

This monthly report on conditions is not to be released to the public until on and after the afternoon of Monday, March 3, 1919, so PLEASE HOLD IT CONFIDENTIAL UNTIL THE RELEASE DATE.

William McC. Martin,
Chairman of the Board and Federal Reserve Agent
Federal Reserve Bank of St. Louis.

REPORT ON CONDITIONS
IN FEDERAL RESERVE DISTRICT NUMBER EIGHT

There has been some improvement in general business conditions in this district during the past month. Declines in the prices of certain commodities have stimulated buying and many concerns report increased activity. However, the deflation of prices has not yet gone far enough to induce vigorous operations generally. In many lines merchants are still buying only for their immediate needs. Nevertheless, reports indicate that business is gradually resuming a normal basis and with further readjustments of prices, a marked revival is anticipated. Business men, as a rule, continue optimistic regarding the future.

Iron and steel manufacturers report that normal demands are gradually filling the gap created by the cancellation of war contracts. Slight declines in the basic prices of metals have taken place. Manufacturers of boots and shoes report an active business but state that it is not quite up to this time last year. The price of leather has remained firm. There has been a marked revision downward in the price of cotton goods and wholesalers and jobbers of dry goods state that this is having a deterrent effect on their business, as merchants are buying cautiously, anticipating further reductions. Reports indicate that the flour milling industry is improving, but that it is still considerably below normal. Business in the electrical line is becoming more normal, with some lowering in the prices of raw materials. Considerable improvement in the wholesale grocery trade is noted, many concerns reporting substantial increases in the volume of business over this time last year. The drug line also shows increased activity. Wholesale millinery houses report that customers are buying freely and that a good business is being transacted. During the past month many buyers have been in the centers obtaining goods for the spring trade.

Some of the large department stores and other retail houses have begun to revise their prices to a peace basis so as to attract consumers. The mild weather has retarded the sale of seasonable merchandise and many sales are being held to dispose of winter goods. Retail merchants generally report a better business than at this time last year. The demand for spring merchandise is already apparent, and merchants are looking forward to a good spring business.

Cotton continues to move slowly in the southern portions of the district and this is having a deterrent effect on business. Reports indicate that it is being held by the producer in the hope of getting increased prices, and that cotton mills are not buying as they have large finished stocks on hand. During the past month a movement has developed in the southern States to induce planters to reduce their cotton acreage. This will not only result in the south raising more food, but will also doubtless help in maintaining the price of cotton.

An interesting development during the past month was the offering to banks in this district, by a New York Syndicate of participations in a \$50,000,000 Commercial Export Credit, the proceeds of which are to be used in providing funds in America to purchase American supplies for reestablishing industrial operations in Belgium. Many of the banks subscribed to this fund, which, it is believed, will assist in the development of foreign trade.

The demand for money in this district has improved somewhat during the past month. This is reflected in the accommodations extended member banks by the Federal Reserve Bank. On January 20, 1919, the Federal Reserve Bank of St. Louis held member banks' paper amounting to \$57,575,634, and on February 20, 1919, it held \$53,602,336., showing that only \$3,975,298. was liquidated. During the previous thirty day period, \$13,759,366. was liquidated. The bank rate to customers has become a little firmer, it now being from 5-1/2% to 6% in the large centers and somewhat higher in the outlying districts.

There has also been a slight revival in the commercial paper market during the past month. Brokers report an increased demand from some of the country districts, though very few of the large banks are buying. The commercial paper rate now ranges from

5-1/4% to 5-1/3%.

The winter wheat in this district continues to develop satisfactorily, though in some sections it has suffered from the freezing and thawing due to the lack of snow covering. Live stock is reported to be in good condition.

The report of the St. Louis National Stock Yards for January shows increases in the receipts of cattle and hogs but decreases in the receipts of sheep, horses and mules, in comparison with the same month last year. It also shows increases in the shipments of cattle, hogs and sheep, but a decrease in the shipments of horses and mules, in comparison with the corresponding month last year. The comparative figures showing the number of head received and shipped, are as follows:

RECEIPTS DURING JANUARY

Cattle		Hogs		Sheep		Horses and Mules	
1919	1918	1919	1918	1919	1918	1919	1918
144,115	107,127	395,148	291,606	26,489	35,484	25,471	33,746

SHIPMENTS DURING JANUARY

Cattle		Hogs		Sheep		Horses & Mules	
1919	1918	1919	1918	1919	1918	1919	1918
28,623	12,760	93,111	75,822	1,142	785	26,100	32,002

Postal receipts during January in St. Louis, Louisville, and Memphis all show increases in comparison with the same month last year. In Little Rock a slight decrease is shown. The comparative figures are as follows:

January

	1919	1918
St. Louis	\$630,006.56	\$580,974.07
Louisville	162,244.33	145,249.72
Memphis	111,410.63	88,454.50
Little Rock	69,247.90	72,179.91

Reports from St. Louis, Louisville, Memphis, Little Rock and Evansville for the month of January indicate some improvement in building operations in comparison with the same month last year. However, due to the high cost of materials and labor, the building industry is still considerably below normal. The comparative figures for these cities are as follows:

January

	1919		1918	
	Permits	Cost	Permits	Cost
St. Louis	319	\$507,015.00	186	\$167,319.00
Louisville	66	95,801.00	37	35,800.00
Memphis	46	122,760.00	43	79,450.00
Little Rock	41	129,459.00	19	57,545.00
Evansville	26	14,480.00	7	11,600.00

Much progress has been made in this district in furnishing suitable employment to soldiers who have been released. A campaign has been started with the slogan "Make a Job for Every Fighter" and this is resulting in many employers giving preference to them. Munitions workers who have been released are also being gradually absorbed by other industries. However, there is still a surplus of labor in St. Louis and some of the other large cities in this district. There are practically no labor disturbances in this district at the present time.