

# 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 AFTERNOON OF DECEMBER 26, 1919

WILLIAM MCC. MARTIN,  
CHAIRMAN OF THE BOARD AND FEDERAL RESERVE AGENT

The resumption of soft coal mining operations has relieved the tension caused by the nation-wide strike of the organized miners. While the shortage of coal and the measures to offset it necessitated certain temporary economic readjustments, the effects on business generally were less disturbing than had been anticipated. Some firms had sufficient stocks of coal on hand, some supplemented their use of coal with fuel oil, and other were fortunately situated in parts of the District where natural gas is obtainable.

Labor difficulties are less noticeable within this District than they have been for several months past. The strike appears to have cleared the atmosphere by emphasizing the fact, which has been increasingly apparent to the more conservative and enlightened elements of capital and labor, that the interests of each are bound up with the interests of all and that any breakdown in the production-consumption cycle will be felt by all the community.

High prices are exerting a restraining influence on buying. Stores which report increases in their sales as compared with last year say, in many cases, that these increases are in the value of their transactions rather than in the volume of merchandise sold.

According to the Government's estimate as of December 1st, the acreage of winter wheat planted in the seven States in this District is approximately 35% less than last year. Moreover, the condition of the wheat, due largely to the ravages of Hessian fly, is estimated to be from 3% to 22% below the condition on December 1, 1918.

As a result of heavy rains in the southern part of the District much cotton still remains unpicked, hence settlements with tenants have been postponed and normal spending has been deferred. The spot cotton market is quiet—a not unusual condition at this season, when spinners are taking inventory of their stocks.

Collections continue to be good, though the extremely wet weather in the South and curtailment of buying in mining districts have delayed payments somewhat.

A comparison of the statements of the Federal Reserve Bank of St. Louis for November 14th and December 12th shows a decrease of about \$7,000,000 in discounts secured by war obligations and an increase of about \$10,000,000 in discounts otherwise secured.

There is a good demand for money, and deposits in the banks are increasing. Time and demand deposits show an aggregate increase since November 14th of approximately \$12,000,000 for the 35 reporting banks in this District.

**MANUFACTURING**—A few plants, such as those manufacturing glass and clay products, were compelled to shut down on account of the fuel shortage. These are exceptional cases, however, and most factories managed in one way or another to meet the difficulty. Restricted train schedules, which resulted in some freight congestion, were perhaps the most serious element in the situation.

Manufacturers of boots and shoes say their business is steady. As has been the case for the past several months, they have larger orders on hand for future delivery than they have ever had before. The demand is still strong for certain classes of goods, though many dealers are pretty well stocked up.

Clothing manufacturers say their orders are very large, some stating that the demand for futures exceeds normal. November business was about on a par with that in October. Firms anticipate a good business in 1920. There are still complaints of a shortage of skilled labor.

Due to building activity and to the accumulated demand resulting from curtailed production during the coal strike, manufacturers of clay products say they have orders on hand to run them from sixty to ninety days.

Manufacturers of electrical supplies say their business was in some cases as much as 100% beyond that in November last year and 50% ahead of last month's. There is an exceptionally good demand for all kinds of electrical specialties. Production is hampered in a measure by inability to get raw materials.

Saw mills have been handicapped by a shortage of logs, due to transportation difficulties, but now their needs are being supplied in large measure.

**WHOLESALE AND JOBBING**—The wholesale trade situation is considerably mixed. Some dealers report large increases in the value of their sales as compared with November last year, in some cases over 200%; others engaged in the same line of business report decreases up to 33%. Orders on hand for future delivery in most lines are reported to be larger than usual. The unfavorable weather conditions in parts of the District, which have increased the stocks held by retailers, have naturally decreased the demand from wholesalers. Business generally, however, is good and was not seriously affected by the coal strike.

Some wholesale dry goods houses report very large increases in the value of their sales as compared with last year, which is due in great measure to the desire on the part of buyers to avoid advancing prices. One dealer in commenting on this situation says: "Our spring lines have been sold up and withdrawn from sale. We are offering certain lines of fall merchandise, such as blankets, underwear, hosiery, knit goods and napped goods for delivery in the spring months and they are being taken freely. This shows the inclination of the merchant to buy his merchandise ahead of time with a view of heading off any advance rather than buying these goods when he actually needs them." Another concern states that the prices that have been made for fall are higher than those for spring.

Wholesale drug houses generally report increases in value of their sales as compared with 1918. One concern, however, reports a 10% decrease, due to the shortage of a certain product which forms a large part of its business. No basic changes in raw materials or in patented compounds are reported. Orders on hand for future delivery are beyond normal in some cases.

Dealers in electrical supplies say their business is slightly less active than it has been. One concern says the coal strike cut down its sales 25%.

Cotton factors complain of the exchange situation which is unfavorable to exports. The high price of cotton is a favorable factor affecting them.

Wholesale grocer companies for the most part report increases over October. During the coal strike, however, buying was somewhat checked in mining towns. Orders on hand for future delivery are still below normal, one company reporting that it has none.

**RETAIL**—Shorter store hours, part of the regulations to conserve coal, do not appear to have materially interfered with retail purchases. However, in the rural districts, extremely wet weather, which caused bad roads, has hampered buying. As a result of this condition, stores catering to this class of trade have built up their stocks considerably. Owing to the realization on the part of the public that there was a strong demand for merchandise, holiday buying began earlier than usual this season. Some firms say their November sales increased over October as much as 11%. Department stores report increases in their sales of from 25% to 30% over November last year, but this is largely accounted for by the higher prices. In most lines the volume of sales is not materially larger than last year, in some it is less. In ready-to-wear clothing and in some other lines buying is retarded by the high prices, but dealers believe that purchases will be made later on when the needs become more pressing. They anticipate a good business in 1920.

**AGRICULTURE**—As was previously mentioned in this bulletin, the area sown to winter wheat has been materially reduced from last year's owing to the unfavorable weather which has interfered with seeding. The acreage sown in 1919 and 1918, according to the Government's December 1st estimate for the several States in this District, and the condition of the crop on December 1st, 1919 and 1918, are shown in the following table:

	Autumn 1919 (Preliminary) Acres	Autumn 1918 (Revised) Acres	Autumn 1919 Compared to Autumn 1918	Condition Dec. 1 1919 1918 Ten Year Average		
Arkansas.....	156,000	346,000	45%	81%	99%	90%
Illinois.....	2,404,000	3,434,000	70%	82%	100%	91%
Indiana.....	1,960,000	2,882,000	68%	79%	101%	90%
Kentucky.....	719,000	1,057,000	68%	80%	98%	90%
Mississippi.....	15,000	38,000	40%	88%	91%	90%
Missouri.....	2,580,000	4,300,000	60%	84%	103%	90%
Tennessee.....	493,000	822,000	60%	75%	94%	90%
<b>TOTAL.....</b>	<b>8,327,000</b>	<b>12,879,000</b>				

The acreage for the seven States in this District has been reduced 4,552,000 from that of last year, or about 35%. The condition of the wheat is much below last year and even below the ten-year average. The poor condition is largely due to the ravages of Hessian fly, which is said to be worse this year in some parts of the District than it has ever been.

Husking and cribbing of corn has been going on rapidly and many yields are better than had been expected. There has been considerable trouble in securing huskers, and in some sections they are being paid as high as \$7.50 a day with board and lodging. The movement of corn is slow. Farmers appear to be holding for better prices.

Heavy rains in the South have interfered with the picking of cotton and have lowered the quality of cotton still unpicked. In the higher sections of the District as much as 90% of the crop is already picked, while in the valleys from two-thirds to three-fourths has been gathered. The Government's estimate, as of December 1st, places the yield of cotton in 1919 for the States of Arkansas, Mississippi, Missouri and Tennessee at 2,134,000 bales, which is 471,250 bales less than 1918 and 316,027 less than the 1913-1917 average. The price per pound of lint cotton to producers December 1, 1919, was 35.7 cents, compared with the December, 1918, price of 27.6 cents.

Although the yield of tobacco is large, the quality is reported as variable. Prices are high.

**BUILDING**—During November, permits issued for new buildings were considerably in excess of the preceding month and much larger than for the corresponding month last year. Comparative figures for November are as follows:

	1919		November 1918	
	Permits	Cost	Permits	Cost
St. Louis.....	590	\$2,834,670	265	\$261,595
Louisville.....	146	373,650	61	149,575
Memphis.....	129	495,000	33	337,120
Little Rock.....	111	214,773	43	60,435

LIVE STOCK—The report of the St. Louis National Stock Yards for November, 1919, shows increases in all receipts and shipments 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.....	155,575	144,674	311,761	305,388	56,409	45,499	31,204	24,819
Shipments.....	59,070	40,703	138,141	72,848	10,272	3,730	27,726	24,242

With the exception of a few scattered cases of disease, live stock is in good condition throughout this District. It is expected that farmers will do considerable slaughtering this year.

RECEIPTS AND SHIPMENTS OF IMPORTANT COMMODITIES AT ST. LOUIS as reported by the Merchants' Exchange:

	NOVEMBER			
	Receipts		Shipments	
	1919	1918	1919	1918
Flour, barrels.....	459,890	221,680	573,920	225,530
Wheat, bushels.....	3,389,478	1,968,893	3,165,780	1,440,590
Corn, bushels.....	1,335,267	1,957,331	676,470	1,068,220
Oats, bushels.....	2,898,000	2,282,060	2,026,070	1,659,460
Lead, pigs.....	268,600	191,240	188,520	249,500
Zinc and Spelter, slabs.....	354,300	367,810	617,840	629,140
Lumber, cars.....	12,316	7,677	10,006	4,813
Meats, pounds.....	5,587,000	5,271,300	27,606,000	23,164,600
Fresh Beef, pounds.....	3,005,900	2,098,200	29,608,200	24,200,700
Lard, pounds.....	3,029,900	194,000	8,962,500	2,256,900
Hides, pounds.....	2,733,600	2,616,300	7,895,200	3,888,500

LABOR—Most of the soft coal miners in this District have returned to work and production is rapidly returning to normal. Labor is well employed and at high wages. Many firms have paid bonuses to offset the effect of the high cost of living on those whose salaries have not kept pace with prices. There does not appear to be as much unrest as during the preceding months. There are no serious strikes in this District at the present time. The outlook seems to augur well for the beginning of a new year.

BANKING—There is still a good demand for money. Banks report that due to the fact that cotton is moving many cotton loans are being paid off. The coal strike did not make itself seriously felt in financial circles in this District.

Rates in some instances are higher than in October. The high, low and customary interest rates prevailing in St. Louis, Louisville, Memphis and Little Rock, from November 16th to December 15th, as reported by banks 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	7	6	6½
4 to 6 months.....	6	5	6	6	5½	6	6	6	6	7½	6	7
Prime commercial paper purchased in open market:												
30 to 90 days.....	6	5½	5½	6	5¾	6	...	...	...	6	5¼	5¾
4 to 6 months.....	6	5½	5½	6	5¾	6	...	...	...	...	...	...
Loans to other banks.....	6	5¼	6	5	5	5	6	5	6	6	6	6
Bankers' acceptances of 60 to 90 days:												
Endorsed.....	5	4½	4¾	...	...	...	...	...	...	6	6	6
Unendorsed.....	5	4½	4¾	5¼	4¾	5	...	...	...	6	6	6
Loans secured by prime stock exchange collateral or other current collateral:												
Demand.....	6	5¼	6	6	5½	6	6	5½	6	8	6	6-7
3 months.....	6	5¼	6	6	5½	6	6	5½	6	7½	6	7
3 to 6 months.....	6½	5¾	6	6	5½	6	6	6	6	7½	6	7
Cattle loans.....	6	5¾	6	6	5½	6	6	6	6	7½	7	7½
Commodity paper secured by warehouse receipts, etc.....	6	6	6	6	5½	6	6	6	6	7½	6½	7
Loans secured by Liberty Bonds and Certificates.....	6	4¾	5½	6	5	5½	6	4¾	6	7	6	6½

Commercial paper dealers say their business was particularly good during the first two weeks of December, but that it is somewhat quieter now. The prevailing rate is 6% with a few choice offerings, at 5¾%. The demand is mostly from country banks. City banks, which have not been heavy buyers, are purchasing still less, since the call upon them for money to pay taxes.

IN NOVEMBER the Federal Reserve Bank of St. Louis discounted a total of \$180,110,763.78 of paper for 211 different member banks, which is a decrease of \$40,175,255.93 from the amount of paper discounted during October and a decrease of twelve in the number of banks accommodated.

On December 19, 1919, the Federal Reserve Bank of St. Louis established the following discount rates:

MEMBER BANKS' COLLATERAL NOTES:	15 days and less	16 to 60 days	61 to 90 days	91 days to 6 months
Secured by Certificates of Indebtedness.....	4½%	.....	.....	.....
Secured by Liberty Loan Bonds or Victory Notes.....	4¾%	.....	.....	.....
Secured by War Finance Corporation Bonds.....	5¾%	.....	.....	.....
Secured by Bills Receivable.....	4¾%	.....	.....	.....
REDISCOUNTS:				
Secured by Certificates of Indebtedness.....	4½%	4½%	4½%	.....
Secured by Liberty Loan Bonds or Victory Notes.....	4¾%	4¾%	4¾%	.....
Secured by War Finance Corporation Bonds.....	5¾%	5¾%	5¾%	.....
Commercial Paper.....	4¾%	4¾%	4¾%	.....
Agricultural or Livestock Paper.....	4¾%	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:

	Dec. 5, 1919	Nov. 7, 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.....	14,068,000	14,935,000
United States Victory Notes.....	5,550,000	7,105,000
United States Certificates of Indebtedness.....	13,779,000	19,097,000
<b>Total United States securities owned.....</b>	<b>50,551,000</b>	<b>58,291,000</b>
Loans secured by United States Bonds and Certificates.....	30,644,000	28,187,000
Loans secured by stock and bonds, other than United States securities.....	151,800,000	144,605,000
All other loans and investments.....	303,613,000	293,983,000
<b>Total loans and investments.....</b>	<b>536,608,000</b>	<b>525,066,000</b>
Reserve with the Federal Reserve Bank.....	44,420,000	41,822,000
Cash in vault.....	12,502,000	11,205,000
Net Demand deposits on which reserve is computed.....	337,534,000	330,490,000
Time Deposits.....	111,664,000	106,615,000
Government deposits.....	13,037,000	6,501,000

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—Nov. 12	Nov. 19	Nov. 26	Dec. 3
St. Louis.....	\$152,494,000	\$168,099,000	\$152,713,000	\$145,924,000
Louisville.....	36,888,000	38,625,000	28,432,000	40,477,000
Memphis.....	39,505,000	53,091,000	44,478,000	40,709,000
Little Rock.....	10,008,000	11,734,000	10,406,000	11,381,000
Evansville.....	5,745,000	5,526,000	4,409,000	4,415,000

The resources and liabilities of the Federal Reserve Bank of St. Louis on December 13, 1919, as compared to a month ago, and a year ago, are shown in the following statement:

	Nov. 14, 1919	Dec. 12, 1919	Dec. 13, 1918
<b>RESOURCES:</b>			
Gold coin and certificates.....	\$ 6,495,000	\$ 2,970,000	\$ 2,249,000
Gold Settlement Fund—F. R. Board.....	12,700,000	16,340,000	26,328,000
<b>Total gold held by Bank.....</b>	<b>19,195,000</b>	<b>19,310,000</b>	<b>28,577,000</b>
Gold with foreign agencies.....	6,870,000	6,623,000	233,000
Gold with Federal Reserve Agent.....	75,135,000	74,195,000	52,983,000
Gold Redemption Fund.....	4,737,000	5,971,000	3,306,000
<b>Total gold reserve.....</b>	<b>105,937,000</b>	<b>106,099,000</b>	<b>85,099,000</b>
Legal tender notes, silver, etc.....	4,844,000	3,367,000	2,632,000
<b>Total Reserves.....</b>	<b>110,781,000</b>	<b>109,466,000</b>	<b>87,731,000</b>
Bills discounted—Secured by Government war obligations.....	43,055,000	36,126,000	54,494,000
Bills discounted—All other.....	21,192,000	31,270,000	23,991,000
Bills bought in open market.....	28,581,000	31,971,000	6,926,000
<b>Total bills on hand.....</b>	<b>92,828,000</b>	<b>99,367,000</b>	<b>85,411,000</b>
U. S. Government Bonds.....	1,153,000	1,153,000	1,153,000
U. S. Certificates of Indebtedness.....	17,076,000	17,138,000	5,568,000
<b>Total earning assets.....</b>	<b>111,057,000</b>	<b>117,658,000</b>	<b>92,132,000</b>
Bank Premises.....	691,000	691,000	.....
Uncollected items and other deductions from gross deposits.....	69,108,000	68,236,000	42,112,000
5% Redemption Fund against F. R. Bank notes.....	531,000	576,000	268,000
All other resources.....	247,000	290,000	1,480,000
<b>TOTAL RESOURCES.....</b>	<b>292,415,000</b>	<b>296,917,000</b>	<b>223,723,000</b>
<b>LIABILITIES:</b>			
Capital paid in.....	4,038,000	4,060,000	3,798,000
Surplus.....	2,589,000	.....	.....
Government deposits.....	2,158,000	5,676,000	7,663,000
Due to members—Reserve Account.....	68,575,000	67,280,000	56,432,000
Deferred availability items.....	54,926,000	53,137,000	30,098,000
Other credits.....	3,944,000	3,855,000	2,496,000
<b>Total gross deposits.....</b>	<b>129,603,000</b>	<b>129,948,000</b>	<b>96,689,000</b>
F. R. Notes in actual circulation.....	138,282,000	142,710,000	115,110,000
F. R. Bank Notes in actual circulation—net liability.....	16,256,000	15,692,000	5,217,000
All other liabilities.....	1,647,000	1,918,000	2,909,000
<b>TOTAL LIABILITIES.....</b>	<b>\$292,415,000</b>	<b>\$296,917,000</b>	<b>\$223,723,000</b>