

**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 MORNING OF MAY 26, 1920**  
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Transportation difficulties and an extremely tense credit situation figured conspicuously in general business results during the past month. To these factors may be added an unusually backward spring and unfavorable weather for agricultural development. In face of these handicaps, however, the volume of business in this district has been enormous, totals in both manufacturing and distributing lines showing further broad gains over the corresponding period last year. To maintain this showing greater effort has been necessary, and there are numerous signs and evidences that the peak of the upward movement has been reached or is close at hand. In many instances decreases in volume were recorded under the preceding month. The same is true in the matter of prices for commodities, some reductions being reported. However, prices on many articles, including necessities, have undergone further advances. In the food category there have been few declines, and such important staples as sugar, flour and cereals have advanced. On May 7 No. 2 red winter wheat in St. Louis touched \$3.12, against \$2.88 on April 17. The flour market advanced to \$15.60 for soft patents on May 11, a rise of more than \$1 a barrel in less than a month's time. May corn touched \$2.03½ on May 15, and May oats made a new high record of \$1.15 on May 12. Sugar advanced to 20½c for bulk granulated on May 17. Hardware and other goods manufactured from iron and steel are scarce and higher. Retail selling prices of shoes, clothing and certain dry goods and miscellaneous articles have been reduced in some cases. Retailers are advertising more "sales" and otherwise seeking to speed up a lagging business. Slowing down in purchasing by the public is attributed to reaction against high prices, a dawning disposition to economize after months of unrestrained spending, and to the first signs of unemployment in the big industrial centers. This unemployment is due directly to the switchmen's strike, which has necessitated curtailed or suspended operations at manufacturing plants because of inability to secure raw materials and fuel.

Manufacturers' books are crowded with orders, and the demand for goods continues on a large scale. Resumption by the railroads of adequate transportation service should quickly restore manufacturing and building to the point of activity attained before the congestion set in.

Collections are in the main good, the backward spots being confined to sections where adverse weather or delay in marketing cotton and tobacco has caused delayed settlements.

Observers of economic and business developments discern in present symptoms the first real steps toward readjustment and deflation. Measures taken by the Federal Reserve Banks and other financial institutions are expected to bring about a readjustment without serious disturbance to business.

Automobile registration in states of the Eighth Federal Reserve District up to May 1 this year indicates heavy gains over the three preceding years.

### **MANUFACTURING**

Effects of the switchmen's strike have fallen heavily upon manufacturers. In numerous instances supplies of raw materials have been cut off or greatly curtailed, and quite as serious as this phase has been the inability to ship out finished products. Lessened or suspended operations have released operatives, and by certain authorities it is estimated about 5 to 10 per cent fewer persons are employed in strictly manufacturing industries than when the strike began, April 8, and the normal output of the plants has diminished in approximately the same proportion. As contrasted with a year ago the month's totals in many lines develop big gains. Compared with the preceding month this year the showing is not so favorable.

**Boots and Shoes**—Business continues active, with orders on hand about on a parity with the preceding month. Heavy gains over total sales for the corresponding period last year are shown by most of the important companies. There has been a slight shading in prices on some goods, but, as a rule, a steady average is maintained. Consensus of opinion is that no further advances will be made. Makers of raw materials going into footwear have caught up to a large extent, so that the industry is on a more stable basis.

**Woodenware**—The demand for all classes of goods is strong, and in excess of supplies. Labor troubles have had a tendency to cut down outputs, as has scarcity of raw materials. Recent impressive gains over a year ago were maintained during the past month. Prices show little variation, and, barring influences of a detrimental character working in general business, the outlook for the balance of this year is excellent.

**Candy**—Prices hold about steady at the recent advances, but there is an easier tendency noted. Business has been restricted to some extent by the condition of the sugar market and the railroad strike. Manufactured goods are accumulating at points of production, but most of this accumulation will be taken care of by shipments on booked orders when transportation reopens. A canvass of leading manufacturers indicates that business during the past month fell about 10% under last year, and held about steady with the preceding month this year.

**Drugs and Chemicals**—Due to continued urgent demand and light supplies, the tendency of prices is still upward, there being several specific increases and no decreases during the past month. The volume of business done ranged from steady to 3% under a year ago, and, as contrasted with the preceding month this year, losses were from 5% to 20%, but March was an unusually heavy month in this line.

**Clothing**—Many manufacturers of clothing report a decided slump from the recent activity. While sales during the past month show increases of 40 to 70 per cent over a year ago, there were many decreases both in volume and value under the preceding month this year. The outlook is described as unsettled, with buying much more cautiously conducted. The demand is somewhat under normal for this season.

**Electrical Supplies**—Figures of reporting companies indicate gains in sales as high as 100% over the same period a year ago, but decreases of 10% under the preceding month this year. The declining business is ascribed chiefly to freight embargoes and shortage of material. Goods on hand are smaller than last month, but well over last year. There were a few complaints of collections.

**Iron and Steel Products**—Manufacturers in this category have suffered probably more than any others from the railroad strike. The shortage of raw materials, chiefly coke, has completely disarranged programs, and necessitated sharp curtailment of activities. There is an overwhelming demand for all kinds of goods, which will take months of capacity production to supply. Prices are very strong, with no indications of declines. The leading pig iron manufacturer in the district has had his furnaces ready to blow in for some time, after an idleness of several months for repairs and enlargements, but has been obliged to postpone lighting fires because of uncertainty relative to raw materials.

**Flour**—The volume of sales during the past month is reported unchanged to 75% less than the corresponding time last year, and steady to 50% lower as compared with the preceding month this year. The selling price of flour has advanced further, due to the rise in wheat quotations. The tendency is toward higher prices and unsettled conditions, with the main influences being dubious crop prospects and relinquishment of control of the wheat market by the Government.

**Lumber**—There has been a decline in Southern pine prices, with yards well stocked, and a slowing down in buying caused by interruption of building operations by the railroad strike and its ramifications. For the first time in many months some of the mills are seeking business. There are some good inquiries out, however, and an improvement is looked for in June. Hardwoods are quiet, with little new buying, but prices are strong and tending upward, due to rains having interfered with cutting. Embargoes have caused short stocks at great concentrating centers.

**Fur Auction**—Pelts aggregating in value approximately \$25,000,000 were disposed of in brisk bidding at the spring auction of the International Fur Exchange in St. Louis. Buying was by manufacturers, and indicated an expected business for next fall and winter of large proportions. Prices averaged 20 to 25 per cent under those realized at the February sale, the decline being ascribed almost wholly to the tight money market. Attendance at the auction was large, and probably the most representative thus far assembled at these sales.

**Miscellaneous**—In other miscellaneous lines, such as farm implements, paper bags, rope, furniture, and cooperage, production has been hampered by the strike, and distribution is backward. There are wide variations in prices, but purchasing is being done with considerable more circumspection, and the peak in most cases seems to have been reached.



## AUTOMOBILE LICENSES

Automobile registration in reporting states included in the Eighth Federal Reserve District for the years from 1917 to 1919, inclusive, and for 1920, up to May 1, is as follows:

	1917	1918	1919	Jan. 1 to May 1, 1920
Arkansas .....	29,872	41,453	49,490	48,718
Illinois .....	340,292	389,761	478,438	448,526
Indiana .....	192,192	277,160	277,255	277,180
Missouri .....	151,027	188,040	244,636	238,132

## LIVE STOCK

The movement of live stock showed an astounding shrinkage in April as compared with the same month in 1919 and last March. The decrease was caused by the switchmen's strike and car shortage. Raisers and feeders have sustained material losses through inability to ship their stock to market. Farmers are not buying stocker and feeder cattle as heavily as usual at this season. Scarce and expensive

credits and the high cost of feeds, coupled with dubious transportation service, are having a detrimental effect on stock fattening at the moment. As reported by the St. Louis National Stock Yards, receipts and shipment of live stock at St. Louis in April with comparison of the April, 1919, movement, were as follows:

	Cattle and Calves		Hogs		Sheep		Horses and Mules	
	1920	1919	1920	1919	1920	1919	1920	1919
Receipts .....	54,919	90,168	228,721	340,322	20,388	27,290	8,524	11,066
Shipments .....	26,381	26,754	142,642	128,487	6,155	1,598	10,719	10,493

## FINANCIAL

The demand for money continues strong in this district. However, financial institutions are endeavoring to discourage all but absolutely essential borrowing, and are casting about for the best means of effecting curtailment of loans and credit deflation. The situation has been considerably aggravated by the partial paralysis in transportation, which has tied up enormous credits that might be doing service in the regular conduct of business.

business as high as 60% under the peak period this year. Country banks are purchasing more sparingly than heretofore, and the big city institutions are not in a position to take on much paper. Rates have advanced to 7¼ and 7½ per cent, with some very choice names being offered at the latter figure.

A further slowing down in the market for commercial paper was noted during the past month. Brokers report decreases in volume of

Between April 15 and May 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
<b>Customer's prime commercial paper:</b>												
30 to 90 days.....	7	6½	6½	6	6	6	8	6	7	8	6½	7
4 to 6 months.....	7	6½	6½	6	6	6	8	6	7	8	6½	7
<b>Prime commercial paper purchased in open market:</b>												
30 to 90 days.....	...	...	...	7	6	6	...	...	...	7	7	7
4 to 6 months.....	...	...	...	7	6	6	...	...	...	7	7	7
<b>Loans to other banks.....</b>	6½	6	6¼	6	6	6	7	6	6	6½	6	6
<b>Bankers' acceptances of 60 to 90 days:</b>												
Endorsed .....	6	6	6	6¼	6	6	...	...	...	...	...	...
Unendorsed .....	6	6	6	6¼	6	6	...	...	...	...	...	...
<b>Loans secured by prime stock exchange collateral or other current collateral:</b>												
Demand .....	7	6	6½	6	6	6	8	6	7	8	7	7
3 months .....	7	6½	6½	6	6	6	8	6	7	8	7	7
3 to 6 months.....	7	6½	6½	6	6	6	8	6	7	8	7	7
<b>Cattle loans .....</b>	7	6½	7	6	6	6	...	...	...	8	7	7
<b>Commodity paper secured by warehouse receipts, etc.....</b>	7	6½	6½	6	6	6	8	6	7	8	7	7
<b>Loans secured by Liberty Bonds and Certificates.....</b>	7	6	6½	6	6	6	6	6	6	8	7	7

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:

	May 7th, 1920	April 9th, 1920
<b>Number of banks reporting.....</b>	35	35
<b>United States Bonds to secure circulation.....</b>	\$ 16,925,000	\$ 17,176,000
<b>Other United States Bonds, including Liberty Bonds.....</b>	12,949,000	14,242,000
<b>United States Victory Notes.....</b>	3,034,000	3,641,000
<b>United States Certificates of Indebtedness.....</b>	13,579,000	13,253,000
<b>Total United States Securities owned.....</b>	46,487,000	48,312,000
<b>Loans and investments including bills rediscounted with F. R. Bank:</b>		
Loans secured by United States War Obligations.....	39,030,000	40,434,000
Loans secured by stocks and bonds other than U. S. Securities.....	156,433,000	155,844,000
All other loans and investments.....	393,780,000	402,656,000
<b>Total loans and investments, including rediscounts with F. R. Bank.....</b>	635,730,000	647,246,000
<b>Reserve with the Federal Reserve Bank.....</b>	43,945,000	44,534,000
<b>Cash in vault.....</b>	10,433,000	10,292,000
<b>Net demand deposits on which reserve is computed.....</b>	333,930,000	352,146,000
<b>Time deposits .....</b>	123,748,000	121,748,000
<b>Government deposits .....</b>	3,214,000	1,973,000

The volume of individual check transactions in this District during the past month is indicated by the following comparative table com-

pared from information received from the clearing houses in the cities shown:

Debits to individual accounts:	Week ended—April 14	April 21	April 28	May 5
St. Louis .....	\$155,850,000	\$166,406,000	\$137,877,000	\$153,615,000
Louisville .....	37,596,000	38,792,000	31,756,000	36,560,000
Memphis .....	37,263,000	38,771,000	31,988,000	30,983,000
Little Rock .....	10,611,000	9,247,000	8,614,000	10,902,000
Evansville .....	6,023,000	5,536,000	5,712,000	5,568,000

In April the Federal Reserve Bank of St. Louis discounted a total of \$262,604,976 of paper for 271 different member banks, which is an increase of \$3,208,667 over the amount of paper discounted in March, and an increase of 32 in the number of banks accommodated.

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

RESOURCES:	April 16, 1920	May 14, 1920	May 16, 1919
Gold coin and certificates.....	\$ 5,358,000	\$ 3,692,000	\$ 3,973,000
Gold Settlement Fund—Federal Reserve Board.....	10,187,000	13,209,000	34,975,000
Gold with Foreign Agencies.....	5,301,000	5,301,000	.....
Total gold held by bank.....	20,846,000	22,202,000	38,948,000
Gold with Federal Reserve Agent.....	46,089,000	45,789,000	58,270,000
Gold Redemption Fund.....	7,638,000	6,262,000	4,465,000
Total Gold Reserve.....	74,573,000	74,253,000	101,683,000
Legal tender notes, silver, etc.....	4,973,000	7,164,000	2,264,000
Total reserves.....	79,546,000	81,417,000	103,947,000
Bills discounted—secured by Government War Obligations.....	50,319,000	56,816,000	54,640,000
Bills discounted—all other.....	58,357,000	55,519,000	9,984,000
Bills bought in open market.....	1,919,000	2,296,000	3,668,000
Total bills on hand.....	110,595,000	114,631,000	68,292,000
U. S. Government Bonds.....	1,153,000	1,153,000	1,153,000
U. S. Certificates of Indebtedness.....	17,242,000	17,205,000	14,682,000
Total earning assets.....	128,990,000	132,989,000	84,127,000
Bank Premises.....	866,000	866,000	541,000
Uncollected items and other deductions from gross deposits.....	60,758,000	51,103,000	48,066,000
5% Redemption Fund against F. R. Bank Notes.....	623,000	523,000	571,000
All other resources.....	430,000	428,000	463,000
<b>TOTAL RESOURCES</b> .....	<b>271,213,000</b>	<b>267,326,000</b>	<b>237,715,000</b>
<b>LIABILITIES:</b>			
Capital paid in.....	4,164,000	4,170,000	3,838,000
Surplus.....	3,724,000	3,724,000	1,603,000
Government deposits.....	2,531,000	3,099,000	12,184,000
Due to Members—Reserve Account.....	69,499,000	67,172,000	63,460,000
Deferred availability items.....	40,421,000	43,447,000	36,791,000
Other deposits, including foreign Government credits.....	3,834,000	3,830,000	.....
Total gross deposits.....	116,285,000	117,548,000	112,435,000
F. R. Notes in actual circulation.....	134,211,000	129,996,000	105,491,000
F. R. Bank Notes in actual circulation—net liability.....	10,686,000	9,204,000	13,093,000
All other liabilities.....	2,143,000	2,684,000	1,255,000
<b>TOTAL LIABILITIES</b> .....	<b>271,213,000</b>	<b>267,326,000</b>	<b>237,715,000</b>
Contingent liability as endorser on paper rediscounted with or sold to other Federal Reserve Banks.....	32,139,000	46,858,000	.....

(Compiled May 18, 1920.)