

# FEDERAL RESERVE BANK OF ST. LOUIS

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

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The outstanding features of the business situation in this District are the great activity in the retail trade, the undiminished prospect of an excellent crop yield, the likelihood that the over-supply of labor in some lines, which was materially reduced during May, will soon be converted into an actual shortage, and the fact that throughout the District collections were exceptionally good.

Manufacturers and wholesalers, in practically every line, say that their business is steady or improving. The increased confidence evident in April has taken concrete form in the placing of larger orders for future delivery. Many concerns, notably those handling drugs, boots and shoes, clothing and dry goods, assert that their orders for futures are larger than usual.

There is a strong demand for the better classes of goods and for luxuries, and some authorities believe that this demand will continue through the present year and for several years to come. The increased buying is no doubt the natural result of higher wages, which have placed within reach of many people articles once bought only by a few.

**MANUFACTURING**—Clothing manufacturers say their business is beyond the normal basis and report large orders for future delivery. They claim that their trade is limited only by the scarcity of piece goods and by the lack of labor to make them up.

A large hardware firm states that its business shows an increase over last year, that buying is more liberal and that prices are hardening. A manufacturer of ranges says the demand for his product is beyond the normal footing. The necessity of railroads making replacements and buying new equipment, both curtailed during the war, makes for an optimistic outlook in certain grades of iron and steel manufacturing.

The sale of electrical supplies has been stimulated by the increased building activity, but the demand is said to be only about 75% of normal. A good fall business is anticipated.

There is a growing demand for lumber, but the supply is limited owing to the shortage of logs, due to wet woods and the scarcity of skilled labor. One dealer says that he looks for the best business of many years. He states that his business showed an increase of 20% over May a year ago and of 30% over April this year.

Manufacturers of clay products report decreases from their sales a year ago and a month ago. Prices have dropped from 10% to 25%. This line is being affected by the depression in certain metal lines, which has curtailed the demand for fire-brick. Dealers, however, anticipate a growing business through the year.

**WHOLESALE AND JOBBING**—Dealers in boots and shoes report increases in their business over last year. Many hold larger orders than usual for future delivery. Orders for fall delivery are already being placed. One dealer states that the same manufacturers who formerly sold him goods on his own terms now require ten days' discount.

Drug firms say their sales have increased from 5% to 15% over May a year ago. One concern states that its May business showed an increase of 70% over April this year. Prices on many articles have declined.

Wholesale grocers say their sales have increased from 10% to 50% over last year. Orders for future delivery are light. One concern says that its business each month has shown an increase over the corresponding month last year.

A large furniture dealer states that his sales are the largest that he has ever had.

Cotton factors are very optimistic over the sudden rise in cotton prices. One dealer says: "With the exception of the late crop caused by cold spring and late rains, conditions could not be better."

A book and stationery house says its business increased 23% over May a year ago and over April this year.

Glass and paint lines are very active, some concerns showing increases over May a year ago as high as 50%. Building operations in prospect foreshadow continued good business.

**RETAIL**—Department stores and general stores throughout the District report increases in business over May a year ago ranging from 17½% to 60%, and increases over April this year as high as 20%. The warm, bright weather early in June brought on, in great volume, the demand for seasonable merchandise, which was delayed by a cold, rainy May. Some dealers say business was never better and others expect this to be a "banner year." The returned soldier has proved a very important factor in stimulating buying.

**AGRICULTURE**—Harvesting of the winter wheat has begun in some sections of the District, and indications point to a bumper yield.

The following figures, taken from the report of the Bureau of Crop Estimates, United States Department of Agriculture, indicate general crop conditions on June 1st in each state in this District, 100% representing the ten-year average of all crops reported upon: Arkansas, 90.1%; Illinois, 112.7%; Indiana, 110.6%; Kentucky, 110.5%; Mississippi, 93.0%; Missouri, 113.0%; and Tennessee, 93.8%. The poor condition of the cotton crop is responsible for pulling down the averages of the states in the southern part of the District.

Continued rains have retarded the growth of cotton plants and prevented the proper care of them. Some acreage has been plowed up. A season of hot, dry weather would do much to improve the situation. Corn is grassy, but, with the advent of clear weather, is being cultivated. Much tobacco has been planted and the outlook is for a very large yield. The rice crop is in excellent condition. From every part of the District come reports of good hay and alfalfa crops, a good potato crop, and good crops of vegetables. Despite some loss owing to the June "drop" and wet weather, there is promise of a large fruit crop.

According to Government reports, the level of prices paid producers in the United States for the principal crops increased about 4.6% during May, as against a ten-year average increase for May of 1.4%.

**LIVE STOCK**—The report of the St. Louis National Stock Yards for May, 1919, shows increases in the receipts and shipments of all kinds of live stock over the corresponding month last year, with the exception of a slight decrease in the shipments of horses and mules. The comparative figures are as follows:

	Cattle		Hogs		Sheep		Horses and Mules	
	1919	1918	1919	1918	1919	1918	1919	1918
April Receipts .....	90,460	84,032	340,036	251,167	51,239	29,151	6,697	5,201
Shipments .....	27,108	22,174	121,904	88,429	12,966	2,633	6,044	6,655

A new high price for hogs in this locality was established at the St. Louis National Stock Yards on June 16th, when a top price of \$21.35 per 100 pounds was reached.

**LABOR**—The unemployment of labor has decreased since last month. From one state it is reported that there is no unemployment there. Regions where the harvesting of winter wheat is beginning need help and likewise those where corn and cotton require cultivation. There is a strong demand for skilled labor in the clothing lines and on the sales forces of department and general stores, where trade is exceptionally brisk. The demand for high-grade machinists, cabinet-makers, painters, etc., continues unabated, and there is a growing deficiency of skilled labor of various kinds. No serious labor troubles in this District are apparent at the present time. The one-day telephone strike which tied up some exchanges was really an echo of disturbances originating in other parts of the country.

**BUILDING**—The increase in building operations noted in April continued during May. The comparative figures for May are as follows:

	Permits	1919	May	1918
		Cost	Permits	Cost
St. Louis .....	736	\$1,224,325	630	\$792,971
Louisville .....	288	402,545	173	423,504
Memphis .....	210	768,950	175	245,465
Little Rock .....	125	189,714	67	72,137

While building activity is increasing it is not what the demand for residence and business premises requires.

**BANKING**—The flurry in eastern money rates has had little effect on the rates in this District. During the past month, the demand for money has been slightly better than the previous month, but there has been very little change in the rates. The high, low and customary discount and interest rates prevailing in St. Louis, Louisville, Memphis and Little Rock from May 16th to June 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
Customer's prime commercial paper:												
30 to 90 days.....	6	5	5½	6	5	6	6	5¼	6	7	6	6
4 to 6 months.....	6	5¼	5½	6	5	6	6	5¼	6	7	6	6
Prime commercial paper purchased in open market:												
30 to 90 days.....	5½	5	5¼	5½	5	5½	6	5	6	5½	5	5¼
4 to 6 months.....	5½	5¼	5½	5½	5	5½	...	...	...	...	...	...
Loans to other banks.....	6	5	5½	5	5	5	6	5½	6	6	5½	6
Bankers' acceptances of 60 to 90 days:												
Endorsed .....	6	4¼	5	4½	4¼	4½	...	...	...	...	...	...
Unendorsed .....	6	4¼	5	4½	4¼	4½	...	...	...	...	...	...
Loans secured by prime stock exchange collateral or other current collateral:												
Demand .....	6	5	5½	6	5	6	6	5½	6	7	6	6
3 months .....	6	5	5½	6	5	6	6	5½	6	7½	6	6½
3 to 6 months.....	6	5½	5½	6	5	6	6	5½	6	7	6	6½
Cattle Loans .....	6	5¾	6	6	5	6	6	6	6	8	6	7
Commodity paper secured by warehouse receipts, etc. ....	6	5½	6	6	5	6	6	6	6	7½	6¾	7
Loans secured by Liberty Bonds and Certificates .....	6	4¾	5½	6	4¾	5	6	4¾	5½	8	6	6

City banks, as a rule, are not buying commercial paper, but there is an active demand from country banks. The bond and stock market is slightly more active since the conclusion of the Victory Liberty Loan campaign.

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:

	June 6, 1919	May 9, 1919
Number of banks reporting.....	36	36
United States bonds to secure circulation.....	\$ 17,056,000	\$ 16,956,000
Other United States bonds, including Liberty Bonds.....	16,566,000	19,219,000
United States Victory notes.....	22,560,000	.....
United States certificates of indebtedness.....	49,905,000	75,996,000
<b>Total United States securities owned.....</b>	<b>106,187,000</b>	<b>112,171,000</b>
Loans secured by United States bonds and certificates.....	26,366,000	25,489,000
All other loans and investments.....	386,813,000	385,533,000
<b>Total loans and investments.....</b>	<b>519,366,000</b>	<b>523,193,000</b>
Reserve with the Federal Reserve Bank.....	39,885,000	37,468,000
Cash in vault.....	10,398,000	10,382,000
Net demand deposits on which reserve is computed.....	289,862,000	304,914,000
Time deposits .....	97,930,000	98,390,000
Government Deposits .....	55,153,000	20,145,000

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:

	May 21	May 28	June 4	June 11
<b>Debits to Individual Accounts, week ending:</b>				
St. Louis .....	\$151,045,000	\$124,195,000	\$131,520,000	\$128,582,000
Louisville .....	40,823,000	33,200,000	32,959,000	35,096,000
Memphis .....	27,954,000	25,039,000	24,900,000	32,880,000
Little Rock .....	7,416,000	6,798,000	6,650,000	6,082,000
Evansville .....	5,453,000	4,582,000	4,908,000	4,092,000
<b>Debits to Bank Accounts, week ending:</b>				
St. Louis .....	\$139,394,000	\$124,264,000	\$128,153,000	\$137,909,000
Louisville .....	44,367,000	35,334,000	35,334,000	37,160,000
Memphis .....	27,069,000	21,002,000	21,491,000	25,203,000
Little Rock .....	6,383,000	6,658,000	5,470,000	2,214,000
Evansville .....	1,724,000	3,846,000	1,601,000	1,593,000

In May the Federal Reserve Bank of St. Louis discounted a total of \$205,165,543.85 of paper for 191 different member banks, which is an increase of \$8,038,480.46 over the amount of paper discounted during April and an increase of one in the number of banks accommodated. The only change in the discount rates of the Federal Reserve Bank during the past month has been the elimination of the special rate of 4% for paper secured by Fourth Liberty Loan bonds. The rates in effect on June 18, 1919, were as follows:

	15 days and less	16 to 60 days	61 to 90 days	91 days to 6 months
<b>MEMBER BANKS' COLLATERAL NOTES:</b>				
Secured by Liberty Bonds or Treasury Certificates.....	4%	.....	.....	.....
Secured by War Finance Corporation Bonds.....	5%	.....	.....	.....
Secured by Bills Receivable.....	4%	.....	.....	.....
<b>REDISCOUNTS:</b>				
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 resources and liabilities of the Federal Reserve Bank of St. Louis on June 13, 1919, as compared to a month ago and a year ago, are shown in the following statement:

	May 16, 1919	June 13, 1919	June 14, 1918
<b>RESOURCES:</b>			
Gold coin and certificates.....	\$ 3,973,000	\$ 3,786,000	\$ 1,894,000
Gold settlement fund—F. R. Board.....	34,975,000	26,712,000	33,247,000
Total gold held by bank.....	38,948,000	30,498,000	35,141,000
Gold with foreign agencies.....	.....	.....	2,100,000
Gold with Federal Reserve Agent.....	58,270,000	55,528,000	39,993,000
Gold Redemption Fund.....	4,465,000	5,520,000	1,689,000
Total gold reserves.....	101,683,000	92,546,000	76,823,000
Legal tender notes, silver, etc.,.....	2,264,000	2,647,000	1,345,000
Total reserves.....	103,947,000	95,193,000	80,268,000
Bills Discounted—Secured by Government war obligations.....	56,383,000	62,903,000	47,773,000
“ “ All other.....	8,242,000	10,436,000	.....
Bills bought in open market.....	3,668,000	4,108,000	4,803,000
Total bills on hand.....	68,293,000	77,447,000	52,536,000
U. S. Government bonds.....	1,153,000	1,153,000	2,234,000
U. S. Certificates of Indebtedness.....	14,682,000	16,182,000	511,000
Total earning assets.....	84,128,000	94,782,000	55,281,000
Bank premises.....	541,000	541,000	.....
Uncollected items and other deductions from gross deposits.....	48,067,000	57,731,000	36,158,000
5% redemption fund against F. R. Bank notes.....	571,000	570,000	.....
All other resources.....	464,000	476,000	687,000
<b>TOTAL RESOURCES.....</b>	<b>237,718,000</b>	<b>249,293,000</b>	<b>172,394,000</b>
<b>LIABILITIES:</b>			
Capital paid in.....	3,838,000	3,867,000	3,627,000
Surplus.....	1,603,000	1,603,000	.....
Government deposits.....	12,184,000	24,332,000	24,597,000
Due to members—Reserve Account.....	63,175,000	59,089,000	54,267,000
Deferred availability items.....	36,676,000	40,653,000	22,944,000
Other deposits, including foreign government credits.....	401,000	878,000	776,000
Total gross deposits.....	112,436,000	124,952,000	102,584,000
F. R. Notes in actual circulation.....	105,491,000	103,159,000	64,921,000
F. R. Bank notes in circulation—net liability.....	13,094,000	14,341,000	.....
All other liabilities.....	1,256,000	1,371,000	1,262,000
<b>TOTAL LIABILITIES.....</b>	<b>237,718,000</b>	<b>249,293,000</b>	<b>172,394,000</b>