

# 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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WILLIAM MCC. MARTIN

CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

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**AGRICULTURE**—The outlook in this district is greatly strengthened by the favorable crop conditions. The wheat has come through the winter in splendid condition, and the prospects for a bumper crop were probably never better. The condition of the winter wheat in the seven states, all or parts of which are included in this District, was estimated by the Government on April 1st to be as follows: Missouri, 103%; Kentucky, 103%; Illinois, 101%; Indiana, 100%; Arkansas, 99%; Tennessee, 98%, and Mississippi, 90%. The average condition of the wheat in these seven States on April 1st was 99%, which is 7% better than last year and 17% better than the ten-year average. It is estimated that this wheat will average \$2.28 per bushel, as compared to \$1.79 last year. The acreage of winter wheat is considerably in excess of last year's acreage. Spring wheat seeding is about finished, and the acreage is also larger than that planted last year. Rye is in excellent condition, and oats are coming up well. Alfalfa, meadows and pastures are making good growth, though rain is needed in some localities. The soil generally has been in good workable condition, and plowing for corn, cotton, etc., is well under way. Gardening has begun, and most of the early vegetables have already been planted. Save in a few localities where peach buds were winter-killed, the outlook for principal fruits is quite promising thus far. The strawberry outlook is also said to be very good. There is a movement on in the cotton-growing States of this District to get the farmers to further diversify their crops by raising more hogs and other foodstuffs.

**COMMERCIAL**—Business activity continues to improve with the further stabilizing of prices, and in some lines it is practically normal. A large dry goods company reports that all of its factories are running full time, and that the demand for its products is about 80% of normal. It states that declines of from 25% to 30% have taken place in cotton piece goods, underwear, shirts, hosiery and dress goods, with practically no change in linens, silks and ribbons. A wholesale general merchandise house reports that the demand for its merchandise is about 20% above normal. A large woolen mill states that it has sufficient orders on hand to carry it for six months. Clothing manufacturers report a larger volume of business than at this time last year. The boot and shoe industry continues active, with prices firm. Wholesale milliners report substantial increases in their sales as compared to last year. A large drug concern states that its business is from 15% to 20% better than at this time last year, and that there is an increasing demand for many sundries and specialties which may be classified as luxuries. Wholesale grocery houses also report a larger volume of business than at this time last year, some reporting increases in sales of from 20% to 25%. Hardware dealers state that their business is improving and that their sales compare favorably with last year. Some branches of the iron and steel industry are still below normal, though increased activity is anticipated. It is said that the lack of demand from the railroads is affecting this industry considerably. Manufacturers of brick and clay products report that their business is still below normal, but that they are looking for a good business later in the year with the revival of building and construction work. The electrical line is also looking for increased activity. Business men, as a rule, are very optimistic regarding the future.

Many concerns are beginning to buy in anticipation of the demand next fall, but in some lines they are still buying for their immediate needs, awaiting a further readjustment of prices. The sales manager of a large wholesale house in this District has introduced the slogan, "Buy as You Would Like to Sell."

Department stores and retail merchants generally report a good Easter trade. The weather has been ideal for shopping, and there has been a good demand for millinery, hats, clothing, shoes and other spring merchandise. Merchants state that there is a tendency to dress more elaborately, and that consumers are buying freely. Collections, as a rule, are reported to be good.

According to the report of R. G. Dun & Co., there were only 31 commercial failures in this District during March, 1919, as compared to 49 during March, 1918.

An indication of prosperity is shown in the fact that up to April 3rd the Missouri Motor Vehicle Department issued 160,557 owners' license plates, 2,654 dealers' plates, 1,424 motorcycle plates, and 11,637 chauffeur badges. This registration shows an increase of 18,542 over the corresponding period last year.

**COTTON**—Reports indicate that the demand for cotton is now better than it has been for several months, but that exporting has been restricted by the scarcity of shipping facilities. Steps are being taken in this district for the formation of a cotton export corporation under the Webb-Pomerene Act, which corporation, when organized, will undertake to improve the cotton situation. It will keep representatives in the various European countries for the purpose of undertaking to fill the cotton needs of such countries and to finance same through the corporation mentioned.

**BANKING**—During the past month the demand for money in this District has continued good, and rates have remained firm. The high, low and customary discount and interest rates prevailing in St. Louis, Louisville and Memphis from March 16th to April 15th, as reported by banks located in those cities, were as follows:

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

Practically none of the large city banks are in the market for commercial paper, though brokers report a fair demand from some of the country districts.

The condition of the banks in this District at the present time and the changes in the banking situation 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:

	April 11, 1919	March 7, 1919
Number of banks reporting.....	37	37
United States bonds to secure circulation.....	\$ 16,908,000	\$ 16,908,000
Other United States bonds, including Liberty bonds.....	18,609,000	23,176,000
United States certificates of indebtedness.....	73,463,000	65,581,000
Total United States securities owned.....	108,980,000	105,665,000
Loans secured by United States bonds and certificates.....	26,509,000	22,556,000
All other loans and investments.....	388,035,000	380,686,000
Total loans and investments.....	523,524,000	508,907,000
Reserve with Federal Reserve Bank.....	39,710,000	41,526,000
Cash in vault.....	10,265,000	10,949,000
Net demand deposits on which reserve is computed.....	298,380,000	307,122,000
Time deposits.....	99,954,000	91,060,000
Government deposits.....	23,444,000	23,003,000

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, weeks ending:	March 26	April 2	April 9	April 16
St. Louis.....	\$110,801,000	\$115,795,000	\$131,675,000	\$133,782,000
Louisville.....	32,806,000	34,518,000	33,440,000	33,830,000
Memphis.....	23,489,000	23,951,000	23,924,000	25,954,000
Little Rock.....	6,793,000	6,475,000	7,927,000	8,506,000
Evansville.....	3,691,000	4,076,000	4,522,000	5,655,000
Debits to Bank Accounts, weeks ending:	March 26	April 2	April 9	April 16
St. Louis.....	\$123,997,000	\$110,164,000	\$131,763,000	\$128,382,000
Louisville.....	41,020,000	34,019,000	33,164,000	35,943,000
Memphis.....	22,231,000	21,585,000	22,521,000	22,935,000
Little Rock.....	5,494,000	5,197,000	6,093,000	6,174,000
Evansville.....	2,643,000	2,072,000	1,801,000	1,687,000

In March the Federal Reserve Bank of St. Louis discounted a total of \$185,126,940 of paper for 171 different member banks, which is an increase of \$69,549,076 over the amount of paper discounted during February and an increase of 4 in the number of banks accommodated. The discount rates of the Federal Reserve Bank have remained unchanged, except that on April 5th rates were established for paper secured by War Finance Corporation bonds. Those now in effect are 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%	5¼%	5¼%	.....
Commercial Paper.....	4%	4¼%	4¼%	.....
Agricultural or Livestock Paper.....	4%	4¼%	4¼%	5½%
Trade Acceptances.....	4%	4½%	4½%	.....

Bankers' Acceptances purchased at the market rate, subject to agreement.

\*A special rate of 4% is made for paper with 16 to 90 day maturity, secured by Fourth Liberty Loan Bonds, provided such paper has been taken by the member bank at a rate not in excess of the Fourth Liberty Loan coupon rate.

The campaign for the Fifth Liberty Loan was opened on April 21, and will close May 10, 1919. The amount of the loan is \$4,500,000,000, and the quota assigned to this district is \$195,000,000. The interest manifested and the efforts being put forth give promise that this quota will be promptly oversubscribed in this district as was done in the case of the previous loans.

**LIVE STOCK**—In the live stock market, increased activity is noted in all kinds of live stock, excepting horses and mules. The report of the St. Louis National Stock Yards for March, 1919, shows increases in the receipts and shipments of cattle, hogs and sheep, in comparison with the same month last year, but decreases in the receipts and shipments of horses and mules. The comparative figures showing the number of head received and shipped, are as follows:

	Cattle		Hogs		Sheep		Horses and Mules	
	1919	1918	1919	1918	1919	1918	1919	1918
March:								
Receipts . . . . .	82,598	78,749	331,699	320,226	24,126	18,124	15,395	28,010
Shipments . . . . .	19,891	17,694	162,887	151,769	3,825	1,960	16,139	26,235

A new high price for hogs was established at the National Stock Yards on April 10th, when a top price of \$20.85 per 100 pounds was reached. Dealers say the high prices of hogs are due to the enormous quantities of pork being shipped to Europe.

**POSTAL RECEIPTS**—Postal receipts during March in St. Louis show an increase in comparison with the corresponding month last year, but in Louisville, Memphis, Little Rock and Evansville decreases are shown. The comparative figures are as follows:

	1919	March	1918
St. Louis . . . . .	\$676,511.65		\$654,939.34
Louisville . . . . .	152,955.74		160,430.56
Memphis . . . . .	109,438.93		115,488.57
Little Rock . . . . .	61,572.17		204,392.12
Evansville . . . . .	35,136.03		35,224.74

**BUILDING**—Reports from St. Louis, Louisville, Memphis and Little Rock for the month of March show increases in the number of building permits issued both in comparison with the previous month and the corresponding month last year. The comparative figures are as follows:

	1919		March		1918	
	Permits	Cost	Permits	Cost	Permits	Cost
St. Louis . . . . .	682	\$446,318	606		606	\$556,136
Louisville . . . . .	204	223,200	164		164	255,025
Memphis . . . . .	194	202,575	68		68	130,292
Little Rock . . . . .	106	162,984				

While there is some revival taking place in the building industry, it is still considerably below normal. However, real estate dealers report that there are many inquiries regarding property, and increased activity in this line is anticipated. It is said that architects are beginning to feel business flow their way, and while much of this work has not as yet reached the contractors, it can be expected in their hands in the near future. Rental residence property is practically filled up, and there is a good demand for medium sized homes and bungalows.

**LABOR**—With the development of spring, the labor situation is improving in this district. The surplus supply of workmen is being absorbed not only by the industries, but also by the farming communities. Reports indicate that the demand for workers in many lines is increasing. There are practically no strikes or labor disturbances in this district at the present time.