

FEDERAL RESERVE BANK OF ST. LOUIS

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

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The business situation in this District has not materially changed since the last report. Wholesalers and retailers in most lines are doing an active, in some instances a record, business. There are complaints of difficulty in obtaining raw materials and skilled labor.

The harvesting of winter wheat is general throughout the District and there is still promise of a large crop, although it will not be as large as was expected. A larger corn crop than last year is anticipated.

Collections are reported excellent and the amount of indebtedness unusually low. This indicates very satisfactory merchandising conditions and promises continued activity.

MANUFACTURING—A large shoe manufacturer reports a good volume of orders on hand, but says there is difficulty in obtaining raw materials and skilled female labor.

A woodenware manufacturer says restored confidence has resulted in better business and that orders on hand for future delivery are "very heavy."

High crop prices and an abundance of money in the hands of the farmer have created a strong demand for stoves and ranges. One stove manufacturer says: "We shall sell all we can make, unless there should be an extraordinary slump in farm crop prices." A manufacturer of boilers says most manufacturers deferred purchasing or repairing during the war and are now in the market. The hardware line generally is showing greatly increased activity.

Flour mills say the outlook is good for the summer and fall and that the new crop movement is a favorable factor affecting their business.

Manufacturers of electrical supplies report increases in the amount of their business as high as 20% over June a year ago and 27% over May this year. Increased building and more activity on the part of public utilities in building extensions, also the growing demand for electrical specialties such as heating appliances, electrical ranges, washing machines, etc., are factors stimulating the demand.

Clothing manufacturers still complain of a shortage of desirable woolens, and say the demand for their products is beyond the normal footing.

Manufacturers of clay products say building materials are in fair demand and are optimistic for the future.

A candy manufacturer complains of the railroad accommodations which he says are poor and result in damage to perishables through delays in shipping.

WHOLESALE AND JOBBING—A wholesale dealer in shoes says his business increased 61½% over June last year, and 95% over May this year. The uncertainty of the crop situation in the South, he says, is a disturbing element.

A large dry goods house states that its business increased 59% over June last year and continued to gain during the past month as compared with May this year. A wholesale dry goods man says retailers are now buying without hesitation.

Cotton factors say the poor cotton crop in the South is partly offset, in so far as their business is concerned, by the rising market. Foreign trading, however, is "made difficult by the reduced value of the pound sterling, which creates a margin between the local and the Liverpool markets which is not taken care of by the difference in prices."

A wholesale grocery concern reports an increase of 23% over June last year and reports that the demand has gone beyond normal. One wholesale grocer states that there is a slight hesitation on the part of some purchasers who feel that the agitation against the high cost of living may result in some reductions. There is also an inclination to wait for new packing before placing orders for canned goods.

Hat and millinery houses had an excellent June. One concern says its orders for future delivery are, "The biggest in our experience of many years." Another company reports the astonishing gain of 400% as compared with June a year ago.

RETAIL—Department stores and general stores throughout the district again report increases in business over last year. In some cases, increases as high as 75% are claimed for June over the corresponding month last year. Retail dry goods men state that they are not only buying now for the present, but that they are buying liberally in advance. During the early part of July retail purchasing was greatly stimulated by the holidays. Jewelry is very active.

AGRICULTURE—Harvesting is in full swing, but the expected yield of winter wheat is considerably cut down by the fact that the grain is not properly headed. It is shrivelled and there has been considerable lodging.

The harvesting of oats followed closely that of wheat, and now meadows are ripe. All of those duties, including the cultivation of corn, coming about the same time, crowded the farmer, particularly so this season, because of the scarcity of capable help.

Cotton and corn are very late, but indications are that the corn yield will be larger than last year. Cotton shows a slight improvement, but the crop will be considerably short of last year's.

According to Government reports, the level of prices paid producers in the United States for the principal crops increased about 1% during June; in the past ten years the price level decreased about 0.4% during June. On July 1 the index figure of prices was about 13.7% higher than a year ago.

LIVE STOCK—The report of the St. Louis National Stock Yards for June, 1919, shows increases in the receipts of hogs, sheep and horses and mules, but a decrease in the receipts of cattle as compared with the corresponding month last year. There were decreases in all shipments as compared with June, 1918. The comparative figures are as follows:

	Cattle		Hogs		Sheep		Horses and Mules	
	1919	1918	1919	1918	1919	1918	1919	1918
June Receipts.....	85,371	113,427	305,495	223,335	83,361	68,312	11,328	6,035
Shipments.....	20,098	27,118	83,835	90,435	10,223	10,518	8,343	6,203

A new high price for hogs in this locality was established at the St. Louis National Stock Yards on July 9th, when a top price of \$22.75 per 100 pounds was reached.

LABOR—The unemployment of labor continued to decrease during the past month. There is a strong demand for competent farm labor in the South and for skilled labor in many industries. High prices and the warm weather have resulted in some labor unrest, but, with the exception of a telephone strike which shows some indications of spreading sympathetically to other lines, no serious labor troubles are apparent.

BUILDING—The increase in building operations continued with marked acceleration during June. Comparative figures for June are as follows:

	1919		June	1918	
	Permits	Cost		Permits	Cost
St. Louis.....	725	\$2,016,711		514	\$891,863
Louisville.....	239	473,503		137	178,512
Memphis.....	237	524,390		48	150,607
Little Rock.....	102	358,927		53	59,240

This increase in building activity is making itself felt in stimulating the trades and industries which supply its demands.

POSTAL RECEIPTS—Postal receipts for the quarter ended June 30th, 1919, show decreases for Louisville and Little Rock and increases for St. Louis, Memphis and Evansville, in comparison with the corresponding quarter last year. Comparative figures follow:

	Quarter Ended June 30, 1919	Quarter Ended June 30, 1918
St. Louis.....	\$1,864,531.78	\$1,721,848.80
Louisville.....	441,005.15	459,965.58
Memphis.....	344,574.70	293,300.92
Little Rock.....	158,588.05	197,725.87
Evansville.....	99,788.25	93,741.21

BANKING—The financing of the crop movement resulted in a slightly better demand for money during the past month, but there has been no radical change in the rates. The high, low and customary discount and interest rates prevailing in St. Louis, Louisville, Memphis, and Little Rock from June 16th to July 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	5	6	6	5	6	7	6	6
4 to 6 months.....	6	5¼	5½	6	5	6	6	5	6	6½	6	6
Prime commercial paper purchased in open market:												
30 to 90 days.....	5½	5	5¼	5½	5	5½	6	5½	6	.....	.....	.....
4 to 6 months.....	5½	5¼	5½	5½	5¼	5½	6	5½	6	.....	.....	.....
Loans to other banks.....	6	5	5½	5	5	5	6	5	5½	6	5½	6
Bankers' acceptance of 60 to 90 days:												
Endorsed.....	5½	4¼	5	4¼	4¾	4¼	6	5	6	.....	.....	.....
Unendorsed.....	5½	4¼	5	4¼	4¼	4¼	.....	.....	.....	.....	.....	.....
Loans secured by prime stock exchange collateral or other current collateral:												
Demand.....	6	5	5½	6	5	6	6	6	6	7	6	6
3 months.....	6	5	5½	6	5	6	6	5	6	7½	6	6½
3 to 6 months.....	6	5¼	6	6	5	6	6	5	6	8	6	7
Cattle Loans.....	6	5¾	6	6	5	6	6	5½	6	8	7	8
Commodity paper secured by warehouse receipts, etc.....	6	5½	6	6	5	6	6	6	6	8	6	7
Loans secured by Liberty Bonds and Certificates.....	6	4¾	5½	6	4¾	5	6	4¼	5½	8	6	6

Dealers in commercial paper state that the demand is larger than they can supply. June, they say, was a record month. Owing to the excellence of collections, firms are in funds and are not large borrowers. Rates are 5½ for good to 5¼ for the best, grades of paper.

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:

	July 3, 1919	June 6, 1919
Number of Banks reporting.....	36	36
United States bonds to secure circulation.....	\$ 17,156,000	\$ 17,056,000
Other United States bonds, including Liberty Bonds.....	15,421,000	16,566,000
United States Victory notes.....	16,544,000	22,660,000
United States certificates of indebtedness.....	30,931,000	49,905,000
Total United States securities owned.....	80,052,000	106,187,000
Loans secured by United States bonds and certificates.....	28,682,000	26,366,000
All other loans and investments.....	390,064,000	386,813,000
Total loans and investments.....	498,798,000	519,366,000
Reserve with the Federal Reserve Bank.....	39,235,000	39,885,000
Cash in vault.....	9,544,000	10,398,000
Net Demand deposits on which reserve is computed.....	300,388,000	289,862,000
Time deposits.....	98,145,000	97,930,000
Government Deposits.....	22,688,000	55,153,000

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, week ending:	June 18	June 25	July 2	July 9
St. Louis.....	\$176,876,000	\$133,861,000	\$160,725,000	\$104,527,000
Louisville.....	39,193,000	34,687,000	35,884,000	35,330,000
Memphis.....	34,282,000	27,544,000	29,609,000	26,531,000
Little Rock.....	6,310,000	5,291,000	6,616,000	6,418,000
Evansville.....	4,468,000	5,111,000	5,524,000	3,934,000
Debits to Bank Accounts, week ending:	June 18	June 25	July 2	July 9
St. Louis.....	\$138,267,000	\$126,522,000	\$119,138,000	\$120,669,000
Louisville.....	37,990,000	33,820,000	30,257,000	36,560,000
Memphis.....	23,398,000	20,800,000	21,414,000	19,818,000
Little Rock.....	4,968,000	4,192,000	4,220,000	4,745,000
Evansville.....	3,729,000	2,916,000	1,411,000	1,872,000

In June the Federal Reserve Bank of St. Louis discounted a total of \$171,043,610.21 of paper for 168 different member banks, which is a decrease of \$34,121,933.64 from the amount of paper discounted during May and a decrease of 23 in the number of banks accommodated. There was no change in the discount rates of the Federal Reserve Bank during the past month. The rates in effect on July 18, 1919, were 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 ⁷ / ₁₆%	.....	.....	.....
Secured by War Finance Corporation Bonds.....	5 ⁷ / ₁₆%	.....	.....	.....
Secured by Bills Receivable.....	4 ⁷ / ₁₆%	.....	.....	.....

REDISCOUNTS:

Secured by Liberty Bonds or Treasury Certificates.....	4 ⁷ / ₁₆ %	4 ¹ / ₄ ⁷ / ₁₆ %	4 ¹ / ₄ ⁷ / ₁₆%	.....
Secured by War Finance Corporation Bonds.....	5 ⁷ / ₁₆ %	5 ³ / ₄ ⁷ / ₁₆ %	5 ³ / ₄ ⁷ / ₁₆%	.....
Commercial Paper.....	4 ⁷ / ₁₆ %	4 ³ / ₄ ⁷ / ₁₆ %	4 ³ / ₄ ⁷ / ₁₆%	.....
Agricultural or Livestock Paper.....	4 ⁷ / ₁₆ %	4 ³ / ₄ ⁷ / ₁₆ %	4 ³ / ₄ ⁷ / ₁₆ %	5 ¹ / ₂ ⁷ / ₁₆ %
Trade Acceptances.....	4 ⁷ / ₁₆ %	4 ¹ / ₂ ⁷ / ₁₆ %	4 ¹ / ₂ ⁷ / ₁₆%	.....

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

The resources and liabilities of the Federal Reserve Bank of St. Louis on July 11, 1919, as compared to a month ago and a year ago, are shown in the following statement:

RESOURCES:	June 13, 1919	July 11, 1919	July 12, 1918
Gold coin and certificates.....	\$3,786,000	\$ 3,535,000	\$ 1,799,000
Gold settlement fund—F. R. Board.....	26,712,000	26,720,000	25,260,000
Total gold held by bank.....	30,498,000	30,255,000	27,059,000
Gold with foreign agencies.....	.....	.....	620,000
Gold with Federal Reserve Agent.....	56,528,000	62,259,000	31,599,000
Gold Redemption Fund.....	5,520,000	3,363,000	1,946,000
Total gold revenue.....	92,546,000	95,877,000	61,224,000
Legal tender notes, silver, etc.....	2,647,000	3,561,000	1,039,000
Total reserves.....	95,193,000	99,438,000	62,263,000
Bills discounted—Secured by Government war obligations.....	62,903,000	47,711,000	25,315,000
Bills Discounted—All other.....	10,436,000	10,490,000	28,212,000
Bills bought in open market.....	4,108,000	8,973,000	2,962,000
Total bills on hand.....	77,447,000	67,174,000	56,489,000
U. S. Government bonds.....	1,153,000	1,153,000	2,233,000
U. S. Certificates of Indebtedness.....	16,182,000	17,068,000	321,000
Total earning assets.....	94,782,000	85,395,000	59,043,000
Bank premises.....	541,000	692,000	.....
Uncollected items and other deductions from gross deposits.....	57,731,000	50,004,000	33,736,000
5% redemption fund against F. R. Bank notes.....	570,000	812,000	.....
All other resources.....	476,000	469,000	1,071,000
TOTAL RESOURCES.....	249,293,000	236,810,000	156,113,000
LIABILITIES:			
Capital paid in.....	3,867,000	3,862,000	3,608,000
Surplus.....	1,603,000	2,589,000	.....
Government deposits.....	24,332,000	8,474,000	13,774,000
Due to members—Reserve Account.....	59,089,000	64,915,000	47,698,000
Deferred availability items.....	40,653,000	36,414,000	21,452,000
Other credits.....	878,000	482,000	149,000
Total gross deposits.....	124,952,000	110,285,000	83,073,000
F. R. Notes in actual circulation.....	103,159,000	103,883,000	67,932,000
F. R. Bank notes in circulation—net liability.....	14,341,000	15,691,000	.....
All other liabilities.....	1,371,000	500,000	1,500,000
TOTAL LIABILITIES.....	249,293,000	236,810,000	156,113,000