

# 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 spirit of conservatism that developed during the first weeks of February in many lines of business is still in evidence. Business men are proceeding with greater caution and the general public appears to be making its purchases with a greater measure of discretion. Production is more nearly approximating demand and the belief is general that the peak of high prices has been passed.

However, there is an undertone of confidence in the firmness of the present industrial situation and, while readjustments are anticipated, those who are best informed believe they will be gradual enough to prevent any alarming developments.

Freight and express embargoes, necessitated by the congestion in the East and the difficulty in securing labor for handling shipments at terminals, have made deliveries somewhat slower than they should be with the present more satisfactory rate of production. This condition of affairs seems likely to be ameliorated with the advent of more favorable weather conditions.

There have been more sales of spot cotton the past month than the preceding month and inquiries are much more frequent. Prices have been stimulated by foreign inquiries and by the bad weather that has delayed the planting of the new crop.

Collections are not as good as they have been. Unfavorable weather conditions in parts of the District have tended to delay payments, particularly in rural communities.

A strong demand for money is reported. However, banks continue to select their loans with a view to placing their funds where they will best serve the interests of their respective communities. Loans and investments in the 35 reporting banks in this District show an aggregate increase from February 6, 1920, of \$5,532,000.

**MANUFACTURING**—Activity in manufacturing continues in this District. While a few firms report decreases from the high level of the past month, most of them report increases in February in spite of its being a short month. As compared with February last year, practically all concerns show material gains ranging from 10% to over 350%. There is still some difficulty in obtaining raw materials and the shortage of skilled labor is keenly felt.

Boot and shoe manufacturers report good orders for future delivery. Production is improving and the accumulation of unfilled orders is being cut down. Low shoes are in exceptionally strong demand because of the style of wearing spats. The supply of labor and raw materials is more ample.

Manufacturers of woodenware report increases as high as 100% in value of business in February as compared with the corresponding month last year. Producers report a strong demand. A downward adjustment of the price level is anticipated.

Candy manufacturers say their business is improving slightly. The demand is normal, but the high cost of raw materials and the slow freight and express deliveries are hampering trade. The volume of future orders held is small.

Increases over February last year ranging from 10% to 23% are reported by chemical manufacturers. The supply of raw materials is short, but the demand is strong owing to the prevalence of sickness in various localities. While there have been increases in the prices of some chemicals, declines have occurred in others.

Clothing manufacturers are exceptionally busy. Some concerns are sold up to manufacturing capacity and others report increases over February last year as high as 360%. There is still a demand for the better class of goods. Skilled labor is very scarce.

Manufacturers of electrical supplies report increases as high as 20% over January and 225% over February last year. Some concerns hold heavy orders for future delivery while others say their orders are very light. Advances have occurred in the prices of metals and textiles. Transportation delays are an unfavorable factor in the situation.

Iron and steel manufacturers report increases as high as 50% in comparison with the value of their sales in February last year. February showed slight decreases from January. Concerns report that they have enough orders to keep them busy for several months and some say that their future orders are the largest in their history. The exceptional activity in the automobile trade is a factor stimulating demand.

Rope manufacturers say the demand for their products is above normal. One large factory says it has orders sufficient to run it for three months. Railroad congestion has hampered deliveries of raw materials.

Manufacturers of men's hats say business is exceptionally good. In some cases their sales for one day equal those for four or five days last year.

Business with flour mills is exceedingly variable. Some report decreases as compared with February last year. The shortage of cars and the embargoes on eastern shipments have materially curtailed business.

**WHOLESALE AND JOBBING**—Conservatism was the keynote among wholesalers during February. While there is somewhat less hesitancy in buying at the present time, there is not the feverish clamor to get all the goods possible that was characteristic of previous months. Wholesalers say their customers are not placing orders beyond their needs to the extent they did before. Trade is on a more concrete basis than it has been for the past several months. Business in most lines is active and February's sales were, for the most part, greatly beyond those for the corresponding month last year.

Wholesale shoe dealers report increases averaging about 50% over the value of sales in February, 1919. Some dealers report decreases from January, others increases. Dealers, generally, are optimistic.

Dealers in wholesale drugs report increases ranging up to 30% in value of business as compared to February last year. Slight increases over January are also reported. One concern states that it had "the largest month's business in 20 years and the shortest month in which to do it." The sugar shortage is an unfavorable factor affecting business.

Wholesale dry goods houses report increases in value of business ranging from 60% to 100% over February, 1919. In some instances orders on hand for future delivery are 50% beyond normal. Complaint is made that "merchants cancel future orders on slight pretext or on rumors of decline in prices." February business was slightly below the level of January. There has been some softening of prices.

Wholesale dealers in farm implements say their business is steady. Orders on hand for future delivery are large and the demand is strong. The advance in hardwood products has somewhat increased production costs. Labor conditions are rather unsettled.

Increases in value of sales ranging from 10% to 50% over February, 1919, are reported by wholesale grocers. February's business showed slight gains over that for January. Conditions are considerably mixed. Some houses say their business is still considerably beyond normal; others that it is considerably below normal.

Good business for several months is anticipated by wholesale hardware dealers. They report increases in value of business as high as 100% beyond February, 1919. While prices are steadier than they have been, there is no immediate prospect of material reductions. The demand is not as strong as it was a month ago.

**RETAIL**—Department stores throughout the district say their sales were from 10% to 40% larger in February this year than they were for the corresponding month in 1919. A few stores report increases over January, but most of them say their business decreased about 10%. Owing to the fact that tobacco is not moving in parts of the District where it is the principal crop, and to the impassable roads in some of the southern sections of the District, the retail sales have been considerably reduced. During March, retail trade has shown some improvement over February, but buyers are not spending their money as recklessly as they have during the past several months. Some houses report that their customers are demanding lower prices and restricting their purchases accordingly. Department stores, in their turn, are making a strong effort to stop the rise in the prices charged them for merchandise. They are not placing orders larger than their needs, as was the case during last year's scramble for merchandise, but are ordering only what they think they will actually need. They feel that with increased production there should be enough goods to go around and to permit of orders being filled fully.

**AGRICULTURE**—The crop outlook in this District is favorable with the exception of winter wheat. It, as this bulletin has previously reported, has been considerably damaged by Hessian fly and appears to have been injured or killed in some sections by alternate freezing and thawing.

Farm work has been hampered in many parts of the District by bad weather and bad roads, but there has been considerable plowing and planting in more favored sections.

A large part of the acreage that was plowed for wheat last fall but not sown will likely be planted in corn. There are good indications that the corn acreage will be considerably increased over last year. Movement of corn from the farms has lately been better, due to the increase in price. It is estimated that from 25% to 40% of the crop still remains on the farms.

Preparation for the planting of the cotton crop has been delayed by unfavorable weather, but in some parts of the District planting is well under way. Planters in some sections are returning to the big boll types. The following table, compiled from commercial sources for the Government market report, shows the cotton movement from August 1 to February 27:

	1919-1920	1918-1919
	Bales	Bales
Port receipts .....	\$5,334,297	\$3,737,989
Port stocks .....	1,444,051	1,396,841
Interior receipts .....	5,577,232	4,743,726
Interior stocks .....	1,276,887	1,513,617
Into sight .....	8,938,003	7,924,115
Northern spinners' takings .....	1,998,641	1,394,716
Southern consumption .....	2,101,000	2,213,000
World's visible supply of American cotton .....	4,840,426	3,828,028

The acreage planted in oats will likely be equal to or slightly larger than last year's. A good quantity of spring oats is being planted owing to the unfavorable weather in the fall and in January, which made earlier seeding impossible. The condition of fall oats is very good.

There is some dissatisfaction among farmers in parts of the District owing to their having received what they consider a low price for their tobacco crop. There is some holding for an advance. In other parts of the District a larger acreage is being planned and 75% of the 1919 crop has been marketed.

The prospect for small fruits and vegetables is encouraging. Fruit trees have come through the winter apparently without frost damage. Buds are swelling, however, and much depends on the weather during the next few weeks.

The outlook for clover and other feed crops is very satisfactory.

**LABOR**—Labor conditions in this District have not materially changed since the last report. Complaints of labor unrest are not so frequent as formerly, although there still are a few. There has been apparently no improvement in the supply of skilled labor; marked shortages in many lines still exist. In some rural sections a scarcity of farm labor is in prospect. This is particularly true in parts where road building has used up much of the visible supply.

**RECEIPTS AND SHIPMENTS OF IMPORTANT COMMODITIES AT ST. LOUIS** during February, 1920 and 1919, as reported by the Merchants' Exchange, were as follows:

	Receipts		Shipments	
	1920	1919	1920	1919
Flour, barrels .....	471,700	154,020	546,670	240,360
Wheat, bushels .....	1,434,140	880,800	1,960,480	1,674,690
Corn, bushels .....	3,849,300	1,756,300	2,649,200	1,367,300
Oats, bushels .....	3,174,000	2,384,000	3,030,220	1,971,850
Lead, pigs .....	238,740	141,750	195,200	186,140
Zinc and spelter, slabs .....	470,470	919,120	855,620	987,840
Lumber, cars .....	11,289	9,464	8,650	5,742
Meats, pounds .....	4,621,000	6,219,200	19,615,800	43,995,800
Fresh beef, pounds .....	1,434,300	1,043,600	20,112,400	25,722,600
Lard, pounds .....	2,044,200	676,200	6,272,100	7,163,300
Hides, pounds .....	2,492,300	3,002,100	6,804,400	4,467,900

**BUILDING**—During February, permits issued for new buildings were far in excess of the corresponding month last year. Some cities in the District show increases over January, others decreases. Comparative figures for February are as follows:

	1920		February		1919	
	Permits	Cost	Permits	Cost	Permits	Cost
St. Louis .....	544	\$1,602,411	414	\$310,621	414	\$310,621
Louisville .....	149	691,200	118	104,850	118	104,850
Memphis .....	169	774,400	112	138,240	112	138,240
Little Rock .....	33	468,202	52	69,500	52	69,500
Evansville .....	..	39,765	45	44,485	45	44,485

The scarcity of houses has resulted in marked increases in rents. This is particularly true of apartments, where tenants have been obliged to pay increases as high as 50% over last year's rentals.

**COMMERCIAL FAILURES**—Figures compiled by the R. G. Dun & Co. commercial agency show that failures in this District decreased from 36 in February, 1919, to 28 in February, 1920. The decrease in the total liabilities of the companies failing was from \$424,740, in February, 1919, to \$340,110 in February, 1920.

**LIVESTOCK**—The report of the St. Louis National Stock Yards for February, 1920, shows increases in all receipts and shipments, except the receipts of hogs, as compared with the corresponding month last year. The comparative figures are as follows:

	Cattle and Calves		Hogs		Sheep		Horses and Mules	
	1920	1919	1920	1919	1920	1919	1920	1919
February Receipts .....	81,326	76,324	310,057	339,620	29,095	20,444	23,625	20,316
Shipments .....	26,464	18,852	199,200	128,370	5,386	1,075	27,422	21,131
Local Slaughter ..	43,932	57,562	101,333	211,347	21,201	19,369	.....	.....

The number of livestock on the farms is not so large as last year. Livestock, generally, is in good health, although rather thin, probably on account of the scarcity and high prices of feeds. Draft horses and mules are commanding high prices.

**FINANCIAL**—The demand for money in this District is still strong. Rates are slightly higher than in February. The high, low and customary interest rates prevailing in St. Louis, Louisville, Memphis and Little Rock, from February 16th to March 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
Customer's prime commercial paper:												
30 to 90 days .....	6½	5¾	6½	6	6	6	6	6	6	8	6	6½
4 to 6 months .....	6½	5¾	6½	6	6	6	6	6	6	8	6	6½
Prime commercial paper purchased in open market:												
30 to 90 days .....	..	..	..	6	6	6	..	..	..	6¾	6	6½
4 to 6 months .....	..	..	..	6	6	6	..	..	..	7	6	6½
Loans to other banks .....	6½	5½	6½	6	5	6	6	6	6	6	6	6
Bankers' acceptances of 60 to 90 days:												
Endorsed .....	5¾	5¾	5½	..	..	..	..	..	..	..	..	..
Unendorsed .....	6	5½	5¾	6	6	6	..	..	..	..	..	..
Loans secured by prime stock exchange collateral or other current collateral:												
Demand .....	7	6	6½	6	6	6	6	6	6	8	6	7
3 months .....	7	6	6½	6	6	6	6	6	6	8	6	7
3 to 6 months .....	7	6	6½	6	6	6	6	6	6	8	6	7
Cattle loans .....	6½	6½	6½	6	6	6	..	..	..	8	6	7
Commodity paper secured by warehouse receipts, etc. ....	6½	6½	6½	6	6	6	6	6	6	8	6	7
Loans secured by Liberty Bonds and Certificates	6	5½	6	6	5½	6	6	6	6	8	6	7

Rates for commercial paper are about ½% higher than a month ago. The rate prevailing now is 7%. Transactions in February were considerably beyond those for the corresponding month last year. Some dealers say that their business during the first two weeks of March was about equal to that for the entire month last year. The attractively high rate is bringing a number of new buyers into the market, mostly country banks. The demand is particularly active in the Southwest.

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, Memphis, Louisville, Little Rock and Evansville:

	March 5, 1920	Feb. 6, 1920
Number of banks reporting .....	35	35
United States Bonds to secure circulation .....	\$ 17,177,000	\$ 17,177,000
Other United States Bonds, including Liberty Bonds.....	14,126,000	14,497,000
United States Victory Notes .....	3,655,000	4,287,000
United States Certificates of Indebtedness .....	18,372,000	21,407,000
<b>Total United States Securities owned .....</b>	<b>53,330,000</b>	<b>57,368,000</b>
Loans secured by United States Bonds and Certificates.....	28,918,000	30,023,000
Loans secured by stocks and bonds, other than United States Securities.....	159,868,000	160,024,000
All other loans and investments .....	340,201,000	329,370,000
<b>Total loans and investments .....</b>	<b>582,317,000</b>	<b>576,785,000</b>
Reserve with the Federal Reserve Bank .....	43,282,000	44,400,000
Cash in vault .....	10,408,000	10,242,000
Net demand deposits on which reserve is computed.....	365,371,000	365,597,000
Time Deposits .....	119,951,000	118,458,000
Government deposits .....	1,036,000	5,456,000

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:

Debits to individual accounts:	Weeks ended—Feb. 18	Feb. 25	Mar. 3	Mar. 10
St. Louis .....	\$166,879,000	\$131,777,000	\$169,371,000	\$142,692,000
Louisville .....	47,859,000	39,268,000	42,197,000	35,415,000
Memphis .....	49,674,000	35,250,000	40,158,000	36,424,000
Little Rock .....	10,262,000	9,739,000	10,278,000	9,973,000
Evansville .....	6,275,000	6,277,000	6,126,000	5,906,000

In February the Federal Reserve Bank of St. Louis discounted a total of \$166,776,803.08 of paper for 209 different member banks, which is a decrease of \$26,613,121.56 from the amount of paper discounted during January and an increase of five in the number of banks accommodated.

On March 4, 1920, the Federal Reserve Bank of St. Louis established the following discount rates:

MEMBER BANKS' COLLATERAL NOTES:	15 days and less	16 to 90 days	61 to 90 days	91 days to 6 months
Secured by Certificates of Indebtedness .....	5%	....	....	....
Secured by Liberty Loan Bonds or Victory Notes .....	5½%	....	....	....
Secured by War Finance Corporation Bonds .....	7%	....	....	....
Secured by Bills Receivable .....	6%	....	....	....

REDISCOUNTS:				
Secured by Certificates of Indebtedness .....	5%	5%	5%	....
Secured by Liberty Loan Bonds or Victory Notes .....	5½%	5½%	5½%	....
Secured by War Finance Corporation Bonds .....	7%	7%	7%	....
Commercial Paper .....	6%	6%	6%	....
Agricultural or Livestock Paper .....	6%	6%	6%	6%
Trade Acceptances .....	6%	6%	6%	....
Bankers' Acceptances .....	5%	5%	5%	....
Bankers' Acceptances purchased at the market rate, subject to agreement.				

The resources and liabilities of the Federal Reserve Bank of St. Louis on March 14, 1920, as compared to a month ago, and a year ago, are shown in the following statements:

RESOURCES:	Feb. 13, 1920	March 14, 1920	March 16, 1919
Gold coin and certificates .....	\$ 2,895,000	\$ 3,371,000	\$ 4,201,000
Gold Settlement Fund—F. R. Board .....	21,076,000	16,534,000	16,109,000
<b>Total gold held by Bank .....</b>	<b>23,971,000</b>	<b>19,905,000</b>	<b>20,310,000</b>
Gold with foreign agencies .....	5,303,000	5,301,000	233,000
Gold with Federal Reserve Agent .....	59,184,000	51,920,000	62,425,000
Gold Redemption Fund .....	5,170,000	6,695,000	3,940,000
<b>Total Gold Reserve .....</b>	<b>93,628,000</b>	<b>83,821,000</b>	<b>86,908,000</b>
Legal tender notes, silver, etc. ....	3,343,000	3,940,000	2,341,000
<b>Total reserves .....</b>	<b>96,971,000</b>	<b>87,761,000</b>	<b>89,249,000</b>
Bills discounted—Secured by Government war obligations.....	50,405,000	55,493,000	52,930,000
Bills discounted—All other .....	45,667,000	48,173,000	13,198,000
Bills bought in open market .....	9,798,000	10,509,000	17,366,000
<b>Total bills on hand .....</b>	<b>105,870,000</b>	<b>114,175,000</b>	<b>83,494,000</b>
U. S. Government Bonds .....	1,153,000	1,153,000	1,153,000
U. S. Certificates of Indebtedness .....	17,291,000	17,261,000	8,068,000
<b>Total earning assets .....</b>	<b>124,314,000</b>	<b>132,589,000</b>	<b>92,715,000</b>
Bank Premises .....	866,000	866,000	540,000
Uncollected items and other deductions from gross deposits.....	81,341,000	55,185,000	43,066,000
5% Redemption Fund against F. R. Bank notes .....	317,000	880,000	338,000
All other resources .....	241,000	303,000	316,000
<b>TOTAL RESOURCES .....</b>	<b>304,050,000</b>	<b>277,584,000</b>	<b>226,224,000</b>
<b>LIABILITIES:</b>			
Capital paid in .....	4,094,000	4,129,000	3,805,000
Surplus .....	3,724,000	3,724,000	1,603,000
Government deposits .....	1,733,000	4,772,000	9,942,000
Due to members—Reserve Account .....	72,270,000	71,530,000	59,383,000
Deferred availability items .....	65,621,000	39,029,000	35,079,000
Other credits .....	4,009,000	3,398,000	512,000
<b>Total gross deposits .....</b>	<b>151,451,000</b>	<b>126,582,000</b>	<b>110,324,000</b>
F. R. Notes in actual circulation .....	136,668,000	137,061,000	107,708,000
F. R. Bank Notes in actual circulation—net liability .....	14,778,000	12,382,000	7,413,000
All other liabilities .....	1,153,000	1,559,000	779,000
<b>TOTAL LIABILITIES .....</b>	<b>304,050,000</b>	<b>277,584,000</b>	<b>226,224,000</b>