

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 good wheat crop and the fact that corn is now well out of danger from frost, which have strengthened the position of the farmer, afford a sound basis for the optimism which still prevails in this district.

Most lines of wholesale and retail business show increases over the corresponding period in 1918. This, however, is due in great measure to the increased money value of transactions. Moreover, last year war restrictions were still in force, and the influenza epidemic was interfering with merchandising, especially with the retail trade.

In the South, businesses benefited by the high price of cotton are prospering, but the usual autumn activity in clothing, both wholesale and retail, has been somewhat delayed by the unseasonably warm weather.

MANUFACTURING.—A survey of the industries in the several manufacturing centers in the district, indicates that many lines of business have developed materially beyond a pre-war basis. The number of employes has increased, and wages are from 40% to 100% higher. In addition to this, many new industries have been established.

A large manufacturer of shoes says there is a good demand for his product, but that he is somewhat hampered by the "under-production of labor." His orders on hand for future delivery are far above normal. The market, he says, is very high, but shows some signs of weakness.

Manufacturers of clay products, brick, tile, clay pipe, etc., say there is a good demand for their products from small manufacturers and for municipal and other internal improvements. The demand is about 75% of normal. The steel strike and dullness in the metal trades has restricted the demand for fire brick. Prices tend to decline.

A chemical manufacturer says his business is growing in volume, and is beyond the normal footing. Prices are tending downward. He complains that production is reduced.

A woolen mill states that its business is improving, and that the shortage of clothing is a favorable factor in stimulating demand.

Iron and steel plants say business is improving, and one concern states that its sales in September increased 50% as compared with the same month last year. It says that its business is the largest in its history.

A stove manufacturer says his business increased 100% over September last year, and that his orders on hand for future delivery are 200% more than at the same time in 1918.

A large flour mill says there has been no marked change in milling conditions during the past month. It states that some of its laborers do not exert themselves to produce as much as they might.

A 20% increase over last month, and a 5% increase over the corresponding month last year, is reported by a large baking concern. It asserts that a 10% reduction in basic prices has occurred.

"With proper production and transportation," declares a glass manufacturing concern, "the outlook is for an unprecedented volume of business." It states that its business increased 40% over the corresponding month last year and 20% over last month.

WHOLESALE AND JOBBING.—A large wholesale hardware concern reports that its business is improving. It attributes this to the good harvest, remunerative prices to farmers and to the optimistic spirit prevailing. Its business increased considerably over last year, but decreased slightly from last month. There is still a tendency in some quarters to buy only for immediate wants.

A 7% increase over last year, and a 3% decrease from last month in its business, are reported by an electrical supply company. It says there is a good demand for its products.

Wholesale grocery firms say prices are tending to lower levels, that there is a good demand for their products, but that orders on hand for future delivery are not as large as last year. There are few complaints of the Government's sale of foodstuffs.

Wholesale dry goods houses say there is a strong demand for their products. One firm says its business decreased 5% from last year, but increased 10% over last month. It asserts it has already booked large orders for the spring and summer of 1920.

The demand for the best grades of cotton, which is exceptionally strong at this time, has put cotton factors and jobbers in an optimistic frame of mind. Their only complaints are of export difficulties and of a prospective shortage of farm labor.

RETAIL.—Some retailers say that the "anti-profiteering agitation" and the high prices have affected their sales adversely. In the South the unseasonably warm weather has delayed the demand for fall and winter goods. While some stores report increases in business as high as 61% over last year, and 35% over last month, yet one concern states that its apparent margin of increase is due largely to an extension of its plant and to the higher prices.

AGRICULTURE.—The planting of winter wheat was delayed by the dryness of the soil, which made plowing difficult. There are indications that the acreage will be considerably reduced from last year. Corn is now out of danger from frost, and the yield for this district, as estimated on October 1st, is about 5,000,000 bushels larger than estimated on September 1st. The condition of the cotton crop, according to the Government report, has deteriorated in all but one of the States in the district since last month. The cotton yield, as of October 1st, for the States of Arkansas, Missouri, Mississippi and Tennessee is estimated at 2,239,900 bales, as against 2,605,250 bales ginned in 1918. The estimated yield of tobacco in this District is somewhat greater than last year.

The following table, compiled by the U. S. Bureau of Crop Estimates, shows the acreage of the corn and oats crops in this District, and the estimated production, based on condition October 1, 1919, as compared to the acreage and production last year. These figures refer to the entire State of Arkansas, and to the parts of Illinois, Indiana, Kentucky, Mississippi, Missouri and Tennessee that are in the Eighth Federal Reserve District:

CROP.	Acreage, 1919.	Forecast of Production, Based on Condition, October 1, 1919.	Acreage, 1918.	Production, 1918.
	<i>Acres.</i>	<i>Bushels.</i>	<i>Acres.</i>	<i>Bushels.</i>
Corn.....	15,366,000	382,687,000	16,726,000	372,977,000
Oats.....	2,438,000	62,124,000	2,597,000	77,486,000

According to Government reports, the level of prices paid producers in the United States for the principal crops decreased about 8.7% during September, while in the past ten years the price level decreased only 2% during September. On October 1st the index figure of prices was about 0.2% higher than a year ago.

LIVE STOCK.—The report of the St. Louis Stock Yards for September, 1919, shows increases in all receipts and shipments, except in the receipts and shipments of cattle, as compared with the corresponding month last year. The comparative figures are as follows:

	Cattle.		Hogs.		Sheep.		Horses and Mules.	
	1919	1918	1919	1918	1919	1918	1919	1918
September.....								
Receipts.....	150,772	191,201	209,871	175,995	69,349	58,187	38,418	31,522
Shipments.....	53,357	57,629	105,619	59,369	13,957	6,285	35,264	26,948

Prices for hogs, which ranged up to record levels in July, have since broken \$8.00 or \$9.00 per 100 pounds, and are now around \$14.75 to \$15.00.

LABOR.—The shortage of skilled labor which has been in evidence during the past months continues, and there is also a shortage of female labor in many lines. Iron and steel plants in this District apparently are not directly affected by the strike of the steel workers.

It has been the experience of some of those interested in small strikes that have taken place in the District, that many of the strikers secure employment in other lines.

There is still confidence in many quarters that some workable principles will come out of the Capital-Labor-Public Conference, and that the threatened strike of coal miners may be averted through Government mediation or in some other way.

BUILDING.—During September, as during several months past, building activity in this District continued far in excess of the same period last year, but, as is usual at this season, has considerably decreased since August. Comparative figures for September are as follows:

	1919		September		1918	
	Permits	Cost	Permits	Cost	Permits	Cost
St. Louis.....	751	\$2,844,980	382			\$306,405
Louisville.....	152	341,465	69			75,045
Memphis.....	169	1,106,400	55			27,960
Little Rock.....	81	145,296	59			46,465

POSTAL RECEIPTS.—Postal receipts for the quarters ended September 30, 1918 and 1919, for all reporting cities in the District are shown in the following comparative figures:

	1919	1918
St. Louis.....	\$1,697,636.32	\$1,686,726.40
Louisville.....	645,316.72	501,509.80
Memphis.....	294,580.76	302,910.74
Little Rock.....	152,069.22	246,224.62
Evansville.....	95,888.52	99,585.72

BANKING.—The demand for money increased during the past month, as is evidenced by the marked increase in the paper discounted by the Federal Reserve Bank, shown on the last page of this report. This is due to the general prosperity of the District, and especially to the financing of cotton.

There were no marked changes in rates during the past month. The high, low and customary discount and interest rates prevailing in St. Louis, Louisville, Memphis and Little Rock, from September 16th to October 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	5¼	5½	6	5½	6	6	5	6	7	6	6
4 to 6 months.....	6	5½	5½	6	5½	6	6	5	6	7	6	6½
Prime commercial paper purchased in open market:												
30 to 90 days.....	5½	5¼	5½	5½	5¼	5½	6	5¼	6	5½	5¼	5½
4 to 6 months.....	5½	5¼	5½	5½	5¼	5½	6	5¼	6	5½	5¼	5½
Loans to other banks.....	6	5½	6	5	5	5	6	5	6	6	6	6
Bankers' acceptances of 60 to 90 days:												
Endorsed.....	5	4¼	4¼	4½	4½	5	6	6	6			
Unendorsed.....	5	4¼	5				6	6	6			
Loans secured by prime stock exchange collateral or other current collateral:												
Demand.....	6	5½	5½	6	5	6	6	6	6	7	6	6½
3 months.....	6	5½	6	6	5	6	6	5	6	7	6	7
3 to 6 months.....	6	5½	6	6	5	6	6	5	6	7	6	7
Cattle loans.....	6	5½	6	6	5	6	6	6	6	8	7	7
Commodity paper secured by warehouse receipts, etc.....	6	6	6	6	5	6	6	5½	6	7½	6	7
Loans secured by Liberty Bonds and Certificates.....	6	4¼	5½	6	4¼	5	6	4¼	6	7	6	6

Commercial paper dealers report a strong demand for paper, with rates firm at 5¼ to 5½ for the best grades of paper.

In September, the Federal Reserve Bank of St. Louis discounted a total of \$208,364,700.14 of paper for 205 different member banks, which is an increase of \$55,944,417.31 over the amount of paper discounted during August, and an increase of twenty 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 October 18, 1919, were as follows:

	15 days and less	16 to 60 days	61 to 90 days	91 days to 6 months
MEMBER BANKS' COLLATERAL NOTES:				
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 Live Stock Paper.....	4%	4¼%	4¼%	5½%
Trade Acceptances.....	4%	4¼%	4¼%	
Bankers' Acceptances purchased at the market rate, subject to agreement.				

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:

	Oct. 3, 1919	Sept. 5, 1919
Number of Banks reporting.....	35	35
United States Bonds to secure circulation.....	\$ 17,154,000	\$ 17,154,000
Other United States Bonds, including Liberty Bonds.....	15,813,000	15,713,000
United States Victory Notes.....	8,933,000	10,324,000
United States Certificates of Indebtedness.....	24,129,000	40,856,000
Total United States securities owned.....	\$ 66,029,000	\$ 84,047,000
Loans secured by United States Bonds and Certificates.....	\$ 29,847,000	\$ 27,753,000
Loans secured by stocks and bonds, other than United States securities.....	135,101,000	135,568,000
All other loans and investments.....	283,454,000	276,520,000
Total loans and investments.....	\$514,431,000	\$523,888,000
Reserve with the Federal Reserve Bank.....	\$ 40,435,000	\$ 43,005,000
Cash in vault.....	10,608,000	10,195,000
Net Demand deposits on which reserve is computed.....	312,086,000	326,599,000
Time deposits.....	102,338,000	100,895,000
Government deposits.....	8,537,000	23,310,000

The volume of individual check transactions 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:

	Sept. 17	Sept. 24	Oct. 1	Oct. 8
St. Louis.....	\$175,606,000	\$137,553,000	\$140,367,000	\$149,206,000
Louisville.....	36,396,000	34,371,000	30,077,000	30,983,000
Memphis.....	29,629,000	24,598,000	27,052,000	34,432,000
Little Rock.....	9,387,000	8,719,000	8,907,000	11,899,000
Evansville.....	4,601,000	4,281,000	4,451,000	4,164,000

The resources and liabilities of the Federal Reserve Bank of St. Louis on October 10, 1919, as compared to a month ago, and a year ago, are shown in the following statement:

	Sept. 12, 1919	Oct. 10, 1919	Oct. 10, 1918
RESOURCES:			
Gold coin and certificates.....	\$ 2,524,000	\$ 3,256,000	\$ 2,219,000
Gold settlement fund—F. R. Board.....	11,979,000	16,409,000	10,713,000
Total gold held by Bank.....	14,503,000	19,665,000	12,932,000
Gold with foreign agencies.....		5,081,000	233,000
Gold with Federal Reserve Agent.....	54,721,000	54,434,000	44,992,000
Gold Redemption Fund.....	5,743,000	5,640,000	2,804,000
Total gold reserve.....	74,967,000	84,820,000	60,961,000
Legal tender notes, silver, etc.....	5,272,000	5,954,000	1,630,000
Total reserves.....	80,239,000	90,774,000	62,591,000
Bills discounted—Secured by Government war obligations.....	60,400,000	58,095,000	42,127,000
Bills discounted—All other.....	14,230,000	32,189,000	38,037,000
Bills bought in open market.....	14,918,000	7,343,000	4,454,000
Total bills on hand.....	89,548,000	97,627,000	84,618,000
U. S. Government Bonds.....	1,153,000	1,153,000	1,153,000
U. S. Certificates of Indebtedness.....	17,068,000	17,068,000	3,321,000
Total earning assets.....	107,769,000	115,848,000	89,092,000
Bank premises.....	691,000	691,000	
Uncollected items and other deductions from gross deposits.....	57,559,000	74,952,000	72,423,000
5% Redemption fund against F. R. Bank notes.....	660,000	811,000	52,000
All other resources.....	563,000	589,000	1,411,000
TOTAL RESOURCES.....	\$247,481,000	\$283,665,000	\$225,569,000
LIABILITIES:			
Capital paid in.....	\$ 4,005,000	\$ 4,030,000	\$ 3,734,000
Surplus.....	2,589,000	2,589,000	
Government deposits.....	2,542,000	3,128,000	14,563,000
Due to members—Reserve Account.....	62,441,000	67,050,000	50,408,000
Deferred availability items.....	46,089,000	58,648,000	33,872,000
Other credits.....	4,512,000	3,851,000	11,524,000
Total gross deposits.....	115,584,000	132,677,000	110,367,000
F. R. Notes in actual circulation.....	108,039,000	126,438,000	107,506,000
F. R. Bank notes in circulation—net liability.....	16,278,000	16,666,000	1,706,000
All other liabilities.....	986,000	1,265,000	2,256,000
TOTAL LIABILITIES.....	\$247,481,000	\$283,665,000	\$225,569,000