

FEDERAL RESERVE BANK OF ST. LOUIS

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

RELEASED FOR PUBLICATION ON AND AFTER THE MORNING OF MAY 29, 1919

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The prevailing business sentiment in this district is one of increasing optimism. The exceptionally good outlook for winter wheat, the greatly improved cotton situation in the South, coupled with the prospect of a growing foreign and domestic trade for the Mississippi Valley through waterways development, have tended to make business men more hopeful for the future.

Reports received from the various industries of the district indicate that business generally is improving. The spirit of hesitation has to a great extent disappeared, and merchants are now buying for the future, as well as for their immediate needs. While a few lines report decreases in business during April, the majority report substantial increases over April of last year and also over March of this year. Practically all are expecting a large amount of business during the coming months. Collections, as a rule, are reported to be good. Prices, in some lines, show a gradual downward trend, but in other lines the increasing volume of business has tended to stabilize them at higher levels.

MANUFACTURING—Manufacturers of boots and shoes report increases in their sales during April of from 20% to 67% over April of last year and from 10% to 35% over March of this year. Domestic business is said to be nearly on a normal basis. Manufacturers say they have a large volume of orders on hand for future delivery.

Clothing manufacturers report an active business, but state that they are being affected by the scarcity of woolsens.

Reports from manufacturers of primary metal products show that their business is still below normal. Manufacturers of miners' tools report a dull business on account of the inactivity of coal mines. A manufacturer of threshing machinery, however, reports that he has all the orders he can fill up to July 1st. A stove manufacturer reports a gain in his April business over the same month last year, and states that he has a good volume of orders for future delivery. A large wire rope manufacturer states that he has sufficient orders on hand to keep him busy for 90 days and that the demand for his product is 75% of normal. The demand for hardware has nearly resumed its normal basis.

Lumber is feeling the effect of the increased building activity. A large firm reports that during April its business increased 20% over March. In the South stocks of lumber are low and the woods are said to be so wet that sawing has been impossible.

Cement, brick and clay pipe manufacturers, as a rule, report that business is improving, though the demand for their products is still below normal. Increased road building, the demand for apartment and office buildings and the prospect of public improvements lend encouragement for this line.

In the electrical line, business is improving. Increases in the volume of business are reported over both April of last year and March of this year. Heavier orders are being placed for future delivery.

A large chemical company reports an increase of over 50% in its April business as compared with the same month last year. Owing to the fact that there was practically no natural ice harvested in the country this year, firms anticipate a large demand for chemicals from ice manufacturers.

A large candy manufacturer says so many firms and individuals are going into the candy business, in anticipation of a growing demand for sweets, that there is overproduction.

Considerable improvement is noted in the cotton situation in this district. Cotton mills are now spinning freely, and the demand for cotton is fast approaching normal. It is reported that the stock of cotton in Memphis is less than it was at this time last year or the year before. Some advance in price has recently occurred.

WHOLESALE AND JOBBING—Wholesale dealers report a good demand for all lines. Dry goods houses report substantial increases in business over last year and state that the demand is practically normal. Silks and woollens are particularly active. A large millinery house reports that its spring business is 20% beyond the pre-war basis.

Wholesale grocery houses report gains during April of from 20% to 36% over April last year and from 8% to 11% over March of this year. Some firms report a strong demand for fancy groceries.

During the past month the price of coffee has reached higher levels than ever before, with a prospect of still further advances, due to the limited supply and to the prospect of heavy European demands.

During the first part of May another fur sale was held in St. Louis and was well attended by representatives from all over the world. The total sales aggregated over \$10,000,000.

RETAIL—Cool, rainy weather has materially delayed the demand for straw hats, light summer clothing and similar seasonable merchandise, but, on the whole, department stores and retail merchants generally report a satisfactory business. The April sales of ready-to-wear clothing were unusually large. A demand for the better classes of merchandise is noticeable.

AGRICULTURE—The condition of winter wheat in the seven States in this district continues very satisfactory, as is disclosed by the following table compiled by the U. S. Department of Agriculture as of May 1, 1919:

	Condition May 1		Ten year average P. Ct.	Estimated yield from May 1, 1919 Condition Bushels	Final estimated yield 1918 Bushels	Estimated Price May 1	
	1919 P. Ct.	1918 P. Ct.				1919	1918
Arkansas	98	93	90	4,596,000	3,048,000	\$2.12	\$2.06
Illinois	100	92	80	65,990,000	54,266,000	2.33	2.05
Indiana	100	96	81	55,809,000	49,266,000	2.30	2.07
Kentucky	102	101	86	15,257,000	12,129,000	2.20	2.16
Mississippi	90	90	87	641,000	495,000	....	....
Missouri	101	95	83	72,423,000	52,873,000	2.33	1.99
Tennessee	97	96	87	9,883,000	7,500,000	2.35	2.18

Corn planting has been much delayed by wet, cool weather. The cotton crop also has been delayed by climatic conditions. Tobacco plants are ready to set out, but the weather has delayed planting them.

Fruits throughout the district were materially damaged by frost during the latter part of April. The joint State and Government report on crop damage in Missouri may be taken as an index to conditions throughout the district. It lists the following percentages of damage to fruit crops: Cherries, 28%; Pears, 27%; Plums, 25%; Apples and Peaches, 23%, and Strawberries, 10%.

LIVE STOCK—The report of the St. Louis National Stock Yards for April, 1919, shows increases in the receipts and shipments of hogs and sheep over the corresponding month last year; a decrease in the receipts of cattle, but an increase in shipments; a decrease in the shipments of horses and mules, but an increase in receipts. 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
April								
Receipts	90,168	97,723	340,332	275,155	27,290	13,780	11,066	7,120
Shipments	26,754	19,443	128,487	99,257	1,598	1,009	10,493	15,693

The hog market was particularly active. A new high price for hogs in this locality was established at the St. Louis National Stock Yards on May 8th, when a top price of \$21.15 per 100 pounds was reached. Since that date the price has fluctuated considerably.

LABOR—There has been a marked improvement in the labor situation in this district during the past month. Reports indicate that there is a good demand for high-class salesmen and executives, and for various kinds of skilled labor, particularly painters, high-grade machinists and industrial workers, and printers. The returning soldier, through his desire to stay in the cities, has helped cause a shortage of farm labor, but he is creating no serious problem, as the greater industrial activity, partly due to the increased buying consequent on his return, is making larger demands for his services. Most of the returned soldiers are finding employment and there is an increasing demand for them. There are no marked labor troubles in the district at the present time.

TRANSPORTATION—Transfer companies assert that their business has picked up considerably during the first two weeks of May. The facilities of the barge line operating between St. Louis and New Orleans are being greatly increased and it is expected that, with differential rates making water and water-rail shipments profitable, river traffic will develop rapidly. Efforts are being made to secure rates from river points to the South to equalize Eastern rates to Southern distributing points. With these advantages inter-state commerce in this district and shipments to Mexico, South America and Europe will be materially increased.

BUILDING—Marked increases over April last year and over March this year are shown in reports on building operations from St. Louis and Memphis. The comparative figures for April are as follows:

	1919		April	1918	
	Permits	Cost		Permits	Cost
St. Louis	744	\$1,019,470		648	\$530,028
Louisville	260	202,160		178	238,128
Memphis	162	725,000		112	271,635
Little Rock	106	174,992			

There is a big demand for apartments and for office buildings. The demand for business premises is attributed in great measure to the reopening of branch offices by firms which closed them at the outbreak of the war.

BANKING—During the past month two important bank mergers have taken place in this district. In St. Louis three large institutions consolidated, with a capital of \$10,000,000, surplus of \$5,000,000, and total resources of approximately \$160,000,000. This will be the largest institution of its character west of the Mississippi River. In Little Rock three banks also consolidated with a capital of \$750,000, surplus of \$150,000, and total resources of approximately \$12,000,000. Important consolidations have also previously taken place in Louisville. Bankers are looking forward to an era of great commercial activity in the Mississippi Valley and are preparing to transact business on a larger scale.

For the third time in succession, this district was the first to subscribe its quota for Government bonds. In selling the Victory Bonds, banks were urged to make every effort to place them with individuals and firms, thereby preserving their own credit for business development. Their co-operation in this matter was largely responsible for the success attained.

Following the conclusion of the Victory Liberty Loan campaign, the market for commercial paper is becoming more active. Large city banks are beginning to buy as well as those in the country districts.

The high, low and customary discount and interest rates prevailing in St. Louis, Louisville, Memphis and Little Rock from April 16th to May 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	5	5½	6	5½	6	6	5	6	8	5½	6
4 to 6 months.....	.6	5¼	5½	6	5½	6	6	5	6	8	5½	6
Prime commercial paper purchased in open market:												
30 to 90 days.....	5½	5	5¼	5½	5	5¼	6	5	6	5½	5	5½
4 to 6 months.....	5½	5¼	5¼	5½	5	5½	6	5	6	...	...	...
Loans to other banks.....	.6	5	5½	5	5	5	6	4¾	5½	6	6	6
Bankers' acceptances of 60 to 90 days:												
Endorsed .....	.6	4½	6	4¼	4¼	4¼	...	...	...	...	...	...
Unendorsed .....	.6	4½	6	4¼	4¼	4¼	...	...	...	...	...	...
Loans secured by prime stock exchange collateral or other current collateral:												
Demand .....	.6	4¾	5½	6	5	6	6	5½	6	8	6	6
3 months .....	.6	5	6	6	5	6	6	5½	6	8	6	6½
3 to 6 months.....	.6	5½	6	6	5	6	6	5½	6	8	6	7
Cattle Loans .....	.6	6	6	6	5	6	...	...	...	8	7	6½
Commodity paper secured by warehouse receipts, etc. ....	.6	5½	6	...	...	...	6	5½	6	8	7	6½
Loans secured by Liberty Bonds and Certificates .....	.6	4¼	6	6	4½	5	6	4¼	5	8	5	6

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:

	May 9, 1919	April 11, 1919
Number of banks reporting.....	36	36
United States bonds to secure circulation.....	\$ 16,956,000	\$ 16,908,000
Other United States bonds, including Liberty bonds.....	19,219,000	18,609,000
United States certificates of indebtedness.....	75,996,000	73,463,000
Total United States securities owned.....	112,171,000	108,980,000
Loans secured by United States bonds and certificates.....	25,489,000	26,509,000
All other loans and investments.....	385,533,000	388,035,000
Total loans and investments.....	523,193,000	523,524,000
Reserve with the Federal Reserve Bank.....	37,468,000	39,710,000
Cash in vault.....	10,382,000	10,265,000
Net demand deposits on which reserve is computed.....	304,914,000	298,380,000
Time deposits	98,390,000	99,954,000
Government deposits	20,145,000	23,444,000

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:	April 23	April 30	May 7	May 14
St. Louis	\$126,023,000	\$123,950,000	\$122,549,000	\$120,255,000
Louisville	34,527,000	32,195,000	33,575,000	35,353,000
Memphis	32,255,000	24,640,000	27,089,000	26,314,000
Little Rock	7,363,000	6,542,000	8,902,000	7,953,000
Evansville	3,994,000	5,711,000	5,285,000	4,746,000

Debits to Bank Accounts, weeks ending:	April 23	April 30	May 7	May 14
St. Louis	\$118,692,000	\$117,926,000	\$130,986,000	\$124,683,000
Louisville	33,589,000	34,324,000	39,434,000	33,683,000
Memphis	24,422,000	25,741,000	21,425,000	23,325,000
Little Rock	6,000,000	4,274,000	5,952,000	7,013,000
Evansville	2,596,000	1,704,000	1,960,000	2,817,000

In April the Federal Reserve Bank of St. Louis discounted a total of \$197,127,063.39 of paper for 190 different member banks, which is an increase of \$12,000,123.39 over the amount of paper discounted during March and an increase of 19 in the number of banks accommodated. The discount rates of the Federal Reserve Bank have remained unchanged. 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%	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.				

* A special rate of 4% is made for paper with 16 to 90 days' 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 resources and liabilities of the Federal Reserve Bank of St. Louis on May 16, 1919, as compared to a month ago and a year ago, are shown in the following statement:

RESOURCES:	April 18, 1919	May 16, 1919	May 17, 1918
Gold coin and certificates	\$ 3,900,000	\$ 3,973,000	\$ 2,212,000
Gold settlement fund	22,361,000	34,975,000	32,421,000
Gold redemption fund	4,937,000	4,465,000	1,722,000
Gold held by bank	31,198,000	43,413,000	36,355,000
Gold with foreign agencies	.....	.....	2,100,000
Gold with Fed. Res. Agent	42,564,000	58,270,000	42,003,000
Total Gold Reserve	73,762,000	101,683,000	80,458,000
Legal Tender, Notes, Silver, etc.	2,278,000	2,264,000	1,592,000
Total Reserves	76,040,000	103,947,000	82,150,000
Bills discounted—Members	80,645,000	64,625,000	29,150,000
Bills purchased in open market	8,476,000	3,668,000	7,697,000
Total discounts	89,121,000	68,293,000	36,847,000
U. S. Government bonds	1,153,000	1,153,000	2,744,000
Certificates of Indebtedness to secure F. R. Bank note circulation	12,068,000	14,682,000	.....
Total U. S. securities	13,221,000	15,835,000	2,744,000
Total earning assets	102,342,000	84,120,000	39,591,000
Uncollected items	45,072,000	48,067,000	42,668,000
All other Resources	1,356,000	1,576,000	685,000
TOTAL RESOURCES	224,810,000	237,718,000	165,094,000
LIABILITIES:			
Capital paid in	\$ 3,826,000	\$ 3,838,000	\$ 3,523,000
U. S. Government Deposits	7,304,000	12,184,000	4,369,000
Gold Settlement Fund—Suspense	8,953,000	12,540,000	.....
Due to Member Banks—Reserve Account	61,415,000	63,175,000	49,339,000
Due to Non-Member Banks—Clearing Acct., Cashier's checks, drafts, etc.	337,000	401,000	462,000
Collection items	23,413,000	24,136,000	42,356,000
Gross Deposits	101,422,000	112,436,000	96,064,000
F. R. Bank Notes in actual circulation	10,521,000	13,094,000	.....
F. R. Notes in actual circulation	106,357,000	105,491,000	64,446,000
All other liabilities	2,684,000	2,859,000	999,000
TOTAL LIABILITIES	224,810,000	237,718,000	165,094,000