

FEDERAL RESERVE BANK OF ST. LOUIS

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

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Retail and wholesale trade continue very active in the larger distributing centers in this District, in some instances showing substantial increases over last month, in spite of high prices, the difficulty in obtaining goods, and the strike of soft coal miners.

Continued rains have damaged crops in some sections. Considerable corn has been destroyed by the flooding of river-bottom lands, unpicked cotton has been damaged and much cotton seed has spoiled through sprouting. The rains have also interfered with the planting of winter wheat and the harvesting of corn and cotton. This naturally has had a restraining influence on the buying activity in agricultural sections.

As yet, barring the closing of some glass and clay product factories, the effects of the coal strike have not been of an alarming nature. Manufacturers, for the most part, have supplies on hand to last them for from ten days to two weeks and the more provident and wealthier classes in the community have laid up stores for winter use in the home. However, practically all coal mines in the District are still idle and unless they soon resume operations a serious disorganization of industry and much suffering among the hand-to-mouth element of the community may result. Efforts are being made to save coal through restricted use of electric lights, skip-stop street car schedules and a more economical use of heat in offices and homes.

Collections throughout the District have been excellent, but the recent unfavorable crop conditions are beginning to delay payments.

Bank deposits show a marked increase from day to day, a normal condition at this season of the year. The demand for money is stronger than last month and rates are somewhat higher.

MANUFACTURING—Shoe manufacturers report their business steady and that their supplies of raw material are sufficient to last for several months. They have more orders on file than they ever had before and the percentage of collections to accounts outstanding is at the highest level in the history of the business. While there have been increases in some grades of leather the tendency is to hold firm around the present figures.

Manufacturers of electrical supplies report increases as high as 17% over last month. Their prosperity is due to new building, public utility extensions and to the large demand for electrical specialties, such as heating devices, washing machines, vacuum cleaners, etc. Prices are steady. Business is beyond its normal footing and one manufacturer says: "Our business is growing in leaps and bounds and we expect an extraordinary business for several months."

Some manufacturers of iron and steel report increases in their business during October as high as 125% over September. This is due in great measure to the building of new industrial plants and to the improvement of the equipment of plants already in operation. Firms hold a considerable number of orders for delivery into the early part of 1920. Owing to the steel strike and to other causes basic prices tend to be high.

Clothing manufacturers still say there is a shortage of merchandise and that it is difficult to obtain skilled labor. Business continues beyond the normal footing.

Candy manufacturers say business is improving. The advance in prices and the uncertainty of the sugar supply, they say, stimulate buying. They hold large orders for delivery during the Christmas season.

Flour mills report that their business is steady and that their orders on hand for future delivery are normal for this season of the year.

The operators of cotton oil mills are having difficulty in securing enough cotton seed to press, and it is likely that a shortage of the products of this industry will be felt.

In some sections of the District the lumber trade is hampered by the lack of transportation facilities. One railroad executive states that his road alone needs at least four hundred more freight cars to move the accumulation of lumber, logs and poles from its right-of-way.

WHOLESALE AND JOBBING—Wholesale dry goods houses report some increases in October over September, though, normally, September is a much larger month. On the other hand, many firms report decreases. The difficulty of obtaining merchandise, the high prices and the bad weather are given as unfavorable factors affecting the trade. One firm reports that its business is 25% in excess of normal; another says its orders on hand for future delivery are the largest in its history. There is a tendency toward softening of the merchandise market.

Wholesale grocers say their business is steady or slightly less than in September. Concerns appear to have no orders or very few of them for future delivery. One company reports high prices as an unfavorable factor affecting its business.

Wholesale dealers in boots and shoes say business is improving. Some have more orders than they can fill in ninety days, others say their orders for future delivery have increased two-thirds beyond normal. There is still a shortage of merchandise and dealers' stocks are apparently light.

A large wholesale paper company says its business was larger in October than in September. There is a good demand for its products but there is a shortage of production, due to labor disturbances. It says: "Skilled labor is hard to get—unskilled labor hard to hold."

Cotton factors says there is a good demand from the mills, but a great scarcity of white cotton. Prices are high and subject to sudden variations.

Wholesale hardware concerns report increases in October over September. Some say their orders on hand for future delivery are about normal, others that there is a tendency on the part of merchants to be more cautious.

RETAIL—The condition of the retail trade varies widely in different parts of the District. Smaller distributing centers have felt the effects of the bad weather but in some of the larger cities department stores report increases as high as 100% in October over September. In the South, this gain is partly accounted for by the cold weather in September which delayed the demand for seasonable merchandise until the following month. The gain is also partly due to the high price of cotton. There is still a marked shortage of merchandise. This is not only due to labor conditions and to slow deliveries, but also to the fact that some concerns are making articles, such as toys, on which they can make a large and quick profit, and are curtailing their output of standard articles. Practically no toys are being imported from Europe and the burden of their manufacture is being borne to a considerable extent by companies heretofore engaged in other lines of manufacture.

AGRICULTURE—The planting of winter wheat, which was delayed by the dryness of the soil, was further hampered by the continued rains following the drouth. Reports indicate that the acreage has been materially reduced from that of last year. The wheat that has been planted is doing well except in some parts of the District where it is infected with Hessian fly. Pastures are in excellent condition throughout the District. The harvesting of corn has been delayed to such an extent that even now much of it is in the shock. The Government's estimate of the corn yield for this District as of November 1st, was 382,113,000 bushels. This is about 575,000 bushels less than the October 1st estimate, but 9,000,000 bushels more than the estimated production in 1918. The cotton crop has been materially damaged by the rain through coloring and through the sprouting of the seed. The Government's preliminary estimate of tobacco in Kentucky and Tennessee for 1919 places the production of these states at 543,250,000 pounds, an increase of about 54,000,000 pounds over last year and of 95,000,000 pounds over the 1913-1917 average. The apple crop for Arkansas, Illinois, Indiana, Kentucky, Missouri and Tennessee, according to the Government's estimate on December 1, 1918, was 17,637,000 bushels, as against the October 1, 1919, estimate of 21,437,000 bushels, an increase of nearly 4,000,000 bushels.

The Government's price index of all crops on November 1st was 3.7% higher than a year ago and 69.1% higher than the average of the preceding five years.

LIVE STOCK—The report of the St. Louis Stock Yards for October, 1919, shows increases in all receipts and shipments, except in the receipts of cattle and hogs, 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
Receipts.	177,856	181,612	235,456	263,783	62,040	51,713	33,433	30,183
Shipments.	66,850	53,193	236,365	58,065	11,258	7,821	34,604	31,296

Good pasturage has been of benefit to live stock throughout the District.

LABOR—The soft coal strike is the paramount issue in the District. Little progress has been made in meeting the situation at particular mines, and its solution seems to depend on some sort of a nation-wide compromise between the miners and operators. No other serious labor troubles are in evidence in the District. Labor is well employed. There is still a shortage of skilled labor in some lines.

BUILDING—During October building activity continued in excess of last year but decreased considerably from last month. Comparative figures for October are as follows:

	1919		October	1918	
	Permits	Cost		Permits	Cost
St. Louis.	761	\$1,986,160	383	\$306,045	
Louisville.	204	755,745	85	96,658	
Memphis.	111	335,715	40	75,365	
Little Rock.	95	150,558	46	20,745	

BANKING—The demand for money continued to increase during the past month, due largely to the increased money value of transactions involved in crop movements. Rates are somewhat higher on account of the increased demand and because of the tightness of money in the East.

The high, low and customary discount and interest rates prevailing in St. Louis, Louisville, Memphis and Little Rock, from October 16th to November 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	5½	5½	6	5½	6	6	5	6	7	6	6½
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	...	...	...	5½	5¼	5½
4 to 6 months.....	5½	5¼	5½	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	4½	5	4½	5	6	6	6	6	6	6
Unendorsed.....	5	4¼	5	...	...	...	...	...	...	6	6	6
Loans secured by prime stock exchange collateral or other current collateral:												
Demand.....	6	5¼	6	6	5	6	6	5½	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	6½
Cattle loans.....	6	5¼	6	6	5	6	...	...	...	7½	6	7½
Commodity paper secured by warehouse receipts, etc.....	6	6	6	6	5	6	6	5½	6	7½	6½	7
Loans secured by Liberty Bonds and Certificates.....	6	4¾	6	6	4¾	5½	6	4¾	6	7	6	7

Commercial paper dealers report a strong demand with rates at 5½% for the best grades of paper and a few offerings at 5¾%.

The bond market is very dull. There are practically no new corporation issues and even tax-exempt municipals are being sold at rates to yield the investor higher returns than last month.

In October the Federal Reserve Bank of St. Louis discounted a total of \$220,286,019.71 of paper for 223 different member banks, which is an increase of \$11,921,319.57 over the amount of paper discounted during September, and an increase of eighteen in the number of banks accommodated.

On November 7th the Federal Reserve Bank increased its rates on all fifteen-day paper and on paper of longer maturity when secured by Liberty Bonds, Victory Notes or 4½% Certificates of Indebtedness. The rates in effect on November 19, 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
Wholly secured by 4¼% Certificates of Indebtedness.....	4¼%	.....	.....	.....
Secured by Liberty Bonds, Victory Notes, or 4½% Certificates of Indebtedness.....	4½%	.....	.....	.....
Secured by War Finance Corporation Bonds.....	5½%	.....	.....	.....
Secured by Bills Receivable.....	4½%	.....	.....	.....
REDISCOUNTS:				
Wholly secured by 4¼% Certificates of Indebtedness.....	4¼%	4¼%	4¼%	.....
Secured by Liberty Loan Bonds, Victory Notes, or 4½% Certificates of Indebtedness.....	4½%	4½%	4½%	.....
Secured by War Finance Corporation Bonds.....	5½%	5¾%	5¾%	.....
Commercial Paper.....	4½%	4¾%	4¾%	.....
Agricultural or Livestock Paper.....	4½%	4¾%	4¾%	5½%
Trade Acceptances.....	4½%	4½%	4½%	.....
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:

	Nov. 7, 1919	Oct. 3, 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.....	14,935,000	15,813,000
United States Victory Notes.....	7,105,000	8,933,000
United States Certificates of Indebtedness.....	19,097,000	24,129,000
Total United States securities owned.....	58,291,000	66,029,000
Loans secured by United States Bonds and Certificates.....	28,187,000	29,847,000
Loans secured by stock and bonds, other than United States securities.....	144,605,000	135,101,000
All other loans and investments.....	293,983,000	283,454,000
Total loans and investments.....	525,066,000	514,431,000
Reserve with the Federal Reserve Bank.....	41,822,000	40,435,000
Cash in vault.....	11,205,000	10,608,000
Net Demand deposits on which reserve is computed.....	330,490,000	312,086,000
Time deposits.....	106,615,000	102,338,000
Government deposits.....	6,501,000	8,537,000

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:

	Weeks ended—Oct. 15	Oct. 22	Oct. 29	Nov. 5
St. Louis.....	\$155,773,000	\$166,686,000	\$135,102,000	\$145,991,000
Louisville.....	32,708,000	34,653,000	30,651,000	34,861,000
Memphis.....	42,099,000	42,007,000	40,280,000	43,558,000
Little Rock.....	13,097,000	11,762,000	9,897,000	10,335,000
Evansville.....	4,647,000	4,620,000	4,053,000	4,416,000

The resources and liabilities of the Federal Reserve Bank of St. Louis on November 14, 1919, as compared to a month ago, and a year ago, are shown in the following statement:

	Oct. 10, 1919	Nov. 14, 1919	Nov. 15, 1918
RESOURCES:			
Gold coin and certificates.....	\$ 3,256,000	\$ 6,495,000	\$ 2,111,000
Gold settlement fund—F. R. Board.....	16,409,000	12,700,000	29,236,000
Total gold held by Bank.....	19,665,000	19,195,000	31,347,000
Gold with foreign agencies.....	5,081,000	6,870,000	233,000
Gold with Federal Reserve Agent.....	54,434,000	75,135,000	46,173,000
Gold Redemption Fund.....	5,640,000	4,737,000	3,338,000
Total gold reserve.....	84,820,000	105,937,000	81,091,000
Legal tender notes, silver, etc.....	5,954,000	4,844,000	2,127,000
Total reserves.....	90,774,000	110,781,000	83,218,000
Bills discounted—Secured by Government war obligations.....	58,095,000	43,055,000	51,910,000
Bills discounted—All other.....	32,189,000	21,192,000	29,613,000
Bills bought in open market.....	7,343,000	28,581,000	3,102,000
Total bills on hand.....	97,627,000	92,828,000	84,625,000
U. S. Government Bonds.....	1,153,000	1,153,000	1,153,000
U. S. Certificates of Indebtedness.....	17,068,000	17,076,000	5,070,000
Total earning assets.....	115,848,000	111,057,000	90,848,000
Bank premises.....	691,000	691,000	.....
Uncollected items and other deductions from gross deposits.....	74,952,000	69,108,000	49,038,000
5% redemption fund against F. R. Bank notes.....	811,000	531,000	241,000
All other resources.....	589,000	247,000	1,421,000
TOTAL RESOURCES.....	\$283,665,000	\$292,415,000	\$224,766,000
LIABILITIES:			
Capital paid in.....	\$ 4,030,000	\$ 4,038,000	\$ 3,785,000
Surplus.....	2,589,000	2,589,000	.....
Government deposits.....	3,128,000	2,158,000	17,458,000
Due to members—Reserve Account.....	67,050,000	68,575,000	51,615,000
Deferred availability items.....	58,648,000	54,926,000	33,102,000
Other credits.....	3,851,000	3,944,000	217,000
Total gross deposits.....	132,677,000	129,603,000	102,392,000
F. R. Notes in actual circulation.....	126,438,000	138,282,000	111,636,000
F. R. Bank notes in circulation—net liability.....	16,666,000	16,256,000	4,292,000
All other liabilities.....	1,265,000	1,647,000	2,661,000
TOTAL LIABILITIES.....	\$283,665,000	\$292,415,000	\$224,766,000