

FEDERAL RESERVE BANK OF ST. LOUIS

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

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Reports from representative factors in virtually all lines of industry in this district indicate there has been no slowing down in the recent brisk pace maintained by business. Further, barring certain disabilities of a transitory sort, signs generally point to continued activity for some time to come. As contrasted with like period in 1919, the past month discloses a goodly gain in the volume of sales of both wholesalers and retailers, while in but few instances is there report of any falling off from totals of the preceding month.

The demand for merchandise continues massive, and in many lines far in excess of supplies. Prices of leading articles hold very strong, and in many important instances further notable advances are recorded.

Wheat, leader in the foodstuffs classification, has soared to new high levels on the present crop, No. 2 Red Winter selling in St. Louis on April 17 at \$2.88. Corn and oats, cash and futures, have moved upward, and all products of these cereals have felt effects of the upturn. Sugar, another vital staple, has started upward again.

Dry goods, hardware, woodenware, wearing apparel, iron and steel products, together with other varieties of merchandise, are reported steady to higher, with gains of a very decided character on some articles.

The raw material market holds its own well, there being no declining tendency observable thus far. Fuel is higher, especially coke, from which Government regulation was recently lifted, and which, along with coal, is affected by the increased scale to miners in the bituminous fields.

Certain adverse elements in the situation have taken more definite shape in the past few weeks, but thus far have not been sufficiently marked to act as a real damper on business activity. Labor unrest, which manifested itself in the switchmen's strike and some lesser demonstrations, is causing uneasiness. Agricultural conditions are not uniformly favorable. The prospects for winter wheat are poor. There has been extensive damage from insects and more or less winter killing, the extent of which is not fully known. Spring farm operations have been delayed by excessive rains and floods. Cotton planting is backward, and the corn acreage bids fair to be seriously curtailed by the scarcity and inefficiency of labor. Fruit in this district was badly damaged by the cold spell early in April. Peaches and apples in many sections have been killed, and elsewhere so blighted that only a half crop can be expected. Ground fruits have been injured, and the same is true of early vegetables.

Collections for the most part are reported good, though backward in tobacco growing sections, where last year's crop has not been entirely marketed. In certain flooded districts banks and merchants complain of delayed settlements.

The demand for credits holds up well, and banks could place considerably more funds than shown in their loan figures were they disposed to do so or if the money were available. The policy of selection is being more intensively practiced, and funds are being loaned with the idea of serving the most useful purposes in the several communities. Speculation is being discouraged, in both commodities and securities.

The switchmen's strike at St. Louis has caused a large tonnage of freight to be diverted to the Government River Service. Business in April of the St. Louis-New Orleans barge line will be by far the largest for any single month since its establishment, September, 1918.

MANUFACTURING—On the whole manufacturing operations are maintained about on a parity with the preceding month. In certain lines, notably industries using iron and steel, a slowing down was apparent, due to delayed arrivals of raw materials caused by the switchmen's strike. Some complaint relative to labor is heard, skilled operatives being especially scarce. Orders for future delivery are bulky, especially in the metal industries, while accumulations are light, excepting those traceable to congestion resulting from the strike. As contrasted with the corresponding period a year ago gains ranging from 5% to as high as 150% are disclosed in reports received this month. Still larger gains were prevented only by inability to secure raw and semi-finished materials.

Boot and shoe manufacturers show gains in output and activity over both the same period in 1919 and the preceding month. Business is brisk, specific comment describing it as steady to very active, and in virtually all cases it is normal or better. The selling price of leading products has undergone no marked change, but the public is reacting against the high cost of footwear, which fact makes an apparent tendency to easier prices.

As compared with a year ago, manufacturers of woodenware show liberal gains, the highest reported being 100%, while there are gains of from 5% to 15% over the preceding month this year. Orders for future delivery are heavy and the demand continues well above normal. Continued good business is in sight, with no features apparent which would have a tendency to work adversely to the industry.

The advance in sugar prices and shortage of labor, coupled with hampered railroad traffic, have served to disarrange things to some extent in the candy manufacturing line, but the demand for the finished product continues enormous, and recent gains are being well maintained. The price tendency is firm, due to high manufacturing costs, but no notable specific changes have been reported. The outlook for spring and summer business is described as good.

Increases of from 10% to 30% are reported by manufacturers of drugs and chemicals. Depleted stocks, an unusually heavy demand and broadening of the soft drink industry are among the factors favorably affecting this line. The tendency of prices is higher, due in part to a scarcity of raw materials, but more directly to tremendous consumption.

Makers of clothing of all sorts are heavily burdened with orders for prompt and future delivery. Some have reached capacity, and are refusing business involving shipment earlier than three to six months. Labor in this line is described as scarce, inefficient, and restless. Selling prices continue to show heavy increases over a year ago, and several firms report gains as high as 50% in the past month, but a majority show steady levels with a month ago and indicate that there will be no further upward revisions in the near future.

The demand for electrical supplies is broad and active, the inquiry in all lines being above normal. Telephone supplies are particularly scarce and strong, and it will be months before needs in that specialty are caught up with. Sales in the past month range as high as 90% over the same period in 1919, while gains of from 10% to 20% are shown in sales for this month as contrasted with the preceding thirty days. The outlook for business is reported good, but contingent largely upon the attitude of labor.

Manufacturers of iron and steel articles have felt effects of the strike more heavily probably than any other single industry. Raw materials, already scarce, were further delayed and for a time activities were slowed down. Otherwise, however, business is all that could be desired. Mills, foundries and furnaces are working at capacity, and their books are crowded with orders. Prices hold firm, with an advancing tendency. Pig iron is scarce and high, No. 2 Southern (fraser) silicon being quoted at \$42, Birmingham. The demand for building materials and tubular goods

Their business has been adversely affected by the advance in wheat prices and heavy stocks in certain positions. Consumption, however, continues heavy, and with a return to normal in railroad transportation the recent distribution status should be restored. Prices are irregular, but with an advancing trend, due to the upturn in wheat.

Manufacturers of rope, paper bags, envelopes and furniture report no marked change in conditions as contrasted with a month ago. A majority of interests engaged in these industries show broad gains over the same period last year, and are running about on a parity with recent weeks.

Car shortages and railroad strikes have interfered with conduct of lumber manufacturing, the condition of which is reported as generally steady. The demand is above normal, and sales range as high as 150% over a year ago. Some interests, however, show slight decreases as compared with last month, the maximum loss reported being 5%. Labor is scarce and more expensive. General conditions affecting the industry are good, and the outlook hopeful.

WHOLESALE AND JOBBING—Generally throughout the district business with wholesalers during the past month showed improvement. To the South, where the season is backward, the pace is no better than steady, but nowhere is a retrograde movement discernible. In some of the typical fruit-producing sections crops were injured by the cold snap early in April, and a note of conservatism is sounded from that quarter. Sales universally are running far above those of the corresponding period last year, and in the main are holding their own or exceeding recent averages.

Orders in the hands of boot and shoe distributors show increases of from 25% to 70% over the same month last year, and gains of as high as 33½% are shown over the preceding month this year. Selling prices range from steady to 10% higher. Despite the agitation against high costs, the demand is unabated, and purchasing power great as ever.

Wholesalers of drugs, chemicals and kindred lines continue to enjoy prosperity. The call for their merchandise, both for prompt and future delivery, is in excess of supplies. Consumption of drugs since the first of this year has been augmented by the influenza epidemic and other sickness caused by the unusual season. The price trend is upward, specific advances being reported on a number of important articles.

Dry goods jobbers and wholesalers again show heavy gains over the corresponding month last year, ranging in the extremes from 5% to 90%, but as compared with the preceding month this year sales range from steady to 25% less. Business is described as about steady, with the outlook for the balance of the season favorable. This opinion, however, is qualified and subject to revision with favorable or unfavorable crop developments. Orders on hand are heavier than last year and the demand is above normal. Selling prices are steady to a shade higher, the greatest strength being on textiles.

Wholesale clothing continues active, with selling prices steady to firmer. Reports as to volume of business vary from 20% under the preceding month to small increases. General conditions are auspicious, and prospects for balance of 1920 good.

Distribution of wholesale groceries in the district during the past month exceeded that of the same period in 1919 by about 10% to 30%, and slight gains were also shown over the preceding month this season. Prices continue on the upturn, several important commodities, notably sugar, having sustained further specific advances. Retailers are disposed to play cautiously, anticipating a drop in prices, but there is nothing tangible upon which to base this opinion. Stocks are not heavy, and the late season is delaying early farm products, which at this time of year usually are counted upon to lower food costs. The abnormally high cereal quotations also militate against cheaper groceries.

In the wholesale hardware line business is steady to improving. Sales bulk heavily in volume over those of the corresponding period last year, and are quite as good as a month ago. Selling prices range from 5% to 10% higher, and the tendency is upward, due to scarcity of goods and expensive raw materials.

RETAIL—Reports from retailers in this district are somewhat mixed, both as to present business and prospects. Generally trade in March and early April shows goodly increases over the corresponding period a year ago, but in many instances there were decreases in total volume of sales under the February showings. Unseasonable weather has been the chief factor in slowing down purchases. Articles for spring wear have not moved as well as they should have, on account of the unseasonably cold weather. Prices are holding firm, with some advances and virtually no declines. There is some talk of a reduction in prices of women's clothing, but as yet no evidence of this has appeared in retail establishments hereabout.

Reaction against the high cost of clothing has crystallized recently in the formation of "Overall Clubs," members of which are pledging themselves to wear jeans, or at least to purchase no new clothes until prices are lowered. While direct results of this movement may not be revolutionary, it is a straw showing the direction of the wind, and may well serve as an admonition to those concerned.

AGRICULTURE—The outlook for crops in this district is somewhat less favorable than the preceding month. Weather has been against planting, growth and development. Precipitation has been excessive and temperatures abnormally low, while clear skies and warmth are the conditions most needed. Reports on winter wheat are not optimistic. Fly is present in scattered sections, and there has been winter killing, the extent of which it is not possible to determine yet. Elsewhere the plant has been worked out of the ground by alternate freezing and thawing. Still, with the right conditions from this time on, much wheat now looking poor to hopeless can easily recover. However, with ideal conditions right up to harvest final results are fated to the disappointing, both because of the known irreparable injury so far wrought, and the reduced acreage.

The U. S. Department of Agriculture in its report as of April 1, gives the condition of winter wheat and rye in the seven States of this District as follows:

	Winter Wheat Condition			Price			Rye Condition			Dec. 1
	April 1	Dec. 1	April 1	April 1	Dec. 1	April 1	Dec. 1	April 1	Dec. 1	
	1920	1919	10 yr. av.	1919	1920	1919	1920	1919	10 yr. av.	1919
Arkansas	76	99	68	81	226	212	84	96	89	84
Illinois	67	101	82	82	235	223	85	97	90	93
Indiana	59	100	83	79	231	219	80	98	88	92
Kentucky	62	103	86	80	240	216	74	100	89	92
Mississippi	82	90	86	88	214	262	..	..	..	..
Missouri	70	103	84	84	232	221	78	101	88	88
Tennessee	66	98	85	75	257	226	75	96	86	91

Planting of oats is backward, and the early planted grain in some localities failed to get a good start because of heavy rains immediately following seeding. The condition in this District is fair to poor.

Excessive rains have seriously delayed the preparation of farm land for corn, and at this juncture all signs point to a reduced acreage as compared with last year. Extremely expensive seed and a woeful shortage of farm labor are other elements likely to make for a smaller ultimate yield. In fact, from what can be gathered, the labor situation is at present the most serious aspect of the agricultural situation. The recent slump in hog prices will not encourage farmers to plant overmuch corn for feeding purposes.

The very favorable prospects for apples, peaches and ground fruits, which prevailed at the end of March, were reversed by the cold spell which swept over the middle west early in April. In some important sections the larger fruits were killed, and elsewhere so injured that hardly half a crop can be expected. The season is from two or three weeks late on early vegetables and ground fruits.

Reports relative to cotton planting vary considerably, but on the whole can not be optimistically construed. Continued cold and excessive rains have further delayed field work and the season is from two to three weeks late. Stringent labor shortage is reported from all sections of this District producing cotton.

Cotton mills display some hesitation and their demands at the moment are confined largely to middlings or better. Some difficulty is experienced in marketing the lower grades. Export business is disappointing due to the depressed foreign exchange market, labor troubles in English spinning centers and transportation disabilities in this country. Prices in April advanced to the highest levels since the U. S. Bureau began reporting in 1915.

Failure to fully market last year's tobacco crop, together with labor shortage and indifference of those most concerned, is causing talk of a reduced tobacco acreage this season, but it is still too early to form a definite opinion as to just what will be done.

The outlook for fodder crops is excellent. Abundant moisture has caused rapid and luxuriant growth, and in spite of the cold weather, pastures are looking fine.

LABOR—Labor unrest continues in the great centers of population in this district, the principal actual manifestation of this feeling being in the recent railroad switchmen's strike. In all lines of industry there is a shortage of help, and the tendency of wages is upward. Skilled workmen are scarce, and railroads are finding it hard to fill out track and construction gangs. The most marked shortage, however, is in farm hands. In some sections they are almost unobtainable.

RECEIPTS AND SHIPMENTS OF IMPORTANT COMMODITIES at St. Louis during March, 1920 and 1919, as reported by the Merchants' Exchange, were as follows:

	Receipts		Shipments	
	1920	1919	1920	1919
Flour, barrels.....	410,970	249,120	505,340	265,330
Wheat, bushels.....	1,394,748	1,059,629	1,085,740	772,260
Corn, bushels.....	3,414,050	1,666,325	2,304,510	739,230
Oats, bushels.....	3,180,000	2,828,000	2,759,180	2,015,935
Lead, pigs.....	248,190	112,960	167,480	141,750
Zinc and spelter, slabs.....	510,920	325,940	1,073,730	647,110
Lumber, cars.....	13,096	9,527	10,524	6,777
Meats, pounds.....	6,225,900	5,710,500	26,072,300	33,099,300
Fresh beef, pounds.....	1,443,800	1,133,700	24,753,500	27,677,100
Lard, pounds.....	3,749,100	518,300	8,623,000	7,639,000
Hides, pounds.....	1,096,800	2,401,200	7,199,200	5,894,800

BUILDING—A marked expansion in building operations is indicated by the March permit figures from leading cities of this district. These statistics show not only a radical increase over the same period in 1919, but substantial gains over the February, 1920, figures. The inferences to be drawn from these figures are substantiated by reports from contractors, architects and building material interests. Comparative figures for March are as follows:

	1920		March		1919	
	Permits	Cost	Permits	Cost	Permits	Cost
St. Louis.....	880	\$1,999,192	682	\$446,318		
Louisville.....	263	1,114,500	204	223,200		
Memphis.....	227	928,950	194	202,575		
Little Rock.....	170	434,607	106	162,984		

LIVESTOCK—Receipts of livestock in St. Louis for March show increases in all items except cattle as compared with the same month in 1919. In the shipments column, all items also show increases, except cattle. April shipments and receipts are expected to make one of the poorest showings for any single month in recent years, due to the strike of switchmen. As reported by the Merchants' Exchange, receipts and shipments of livestock at St. Louis in March, with comparison of the March, 1919, movement, were:

	Cattle and Calves			Hogs			Sheep			Horses and Mules		
	1920	1919	1920	1919	1920	1919	1920	1919	1920	1919	1920	1919
Receipts	76,038	81,108	372,294	348,078	27,256	22,916	17,654	14,811				
Shipments	13,191	21,725	175,737	160,386	4,123	3,849	18,930	16,850				

FINANCIAL—Banks in this district report a continued strong demand for money. The inquiry for commercial purposes is brisk and the spring agricultural needs in the rural communities are beginning to be felt, especially to the South. Between March 15 and April 15 the high, low and customary interest rates prevailing in St. Louis, Louisville, Memphis and Little Rock, 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	6	6½	6	6	6	6	6	6	8	6½	7
4 to 6 months.....	6½	6	6½	6	6	6	6	6	6	8	6½	7
Prime commercial paper purchased in open market:												
30 to 90 days.....	..	..	..	7	6	6	..	..	..	7	6½	7
4 to 6 months.....	..	..	..	7	6	6	..	..	..	7	6½	7
Loans to other banks.....	6½	6	6½	6	5½	6	6	6	6	6	6	6
Bankers' acceptances of 60 to 90 days:												
Endorsed	6	6	6	6½	6	6	..	..	..	..	..	..
Unendorsed	6½	6	6½	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	6½	7
3 months	7	6	6½	6	6	6	6	6	6	8	6½	7
3 to 6 months.....	8	6	6½	6	6	6	6	6	6	8	6½	7
Cattle loans	6½	6½	6½	6	6	6	..	..	..	8	7	7
Commodity paper secured by warehouse receipts, etc.....	6½	6	6½	6	6	6	6	6	6	8	6½	7
Loans secured by Liberty Bonds and Certificates	6½	5¾	6	6	6	6	6	6	6	8	6	7

The market for commercial paper shows a decided slowing down as contrasted with the three or four months preceding, some brokers reporting a shrinkage of full 50% from the flood-tide a few weeks back. With the volume of business shows a gain in the general aggregate of approximately 7% over the same period in 1919. Appreciation in interest rates for other classes of loans has had a tendency to make the returns offered by even gilt-edged paper less attractive than heretofore. Country banks are not buying as heavily.

The condition of banks in this district at the present time, and changes during the past month, are reflected in the following comparative statement, showing the principal resources and liabilities of member banks of St. Louis, Louisville, Memphis, Little Rock and Evansville:

	April 9, 1920	March 5, 1920
Number of banks reporting.....	35	35
United States Bonds to secure circulation.....	\$ 17,176,000	\$ 17,177,000
Other United States Bonds, including Liberty Bonds.....	14,242,000	14,126,000
United States Victory Notes.....	3,641,000	3,655,000
United States Certificates of Indebtedness.....	13,253,000	18,372,000
Total United States Securities owned.....	48,312,000	53,330,000

Loans secured by United States War Obligations.....	28,657,000	28,918,000
Loans secured by stocks and bonds other than United States Securities.....	155,844,000	159,868,000
All other loans and investments.....	342,443,000	340,201,000
Total loans and investments (exclusive of rediscounts).....	575,256,000	582,317,000

Reserve with the Federal Reserve Bank.....	44,534,000	43,282,000
Cash in vault.....	10,292,000	10,408,000
Net demand deposits on which reserve is computed.....	352,146,000	365,371,000
Time deposits.....	121,748,000	119,951,000
Government deposits.....	1,973,000	1,036,000

Bills payable with Federal Reserve Bank:			
Secured by United States War Obligations.....	30,891,000	34,584,000	
All other.....	1,746,000	368,000	

Bills rediscounted with Federal Reserve Bank:			
Secured by United States War Obligations.....	11,777,000	9,891,000	
All other.....	60,195,000	45,143,000	

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—March 17	March 24	March 31
St. Louis	\$175,890,000	\$162,482,000	\$144,411,000
Louisville	41,266,000	36,031,000	32,234,000
Memphis	37,054,000	38,391,000	34,988,000
Little Rock	10,529,000	10,654,000	10,031,000
Evansville	5,574,000	5,759,000	5,596,000
			\$163,044,000
			35,809,000
			38,042,000
			10,239,000
			5,406,000

In March the Federal Reserve Bank of St. Louis discounted a total of \$259,396,309.93 of paper for 241 different member banks, which is an increase of \$92,619,506.85 over the amount of paper discounted during February, and an increase of 32 in the number of banks accommodated.

No change has been made in the discount rate of the Federal Reserve Bank of St. Louis since the last report. On April 19, 1920, they were as follows:

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:	5%	5%	5%	5%
Secured by Certificates of Indebtedness.....	5%	5%	5%	5%
Secured by Liberty Loan Bonds or Victory Notes.....	5½%	5½%	5½%	5½%
Secured by War Finance Corporation Bonds.....	7%	7%	7%	7%
Commercial Paper	6%	6%	6%	6%
Agricultural or Livestock Paper.....	6%	6%	6%	6%
Trade Acceptances	6%	6%	6%	6%
Bankers' Acceptances	5%	5%	5%	5%

Bankers' Acceptances purchased in the market, subject to agreement.

The resources and liabilities of the Federal Reserve Bank of St. Louis on April 16, 1920, as compared to a month ago, and a year ago, are shown in the following statements:

RESOURCES:	March 12, 1920	April 16, 1920	April 18, 1919
Gold coin and certificates.....	\$ 3,371,000	\$ 5,358,000	\$ 3,900,000
Gold Settlement Fund—Federal Reserve Board.....	16,534,000	10,187,000	22,361,000
Gold with Foreign Agencies.....	5,301,000	5,301,000	...

Total gold held by bank.....	25,206,000	20,846,000	26,261,000
Gold with Federal Reserve Agent.....	51,920,000	46,089,000	42,564,000
Gold Redemption Fund.....	6,695,000	7,638,000	4,937,000
Total Gold Reserve.....	83,821,000	74,573,000	73,762,000
Legal tender notes, silver, etc.....	3,940,000	4,973,000	2,278,000

Total reserves	87,761,000	79,546,000	76,040,000
Bills discounted—secured by Government War Obligations.....	55,493,000	50,319,000	71,320,000
Bills discounted—all other.....	48,173,000	58,357,000	9,325,000
Bills bought in open market.....	10,509,000	1,919,000	8,476,000

Total bills on hand.....	114,175,000	110,595,000	89,121,000
U. S. Government Bonds.....	1,153,000	1,153,000	1,153,000
U. S. Certificates of Indebtedness.....	17,261,000	17,242,000	12,068,000
Total earning assets	132,589,000	128,990,000	102,342,000

Bank Premises	866,000	866,000	540,000
Uncollected items and other deductions from gross deposits.....	55,185,000	60,758,000	45,072,000
5% Redemption Fund against F. R. Bank Notes.....	880,000	623,000	520,000
All other resources.....	303,000	430,000	296,000

TOTAL RESOURCES	277,584,000	271,213,000	224,810,000
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LIABILITIES:			
Capital paid in.....	4,129,000	4,164,000	3,826,000
Surplus	3,724,000	3,724,000	1,603,000
Government deposits	4,772,000	2,531,000	7,304,000
Due to Members—Reserve Account.....	71,530,000	69,499,000	61,415,000
Deferred availability items.....	39,029,000	40,421,000	32,703,000
Other deposits, including foreign Government credits.....	3,398,000	3,834,000	...

Total gross deposits.....	118,729,000	116,285,000	101,422,000
F. R. Notes in actual circulation.....	137,061,000	134,211,000	106,357,000
F. R. Bank Notes in actual circulation—net liability.....	12,382,000	10,686,000	10,521,000
All other liabilities.....	1,559,000	2,143,000	1,081,000