but others are slow in settling and numerous requests for extensions are reported. Distributors of coal, pig iron, scrap iron, steel and the general run of building materials report unsatisfactory conditions, with many accounts several months overdue. Since September 1 retailers in the larger cities report improvement in collections, due partly to the return of customers from vacations. Generally through the rural areas retail collections are backward. Questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	<u>Excellent</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
August, 1931.....	.0%	19.1%	59.1%	21.8%
July, 1931.....	1.5	16.2	62.3	20.0
August, 1930.....	0.1	8.5	52.8	38.6

Commercial failures in the Eighth Federal Reserve District in August, according to Dun's, numbered 125, involving liabilities of \$830,833, against 80 failures in July, with liabilities of \$5,298,184, and 112 defaults for a total of \$1,909,148 in August, 1930.

The average daily circulation in the United States in August was \$4,497,000,000, against \$4,836,000,000 in July, and \$4,476,000,000 in August, 1930

MANUFACTURING AND WHOLESALING

Boots and Shoes — August sales of the reporting firms were 17 per cent smaller than for the same month in 1930, and approximately 12 per cent less than the July total this year. Stocks on September 1 were 11 per cent smaller than a year ago, and 1.3 per cent greater than on August 1 this year. Decreases in both comparisons were quite general through all lines, but most pronounced in the more staple lines of men's wear. No price changes were noted during the month, but as compared with a year ago the average is from 10 to 12 per cent lower. Factory operations were at a slightly reduced rate as compared with the preceding thirty days.

Clothing — Reluctance on the part of retailers to stock up heavily on goods for late fall and winter distribution was reflected in a sharp decrease in advance orders of the reporting clothiers as compared with the corresponding period during the past several years. Unseasonably warm weather and uncertainty relative to styles and prices were other influences tending to hold down the volume of sales. As compared with a month and a year earlier, August sales of the reporting firms showed a decrease of approximately 50 per cent.

Drugs and Chemicals — August sales of the reporting interests were 11 per cent smaller than for the same month in 1930, and .7 per cent less than the July total this year. There was the usual seasonal increase in inventories, stocks on September 1 being 7 per cent greater than thirty days earlier, but 5 per cent smaller than on September 1 last year. The movement of hot weather goods was in considerable volume, but other lines were relatively quiet.

Dry Goods — Following the usual seasonal trend, sales of the reporting firms increased sharply from July to August, but the volume continued substantially below that of a year ago. Buyers generally are disposed to hold off awaiting more definite adjustment of prices. This is true particularly of goods based on cotton and silk. Advance sales in virtually all lines are considerably below those at the same time last year. Inventories continue to decrease, stocks on September 1 being 1.2 per cent and 40 per cent smaller, respectively, than thirty days and a year earlier. August sales of the reporting firms were 23 per cent smaller than for the same

month in 1930, and 45 per cent greater than the July total this year.

Electrical Supplies — Lessened demand for all lines in this classification was reflected in a decrease in August sales of the reporting firms of 57 per cent as compared with the preceding month and of 35 per cent as compared with August a year ago. Stocks on September 1 were 23 per cent smaller than thirty days earlier and 13 per cent less than on September 1, 1930. In the yearly comparison, a considerable part of the decrease is accounted for by smaller sales of radio material, lamps and other household appliances.

Flour — Production at the twelve leading mills of the district in August totaled 292,459 barrels, against 322,413 barrels in July and 351,423 barrels in August, 1930. Demand for flour continued to decrease during late August, millers at the end of that month reporting the slowest conditions ever experienced in the trade. Ordinarily this is one of the most active periods of the year, but generally low consumption has resulted in mills operating at barely half of capacity. Large buyers are taking no interest in future requirements, purchasing being on a hand-to-mouth basis and centering chiefly in low grade flours. In sympathy with the decline in cash wheat, flour prices receded further, with the average at the middle of September being the lowest in recent times.

Furniture — The moderate improvement in this classification, noted in the two preceding issues of this report, completely disappeared during August, sales of the reporting firms during that month showing a decrease of about one-fifth as compared with July, and of more than one-fourth as compared with August, 1930. Stocks on September 1 were 12 per cent larger than thirty days earlier, but 40 per cent less than on September 1, 1930.

Groceries — August sales of the reporting firms were slightly higher than in July, but the total was 9 per cent smaller than for the same month a year ago. Inventories continue to decline, stocks on September 1 being .6 per cent and 6 per cent smaller, respectively than a month and a year earlier. In the yearly comparison of sales, a considerable part of the decrease was due to lower prices. Advance ordering of canned goods is reported in smaller volume than at any similar period in recent years.

Hardware — Sales of the reporting firms showed practically no change in August from the preceding month, but the total was approximately 6 per cent smaller than in August last year. Demand for builders' hardware and tools continues at a low ebb, and goods used mainly in the rural areas are also rela-

tively quiet. The trend of prices was lower, though no marked changes were reported as compared with the preceding thirty days. Stocks on September 1 were 6 per cent and 24 per cent smaller, respectively, than thirty days and a year earlier.

Iron and Steel Products — The trend of activities in the iron and steel industry in this district continued downward. August and early September witnessed the lowest average rate of operations at mills, foundries, machine shops and other ferrous working plants experienced since the present period of depression set in. Demands of the principal consuming industries, notably railroad, automotive and building, failed to expand, and purchasing by miscellaneous users was on a hand-to-mouth basis. Manufacturers of farm implements and other commodities used chiefly in the rural areas reported that new orders booked were the smallest for any similar period in more than a decade. Shipments of stoves and furnaces increased in August as compared with the preceding month, but the gain in volume was of considerably less than the usual seasonal proportions. Producers and distributors of sheets, tank plates and structural shapes reported no betterment in the demand for their commodities. Since September 1 there has been moderate improvement in specifications for automotive castings, and foundries specializing in these materials reported the placement of some new business for delivery through the fall and winter. Fabricators of structural iron and steel reported a further decrease in unfinished orders, and new business booked consisted of small jobs. Reinforcing concrete bars and other items for use in road construction, municipal work and other outdoor engineering projects continued in relatively much better demand than other classes of steel goods. Prices of finished and semi-finished iron and steel showed no change worthy of note as contrasted with the preceding thirty days. The price of pig iron also held steady, but there was a further decline in scrap iron and steel, a number of important grades, including car wheels and heavy melting steel, recording new low levels on the present retrograde movement. Purchasing of pig iron remains on immediate requirement basis, ordering for last quarter delivery having failed to develop. For the country as a whole, the average daily output of pig iron was the smallest since October, 1921. Total production in August was 1,277,242 tons, which compares with 1,462,270 tons in July and 2,525,105 tons in August, 1930. Production of steel ingots in the United States in August totaled 1,719,462 tons, against 1,876,149 tons in July and 3,060,763 tons in August, 1930.

AUTOMOBILES

Combined passenger car, truck and taxicab production in the United States in August totaled 187,197, against 218,961 in July and 223,046 in August 1930.

As has been the case for the past eight years, sales of dealers reporting to this bank were larger in August than during the preceding month. As compared with a year ago, however, the August volume showed a sharp decrease. In the month-to-month comparison the increase extended to practically all makes of cars, but was most marked in sales of dealers handling the two principal makes of cheap priced vehicles. As has been the case for a number of months, business of distributors in the large centers of population was relatively much more active than in the small towns and country. The depressed prices of farm products and a general disposition on the part of farmers to economize and use their cash for liquidating urgent debts has resulted in further postponement in filling automobile requirements. Improvement from July to August was also shown in sales of replacement parts, accessories and general garage supplies. Activity in these lines was attributed by dealers to the unusually large amount of reconditioning and repairing of old cars by owners unable or unwilling to purchase new ones at this time. Demand for trucks, both for heavy and light service, continued active, August sales being about one-third larger than in July, and approximately the same as the August, 1930, volume. In the case of heavy trucks, the total was swelled by substantial additions to their fleets by several contractors engaged in highway construction and river improvement work. August sales of new passenger cars by the reporting dealers were 22 per cent larger than in June, but 23 per cent smaller than the August, 1930, total. Inventories continued the downward trend noted since early in the year, stocks of new cars in dealers' hands on September 1 being 7 per cent smaller than thirty days earlier, and 35 per cent less than on September 1 last year. The used car market continued active, with a further substantial reduction in stocks of salable cars on hand as compared with thirty days and a year earlier. The retail tire trade underwent further moderate betterment, being stimulated by the touring season and purchasing by automobile dealers to equip second-hand cars. Deferred payment sales of dealers reporting on that detail in August constituted 48 per cent of their total sales, against 48 per cent in July, and 55.4 per cent in August, 1930.

RETAIL TRADE

The condition of retail trade is reflected in the following comparative statement showing activity

at department stores in leading cities of the district:

	Net sales comparison		Stocks on hand	Stock turnover	
	Aug. 1931 comp. to Aug. 1930	8 months ending Aug. 31, 1931 to same period 1930	Aug. 31, 1931 comp. to Aug. 31, 1930	Jan. 1, to Aug. 31, 1931	Aug. 31, 1930
Evansville	-18.0%	-23.2%	-22.2%	1.22	1.34
Little Rock.....	-19.2	-11.7	-17.8	1.71	1.54
Louisville	4.0	-13.8	-13.6	1.75	1.80
Memphis	-14.0	-17.9	-25.0	2.00	1.93
Quincy	-14.9	-17.2	-16.8	1.67	1.66
St. Louis.....	6.2	-8.8	-10.3	2.41	2.42
Springfield, Mo.....	-11.4	-8.9	-11.8	1.09	1.01
8th District.....	8.2	-11.1	-15.0	2.16	2.12
	Net sales comparison		Stocks on hand	Stock turnover	
	Aug. 1931 comp. to Aug. 1930	8 months ending Aug. 31, 1931 to same period 1930	Aug. 31, 1931 comp. to Aug. 31, 1930	Jan. 1, to Aug. 31, 1931	Aug. 31, 1930
Men's furnishings ..	-22.3%	-7.8%	-8.9%	1.92	2.00
Boots and shoes.....	-24.3	-19.0	+12.4	2.14	2.00

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district during August was 39.1 per cent less than in August, 1930, and 20.4 per cent smaller than the aggregate for July this year. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in August amounted to \$16,457,113 which compares with \$17,542,682 in July and \$23,320,280 in August, 1930. Production of portland cement for the country as a whole in August totaled 13,549,000 barrels, against 13,899,000 barrels in July and 17,821,000 barrels in August, 1930. Building figures for August follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1931	1930	1931	1930	1931	1930	1931	1930
Evansville ..	197	360	\$ 146	\$ 142	52	85	\$ 15	\$ 20
Little Rock	24	24	23	136	48	81	19	82
Louisville ..	63	99	93	325	58	58	67	64
Memphis	78	432	277	683	176	53	90	28
St. Louis....	316	322	727	794	282	287	209	493
Aug. totals	678	1,237	\$1,266	\$2,080	616	559	\$ 400	\$687
July totals	615	1,147	1,590	2,191	560	589	530	378
June totals	763	1,144	1,249	3,700	656	848	335	666

*In thousands of dollars (000 omitted).

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district reported consumption of electric current during August by selected industrial customers as being 4.3 per cent larger than in July, and 3.0 per cent smaller than in August, 1930. Detailed figures follow:

	No. of Customers	August, 1931	July, 1931	Aug., 1931	August, 1930	Aug. 1931
		*K.W.H.	*K.W.H.	comp. to July, 1931	*K.W.H.	comp. to Aug. 1930
Evansville	40	2,428	2,472	-1.8%	1,848	+31.4%
Little Rock..	35	2,087	2,253	-7.4	2,290	-8.9
Louisville	85	7,201	7,226	-0.3	7,558	-4.7
Memphis	30	1,780	1,047	+70.0	1,018	+74.9
St. Louis.....	162	20,659	19,762	+4.5	22,499	-8.2
Totals	352	34,155	32,760	+4.3	35,213	-3.0

*In thousands (000 omitted).

The following figures, compiled by the U. S. Department of the Interior, show kilowatt production both for lighting and industrial purposes for the country as a whole:

	By water power	By fuels	Totals
July, 1931.....	2,735,938,000	4,994,837,000	7,730,775,000
June, 1931.....	2,883,721,000	4,630,457,000	7,514,178,000
July, 1930.....	2,883,391,000	5,015,753,000	7,899,144,000

AGRICULTURE

With the exception of cotton, crops generally in the Eighth Federal Reserve District underwent further improvement from August to September. Higher yields than in 1930 are the rule, and of the principal productions, hay and white potatoes are the only ones which are below the eight-year (1923-1930) average. Weather during August was favorable for growth and development of practically all crops. During the last half of that month many sections received the heaviest rains since prior to the record drouth of 1929, and water shortages were largely relieved, particularly in Illinois, Missouri and Kentucky. Harvesting of wheat was completed under favorable conditions, and considerable progress has been made in preparations for the new crop. For the most part the favorable prospects of earlier in the season for fruits and vegetables were maintained, and yields in the chief producing areas promise to be the largest in recent years. Unseasonably warm weather since September 1 has done some damage to corn and other crops in certain sections, but the high temperatures were beneficial for cotton and tobacco.

Generally conditions on farms are more favorable than at this time a year and two years ago. Feed and food are in abundant supply and will enable farm populations to carry through the winter comfortably, besides tending to reduce production costs of next season's crops. Prices of virtually all agricultural products continued at the depressed levels of the preceding thirty days, some establishing new low records on the downward movement. In many instances farmers are holding their grain for more favorable marketing conditions, or with the view of feeding it to livestock. The condition of livestock is universally high, and while prices are low, they still offer moderate profit margins. The supply of farm labor continued considerably in excess of demand in all states of the district.

Corn — Prospects for this crop improved during August, and based on the September 1 condition the U. S. Department of Agriculture estimates the output in the Eighth District at 399,659,000 bushels, an increase of 15,160,000 bushels over the August forecast, and comparing with 183,254,000 bushels harvested in 1930, and an eight-year average of 342,534,000 bushels. The extreme high temperatures since September 1 have pushed the crop along so that an unusually large percentage is virtually made and past danger from frost. The heat resulted in some damage to the crop, particularly on the high-

lands, but in the river bottoms the outlook is for heavy yields of high quality.

Winter Wheat — No change took place during August in the estimate of winter wheat, the indicated output in this district being 65,264,000 bushels, against 43,819,000 bushels harvested last year and an eight-year average of 49,921,000 bushels. While some delay was occasioned by hot, dry weather in August and early this month, plowing for the new crop made good headway, and seeding will be well under way during the next two weeks. Indications are for a smaller acreage than last year, the average reduction for the district being about 10 per cent.

Fruit and Vegetables — Marketing conditions for fruits and vegetables continued unfavorable during the past thirty days. Unusually heavy yields in this district and other parts of the country resulted in very low prices, in many instances below production and shipping costs. Harvesting of apples, peaches and grapes progressed well, and universally yields are heavy and quality high. Based on the September 1 condition, the U.S. Department of Agriculture estimates the apple crop in states entirely or partly within the Eighth District at 38,583,000 bushels, of which 4,504,000 barrels represent commercial crop, against 12,935,000 bushels, with 1,666,000 barrels commercial crop in 1930, and a 5-year average of 21,349,000 bushels, of which 2,263,000 barrels were commercial crop. The output of peaches in these states is estimated at 16,587,000 bushels, against 1,315,000 bushels in 1930, and a 5-year average of 8,495,000 bushels. Grape prospects improved moderately in August, the forecast being for 43,580 tons, against 33,831 tons in 1930, and a 5-year average of 32,387 tons. In all the principal producing areas prospects for peanuts are exceptionally good, the total yield for states of the district being 31,750,000 pounds, against 19,550,000 pounds in 1930, and a 5-year average of 30,466,000 pounds. For the district proper the yield of white potatoes is forecast at 13,209,000 bushels, against 12,742,000 bushels harvested in 1930, and an 8-year average of 15,050,000 bushels. The condition of gardens on September 1 was generally favorable, but considerable deterioration has taken place since that date, due to hot, dry weather and insect pests.

Livestock — The condition of livestock throughout the district continued high during the past thirty days, with favorable weather and more ample water supplies than for a number of months. Despite low prices, the movement to market was on a liberal scale. Milk production picked up during

August, and average per cow was slightly higher than last year. Egg production showed a slight seasonal decline, but held up well.

The U. S. Department of Agriculture estimates the production of tame hay in this district at 6,839,000 tons, which compares with 5,033,000 tons last year and an 8-year average of 7,616,000 tons. The condition of pastures on September 1 was higher in all states of the district than a year ago, but with the exception of Tennessee, was lower than the 10-year (1920-1929) average.

Receipts and shipments at St. Louis as reported by the National Stock Yards, were as follows:

	Receipts			Shipments		
	Aug., 1931	July, 1931	Aug., 1930	Aug., 1931	July, 1931	Aug., 1930
Cattle and calves.....	124,255	103,040	125,393	84,186	69,748	80,043
Hogs	190,104	170,496	210,960	152,715	136,804	183,084
Horses and mules.....	2,358	1,675	976	1,740	1,550	966
Sheep	52,267	67,479	45,110	12,332	17,075	10,782

Cotton — The U. S. Department of Agriculture in its report as of September 1 estimates the output of cotton in the Eighth District at 3,065,000 bales. This represents a decrease of 263,000 bales from the August 1 forecast, and compares with 2,289,000 bales harvested in 1930, and an 8-year average (1923-1930) of 2,644,000 bales. The decrease from August to September occurred mainly in the Delta sections of Mississippi and Arkansas and was due to weather conditions which caused excessive growth of the plant, accompanied by poor fruiting and an increase in boll weevil activities. Since September 1 weather generally over the district has been favorable for development of the crop, and picking. Owing to peculiar circumstances, however, gathering the crop has progressed slowly. Due to low prices, farmers are unwilling to employ pickers. In addition, the foliage is unusually heavy, making fields difficult to penetrate. In the northern counties the crop is about two weeks late, but recent high temperatures have been beneficial, and picking will be in full swing by the last week in September. Demand for raw cotton continued sluggish, with consumers being disposed to mark time and await crop and general economic developments. Prices receded further, recording new lows on the movement, and in late years. In the St. Louis market the middling grade ranged from 6.05c to 6.80c per pound between August 15 and September 15, closing at 6.05c per pound on the latter date, which compares with 7c on August 15 and 9.85c on September 15, 1930. Stocks of cotton in Arkansas Warehouses on September 11 totaled 80,630 bales, against 86,185 bales on August 14, and 100,873 bales on the corresponding date in 1930.

Rice — The condition of the rice crop in Arkansas on September 1 was considerably higher than a year earlier, but due to smaller acreage the indicated yield of 7,650,000 bushels is 260,000 bushels smaller than in 1930, and compares with a 5-year average of 8,310,000 bushels.

Tobacco — Prospects for this crop improved during August, the Government's estimate of the combined yield of all types in the Eighth District, based on the September 1 condition, being 400,596,000 pounds, an increase of 24,219,000 pounds over the August 1 forecast and comparing with 306,070,000 pounds harvested in 1930, and an 8-year average of 295,534,000 pounds. Good rains during late August and the first days of September benefitted late plants but made cutting and housing of early plantings uncertain, with complaints, in some sections, of houseburn. Dry, warm weather since the first week in September has corrected the condition of leaf in barns, and was ideal for the growing crop and harvesting operations generally. Quality is mainly satisfactory to growers, and more than the usual care is being taken this season in selecting, cutting and housing the riper plants and permitting undeveloped ones to mature before harvesting.

Commodity Prices — Range of prices in the St. Louis market between August 15, 1931 and September 15, 1931, with closing quotations on the latter date and on September 15, 1930, follow:

	High	Low	Close	
			Sept. 15, 1931	Sept. 15, 1930
Wheat				
Sept. ....per bu..	\$.47½	\$.43	\$.46½	\$.80
Dec. ....	.52	.45¾	.48¼	.83¾
May .....	.52½	.50¾	.52¾	.90½
No. 2 red winter	.49½	.46	\$.49 @ .49½	\$.88¾ @ .89
No. 2 hard.....	.49	.43¾	.48 @ .48½	.83¾ @ .84
Corn				
Dec. ....	.39¾	.35½	.37¾	.86¼
May .....	.43¾	.41½	.42	.88¾
No. 2 mixed.....	.48½	.41	.48 @ .48½	.94½ @ .95
No. 2 white.....	.50	.43	.49 @ .49½	.96½ @ .97
Oats				
No. 2 white.....	.24	.19¾	.23½ @ .24	.39 @ .39½
Flour				
Soft patent.....per bbl.	4.15	3.25	3.25 @ 4.00	4.50 @ 5.00
Spring patent.....	4.25	3.15	3.75 @ 4.00	4.60 @ 4.90
Middling cotton.....per lb.	.068	.0605	.0605	.985
Hogs on hoof.....per cwt.	7.50	3.75	3.75 @ 6.00	8.25 @ 11.05

FINANCIAL

Demand for credit from commercial and industrial sources in this district during the past thirty days was marked by further slight contraction. Due chiefly to smaller inventories, lower prices and liberal cash resources, requirements of wholesaling and jobbing establishments for financing merchandise for fall and winter distribution were smaller than at any similar period in recent years. Liquidation by these interests with their banking connections were for the most part in larger volume than new commitments and renewals.

Recourse upon banks, both city and country, for financing the harvesting and movement of crops, which ordinarily at this season is subject to marked expansion, is considerably less than in former years. The principal reasons for this are that prices of farm products are at lower levels than in the past, wheat farmers are holding their grain where able to do so, and financing is being done to a large extent through acceptances and loaning agencies other than the commercial banks. Farmers are also doing an unusually large amount of their own work, thus reducing the volume of currency needed for paying hired help.

In the immediate past agricultural demands have expanded in the south, mainly for financing the harvesting and early movement of the cotton, tobacco and rice crops. There has also been some expansion in demands from the canning and packing industries, purely seasonal in character. These requirements, however, have been easily met, and were not sufficient to appreciably affect the situation as a whole. Banks specializing in livestock loans report a fair request for funds for conditioning cattle and hogs for market.

Between August 12 and September 9, total loans of the reporting member banks showed only minor variation, and at \$402,391,000 on the latter date were about one-fifth smaller than a year ago; investments decreased 3.1 per cent, but the total of \$214,433,000 represented an increase of 35.2 per cent over that on September 10, 1930. Deposits receded slightly during the period, reaching a new low point for the year in the second week of September. The volume of borrowing by all member banks from the Federal reserve bank averaged higher than during the preceding thirty days, but continued substantially below the corresponding period a year earlier. The sustained demand for currency was reflected in a steady increase in the volume of Federal reserve notes in circulation.

No change worthy of note took place in interest rates charged customers by the commercial banks. At the St. Louis banks current rates were as follows: Prime commercial paper, 2 to 5 per cent; collateral loans, 3 to 5½ per cent; loans secured by warehouse receipts, 3½ to 5½ per cent; interbank loans, 3½ to 5½ per cent and cattle loans, 5 to 6 per cent.

Condition of Banks—Loans and discounts of the reporting member banks on September 16, 1931 showed an increase of .2 per cent as contrasted with August 19, 1931. Deposits decreased 1 per cent be-

(Compiled September 23, 1931).

tween August 19, 1931 and September 16, 1931 and on the latter date were 5 per cent smaller than on September 17, 1930. Composite statement follows:

	*Sept. 16, 1931	*Aug. 19, 1931	*Sept. 17, 1930
Number of banks reporting.....	125	125	124
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations and other stocks and bonds.....	\$160,654	\$162,229	\$227,232
All other loans and discounts.....	240,786	238,236	283,288
Total loans and discounts.....	\$401,440	\$400,465	\$510,520
Investments			
U. S. Government securities.....	83,807	76,105	33,727
Other securities.....	138,146	144,656	124,149
Total investments.....	\$221,953	\$220,761	\$157,876
Reserve balance with F. R. bank.....	41,097	42,165	44,440
Cash in vault.....	6,245	6,201	5,581
Deposits			
Net demand deposits.....	339,488	351,016	370,674
Time deposits.....	234,029	237,323	239,410
Government deposits.....	11,575	893	1,538
Total deposits.....	\$585,092	\$589,232	\$611,622
Bills payable and rediscounts with Federal Reserve Bank.....	4,778	2,295	5,307

*In thousands (000 omitted).

†Increase due to substitutions for closed banks. These banks are located in St. Louis, Louisville, Memphis, Little Rock, and Evansville, and their total resources comprise approximately 52.6 per cent of all member banks in this district.

Debits to Individual Accounts—The following table gives the total debits charged by banks to checking accounts, savings accounts, certificates of deposit accounts and trust accounts of individuals, firms, corporations and U. S. Government in leading cities of the district. Charges to accounts of banks are not included.

	*Aug., 1931	*July, 1931	*Aug. 1930	Aug. 1931 comp. to July, 1931	Aug. 1930
East St. Louis & Natl. Stock Yards, Ill.....	\$ 27,735	\$ 28,881	\$ 37,817	— 4.0%	—26.7%
El Dorado, Ark.....	4,957	4,529	6,463	+ 9.4	—23.3
Evansville, Ind.....	21,497	26,310	26,203	—18.3	—18.0
Fort Smith, Ark.....	8,187	9,350	11,189	—12.5	—26.8
Greenville, Miss.....	2,185	2,852	3,138	—23.4	—30.4
Helena, Ark.....	1,923	2,537	3,402	—24.3	—43.5
Little Rock, Ark.....	24,096	26,496	37,897	— 9.1	—36.4
Louisville, Ky.....	117,526	131,974	176,941	—11.0	—33.6
Memphis, Tenn.....	77,131	92,027	112,311	—16.2	—31.3
Owensboro, Ky.....	4,626	5,162	5,944	—10.4	—21.2
Pine Bluff, Ark.....	5,561	6,608	6,968	—25.9	—20.2
Quincy, Ill.....	7,470	8,221	8,941	— 9.2	—16.5
St. Louis, Mo.....	492,898	565,493	619,791	—12.8	—20.5
Sedalia, Mo.....	3,089	3,441	3,928	—10.2	—21.4
Springfield, Mo.....	10,998	12,120	13,853	— 9.3	—20.6
**Texarkana, Ark.-Tex.....	7,847	8,957	11,893	—12.4	—34.1
Totals.....	\$817,726	\$934,958	\$1,086,679	—12.6	—24.7

*In thousands (000 omitted).

**Includes one bank in Texarkana, Texas, not in Eighth District.

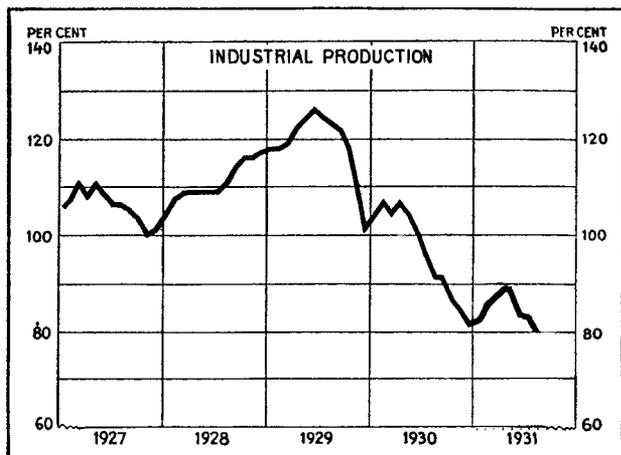
Federal Reserve Operations—During August the Federal Reserve Bank of St. Louis discounted for 191 member banks against 187 in July and 220 in August, 1930. The discount rate remained unchanged at 2½ per cent on all classes and maturities of paper. Changes in the principal assets and liabilities of this institution appear in the following table:

	*Sept. 17, 1931	*Sept. 17, 1930	*Aug. 17, 1931
Bills discounted.....	\$13,871	\$17,858	\$11,758
Bills bought.....	1,106	10,350	1,752
U. S. Securities.....	30,708	23,899	30,476
Federal Inter. Cr. Bk. Debentures.....	630	.....	40
Participation in Inv. Foreign Banks.....	1,103	39	1,141
Total bills and securities.....	\$47,418	\$52,146	\$45,167
F. R. Notes in circulation.....	75,926	64,423	73,689
Total deposits.....	72,717	77,662	73,961
Ratio of reserve to deposits and F. R. Note Liabilities.....	73.5%	71.5%	74.7%

*In thousands (000 omitted).

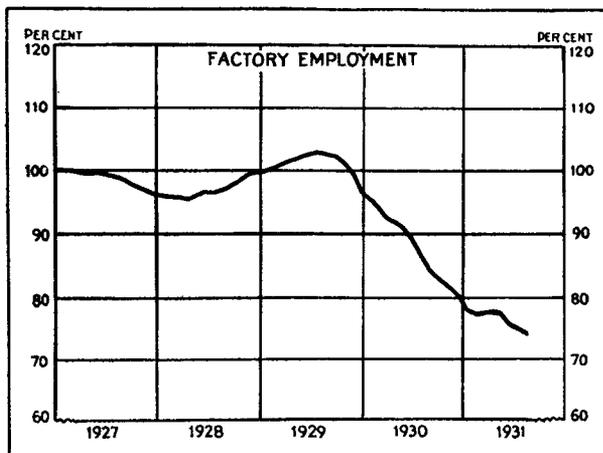
BUSINESS CONDITIONS IN THE UNITED STATES

PRODUCTION AND EMPLOYMENT—Industrial production, as measured by the Board's seasonally adjusted index declined from 83 per cent of the 1923-1925 average in July to 80 per cent in August, which compares with the previous low level of 82 per cent for December, 1930. Output of steel, which ordinarily increases in August, declined further to 31 per cent of capacity, reflecting in part, curtailment in automobile production. Lumber output also decreased, contrary to seasonal tendency. Activity at textile mills and shoe factories showed about the usual seasonal changes, and production in these industries continued to be



Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100). Latest figures August, 80.

in substantially larger volume than a year ago. In the latter part of August, output of crude petroleum decreased 30 per cent, the reduction being in East Texas, following earlier curtailment in the Oklahoma fields. In the middle September production increased somewhat. Volume of factory employment, which usually increases at this season, showed little change from the middle of July to the middle of August. The number employed in the clothing and shoe industries and in canning factories increased, while employment at steel mills, automobile plants, foundries and car building shops declined. Value of building contracts as reported by the F. W. Dodge Corporation, continued to decline in August, and for the first eight months of 1931 was 31 per cent less than in the corresponding period of 1930, reflecting decreases of 18 per cent in contracts for residential building, 30 per cent for public works and utilities, 54 per cent for factories and 56 per cent for commercial building. Department of Agriculture crop estimates based on September 1 conditions were about the same as estimates made a month earlier. High yields per acre and large crops were indicated for cotton, winter wheat and tobacco, while crops of spring wheat and hay were expected to be unusually small, chiefly



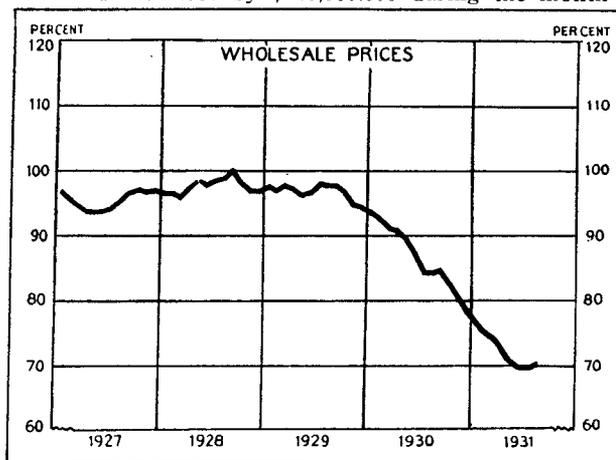
Federal Reserve Board's index of factory employment with adjustment for seasonal variation. (1923-1925 average=100). Latest figure August, adjusted 74.1.

on account of dry weather. The corn crop was estimated at 2,715,000,000 bushels, 600,000,000 bushels larger than last year, but 50,000,000 bushels smaller than the five year average.

DISTRIBUTION—Daily average freight car loadings declined somewhat in August, contrary to the seasonal movement, while department store sales increased, but by an amount slightly smaller than is usual in August.

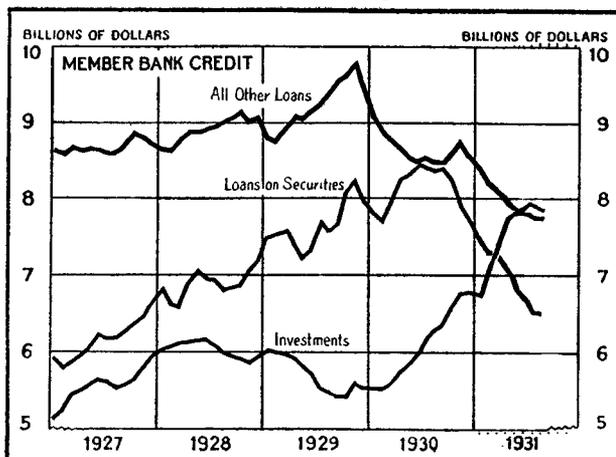
PRICES—The general level of wholesale prices increased from 70 per cent of the 1926 average in June and July, to 70.2 per cent in August, according to the Bureau of Labor statistics, reflecting increases in the prices of livestock, meats, dairy products and petroleum, offset in large part by decreases in the prices of grains, cotton, and cotton textiles. During the first three weeks of September, prices of livestock, meats, hides, and cotton declined, while prices of dairy products continued to increase.

BANK CREDIT—Volume of reserve bank credit, which had increased by \$240,000,000 during the month of



Index of United States Bureau of Labor Statistics (1926=100). Latest figure August, 70.2.

August, increased further by \$70,000,000 in the first part of September, and in the week ending September 19, averaged \$1,265,000,000. The demand for additional reserve bank credit arose chiefly from an increase of \$295,000,000 in the volume of currency outstanding. There were also further transfers to the reserve banks by foreign correspondents of funds previously employed in the acceptance market, offset in large part by a growth of \$60,000,000 in the country's stock of monetary gold. Following the suspension of the Gold Standard Act by Great Britain, more than \$100,000,000 in gold was added to the amount held by the Federal reserve banks under earmark for foreign account, and there was a corresponding decrease in the country's stock of monetary gold. Loans and investments of reporting member banks in leading cities, after declining in July and the first half of August, showed little change in the three week period ending September 9. There was a further decline in loans on securities, while the banks' holdings of investments increased somewhat. In the following week, the banks added \$227,000,000 to their holdings of United States government securities when an issue of \$800,000,000 of United States government bonds was brought out, while holdings



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first three weeks in September.

of other securities were reduced by \$40,000,000. Loans on securities continued to decline and all other loans were also reduced, contrary to the usual seasonal tendency. Money rates in the open market continued at a low level. On September 22 the rate on bankers' acceptances advanced from $\frac{7}{8}$ of 1 per cent to 1 per cent. Yields on high grade bonds increased during the last half of August and the first part of September.