



MONTHLY REVIEW

*Of Agricultural, Industrial, Trade and Financial
Conditions in the Eighth Federal Reserve District*

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THE downward trend which has marked industry and commerce in the Eighth district since last fall continued in force during the past thirty days. Except in lines directly affected by hot weather and other seasonal influences, the volume of production and distribution of commodities declined during July, and preliminary reports reflect little, if any, improvement during the first half of August. In all lines investigated by this bank, the volume of business in July was considerably below that of the corresponding period last year and the average during the past half decade. In certain manufacturing lines, notably iron and steel, lumber, fire clay products and other building materials, summer suspensions of plant activities for vacations, inventorying and repairs, were more protracted than usual. This resulted in a further increase in unemployment, partly, however, of a temporary character.

In its effect on business as a whole, the most detrimental development was the unprecedented drouth which extended to all parts of the district. Lack of moisture, accompanied by unusually high temperatures and hot winds, wrought irreparable damage to late crops, ranging from 50 per cent to complete failure. Productions most drastically affected were feed crops — corn, hay and pasturage, but all late crops, including commercial vegetables, fruits and truck gardens, were severely damaged. Heavy toll was also taken of the livestock, dairying and poultry industries. Scarcity of feed and water prevented farm animals from taking on proper weight, and in areas where the drouth was most prolonged and acute forced marketing of thin immature livestock was quite general. In virtually all sections of the district, production of milk, already sharply reduced, sustained further curtailment. A phase of the unfavorable crop season has been the marked increase in surplus farm labor. This increase during July was particularly heavy, and on August 1 the surplus in all states of the district was greater than on any similar date in recent years.

Sharp curtailment of purchasing power in the agricultural areas, resulting from smaller crop pro-

duction, is reflected in lessened demand for goods in the farming communities. Country merchants are buying with the greatest conservatism, particularly goods for distribution during the fall and winter. This policy extends as well to retailers in the larger centers of population, and in distributive channels generally there is a disposition to await developments before making commitments. Advance business of wholesalers in all lines is considerably smaller than at the corresponding period last year, and in some instances has been further decreased by cancellations. The movement of summer goods through retail channels was in the main below expectations, though in the immediate past clearances have been substantially aided by special sales and reduced prices. Competition in all manufacturing and wholesale lines is reported increasingly keen, and the trend of commodity prices through July and early August continued downward.

As reflected by sales of department stores in the principal cities of the district, the volume of retail trade in July was 12.7 per cent smaller than during the same month in 1929; for the first seven months the volume was 7.7 per cent less than for the corresponding period a year ago. Combined sales of wholesale and jobbing firms reporting to this bank were nearly one-third smaller than during the same month last year. Construction contracts let in the Eighth Federal Reserve District in July were approximately two-thirds smaller than the July aggregate, and a third less than the July, 1929, total. The value of building permits let in the principal cities of the district during July was also considerably smaller than a month and a year earlier. Debits to individual accounts in June were 9.0 per cent and 17.8 per cent, smaller, respectively, than a month and a year earlier. Total debits for the first seven months this year were 11.7 per cent smaller than for the same time in 1929. A slight decrease took place in the amount of savings deposits between July 2 and August 6, and on the latter date the total was about 2.0 per cent less than a year ago.

Officials of railroads operating in this district report a continued falling off in volume of freight

traffic, with decreases extending to virtually all classifications. Due partly to the disposition of farmers to hold their wheat and to drouthy conditions through the entire region, the movement of grain and grain products fell sharply below that of a year ago. There was also a marked decrease in the movement of merchandise and miscellaneous freight and fuel. For the country as a whole loadings of revenue freight for the first 31 weeks this year, or to August 2, totaled 27,681,372 cars, against 30,882,951 cars for the corresponding period in 1929 and 29,454,635 cars in 1928. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 196,703 loads in July, against 206,305 loads in June and 249,282 loads in July 1929. For the first nine days of August the interchange amounted to 59,843 loads, which compares with 53,753 loads during the corresponding period in July, and 75,738 loads during the first nine days of August, 1929. Passenger traffic of the reporting roads in July decreased 13 per cent as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in July was 83,600 tons, against 140,176 tons in June and 94,141 tons in July, 1929. The decrease in tonnage from June to July was due to the unusually low stage of water in the Mississippi River.

Further recessionary tendencies, somewhat more marked than earlier in the year, were reflected in reports relative to collections during the past thirty days. Complaints of backwardness were more general than heretofore, both with reference to locations and the several lines. While some improvement developed in payments to country merchants in the winter wheat areas, poor results were general throughout the agricultural regions, particularly where drouth conditions were most acute. Wholesalers and jobbers in the large urban centers report settlements relatively smaller than at any similar period during the past five years, with an increasing number of requests for extensions. Producers of building materials and the heavier lines of goods generally report customers slow in paying their bills. Retail merchants in the large cities report spotted conditions, with the usual seasonal backwardness due to absence of debtors on vacations. Questionnaires addressed to leading interests in the various lines scattered through the district showed the following results:

	<u>Excellent</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
July, 1930.....	0.1%	12.7%	58.6%	28.6%
June, 1930.....	1.0	13.2	62.9	22.9
July, 1929.....	1.4	25.0	57.0	16.6

Commercial failures in the Eighth Federal Reserve District in July, according to Dun's numbered 107, involving liabilities of \$2,272,170, against 104

failures in June with liabilities of \$1,778,914, and 111 defaults for a total of \$1,331,242 in July, 1929.

The average daily circulation in the United States in July was \$4,497,000,000, against \$4,489,000,000 in June, and \$4,764,000,000 in July, 1929.

MANUFACTURING AND WHOLESALING

Boots and Shoes — July sales of the five reporting interests showed an increase of 42.1 per cent over the preceding month, but were a third smaller than the total for July, 1929. The gain in the month-to-month comparison is seasonal in character, and compares with an increase of 62.2 per cent from June to July last year. Stocks on August 1 were larger by 13.6 per cent and 21.1 per cent, respectively, than thirty days and a year earlier. In the yearly sales comparison a considerable part of the decrease is accounted for by the smaller volume of future orders. Due to uncertainty relative to fall and winter demand and to prices, retail merchants are buying conservatively. There was a slight contraction in factory operations, the rate being at from 75 to 82 per cent of capacity.

Clothing — Sales of the reporting clothiers in July fell about 9.0 per cent below the total of the corresponding month last year, and for the first seven months this year showed a decrease of 28.0 per cent as contrasted with the same period in 1929. Advance orders for late fall and early winter distribution are in considerably smaller volume than a year ago, the disposition among retailers being to purchase cautiously. The movement of work clothes has been below the seasonal average. The trend of prices continue downward.

Drugs and Chemicals — Following the usual seasonal trend, sales of the reporting interests in July were larger than during the preceding month, but the total was approximately 10 per cent less than in July last year. Stocks on August 1 were slightly smaller than thirty days earlier, but about 6.0 per cent greater than on August 1, 1929. The extreme hot weather throughout July and early August considerably stimulated the demand for seasonal merchandise, and resulted in a fair volume of reordering. A sharp decrease as compared with last year was noted in the demand for heavy drugs and chemicals by the general manufacturing trade.

Dry Goods — As contrasted with a year ago, July sales of the eight reporting firms showed a decrease of more than 40.0 per cent, and the total was the smallest for any July since 1916. A small increase, seasonal in character, was recorded over the June total this year. In the yearly comparison part of the decrease in sales was accounted for by lower prices, estimated by three of the leading firms at approximately 10 per cent. Advance business was smaller than a year ago, and was reduced in

volume by cancellation of orders, occasioned by drouth conditions prevailing generally through the trade territory. Inventories are mainly of moderate size, stocks on August 1 being about a fifth smaller than on the same date in 1929.

Electrical Supplies—The long spell of unusually high temperatures materially assisted the movement of hot weather goods and accounted largely for an increase in July sales of the reporting firms of more than a fourth over the June volume. The July total, however, was around 5 per cent below that of the same month in 1929. In the yearly comparison smaller sales of radio materials and building installations were the chief factors in the decrease. Stocks on August 1 decreased 6.7 per cent as compared with July 1, but were 17.1 per cent larger than on August 1, 1929.

Flour—Production at the 12 leading mills of the district in July totaled 328,069 barrels the smallest since August, 1928, and comparing with 333,323 barrels in June and 383,805 barrels in July, 1929. Stocks of flour in St. Louis on August 1 were 19.2 per cent smaller than on July 1 and 15.5 per cent less than on August 1, 1929. During the last half of July business was quiet, but following the advance in wheat prices early in August, demand picked up markedly, and a fair volume of flour was purchased for both the domestic and export trade. Prices advanced in sympathy with the upturn in wheat. Mill operations were at from 50 to 55 per cent of capacity.

Furniture—Sales of the 12 reporting interests in July were about a fourth larger than the June total, but more than 40.0 per cent smaller than in July, 1929. The increase from June to July was seasonal in character, but somewhat larger than the average during the past several years. The June total, incidentally, was the smallest for any single month since these records have been kept. Orders for future delivery continue sharply below those at the corresponding period last year. Stocks on August 1 were slightly smaller than thirty days and a year earlier. The trend of prices continues downward.

Groceries—Sales in this classification during July showed considerable improvement over the preceding month, the larger volume being attributable to seasonal considerations, also to a heavier call for canned goods and other prepared foods occasioned by the shortage of seasonable fruits and vegetables. As has been the case for a number of months, however, the June sales total was below that of the corresponding month last year. Stocks on August 1 were 7.4 per cent smaller than thirty days earlier, and 7.8 per cent larger than those on August 1, 1929.

Hardware—Unfavorable conditions in the agricultural areas, curtailed activities in the building

industry and depression in general business adversely affected activities in this classification. Sales of the reporting interests in July were almost a third smaller than during the same month in 1929, but showed a moderate increase as contrasted with the June total this year. Stocks on August 1 showed a reduction of about 10 per cent as compared with the same date last year, and practically no change from the total on July 1 this year.

Iron and Steel Products—A further reduction in activities in this district during the past thirty days was indicated in reports from virtually all sections of the iron and steel industry. Placement of new business with foundries, mills and machine shops was at the lowest point of the year. Specifications on goods previously purchased were further delayed, and in numerous instances, manufacturers have heavy stocks of castings and other finished products awaiting shipping directions. This is true particularly of shops specializing in castings for the automotive, farm implement and railroad equipment industries. Due to these conditions and the prolonged spell of extremely high temperatures, operations at many plants were sharply curtailed, and some units were down entirely for vacations, repairs, etc. No improvement whatever developed in demand from the general manufacturing trade. On the contrary, takings by the furniture, refrigerator, glass, cooperage, and several other important iron and steel consuming lines were smaller than heretofore. Demand for wire and wire products was at a low ebb, with advance ordering of fencing material the lightest in a number of years. With the exception of tin plate, which through July and the first week of August was moving in fair volume, the general run of sheets and plates was quiet. Some slight betterment in demand for galvanized sheets was noted during the last half of July. Except for items used in highway, bridge and public utility construction work, goods in the building material category continued slow. Demand for oil country goods was reported less active than at any time in the past half decade. Quoted prices of finished materials showed no marked variation, but the general trend was downward and competitive factors strongly influence the general price structure. Iron and steel warehouse interests reported declines in business as compared with a month and a year earlier. Buying of pig iron in July was the smallest for any month this year. Purchasing of iron and steel scrap was also in small volume, but during the last week in July the decline in prices, which had been in progress for more than six months, was halted. For the country as a whole production of pig iron in July was at the lowest daily rate since October, 1924, the total output of 2,528,784 tons comparing with 2,934,508 tons in June, and 3,782,511

tons in July, 1929. Steel ingot production in the United States in July totaled 2,933,399 tons, against 3,440,239 tons in June, and 4,850,583 tons in July, 1929.

AUTOMOBILES

Combined passenger car, truck and taxicab production in the United States in July totaled 262,363, against 335,475 in June, and 500,331 in July, 1929.

Distribution of automobiles in this district during July, according to dealers reporting to this bank, continued the steady decline which has been in effect since last January, and with the exception of January, the volume was the smallest for any month this year. During the past six years there has invariably been a decrease from June to July, but this year it was in considerably heavier volume than the average during the six-year period. Preliminary reports for the first half of August reflect little, if any, improvement over July. In the country, lowered agricultural prospects, due to the record drouth and high temperatures, caused farmers to still further postpone filling their automobile requirements. While decreases in both the month-to-month and yearly comparisons were distributed generally through all classes of makes, they were relatively larger in cheap-priced category. Garage supplies and repair parts continued in relatively better demand than parts and equipment for new cars. Less satisfactory collections than earlier in the year on cars purchased on the installment plan were reported, also an increase in the number of reposessions. July sales of new passenger cars by the reporting dealers were 30.7 per cent smaller than in June, and 36.9 per cent less than in July, 1929. There was a further reduction in inventories of new cars on dealers' floors, the total on August 1 being 16.7 per cent smaller than on the same date in 1929, and 8.2 per cent less than on July 1 this year. Sales of used cars also decreased sharply, both as contrasted with a month and a year earlier. The total number of salable secondhand cars on hand on August 1 was approximately the same as on July 1, and 3.2 per cent larger than on August 1, 1929. The investment value of used car stocks on August 1, however, was about 10.0 per cent less than on the same date a year ago. Sales of parts and accessories of the reporting dealers in June were 13.4 per cent and 18.6 per cent smaller respectively, than a month and a year earlier. According to dealers reporting on that detail, deferred payment sales in July constituted 51.3 per cent of their total sales, against 50.2 per cent in June, and 53.2 per cent in July, 1929.

RETAIL TRADE

The condition of retail trade is reflected in the following comparative statement showing activity at department stores in leading cities of the district:

	Net sales comparison		Stocks on hand	Stock turnover	
	July, 1930 comp. to July 1929	7 months ending July 31, 1930 to same period 1929	July 31, 1930 comp. to July 31, 1929	Jan. 1, to July 31, 1930	July 1929
Evansville	+ 3.1%	- 4.1%	+ 0.3%	1.19	1.34
Little Rock.....	-16.1	-11.0	-13.2	1.32	1.39
Louisville	-11.0	- 8.4	+ 7.4	1.64	1.83
Memphis	-15.4	- 9.7	- 3.3	1.72	1.80
Quincy	- 8.2	+ 2.1	- 1.2	1.46	1.49
St. Louis.....	-12.4	- 7.0	- 2.0	2.17	2.26
Springfield, Mo.	- 6.3	- 8.1	-13.8	.87	.83
8th District.....	-12.7	- 7.7	- 2.4	1.90	2.00

	Net sales comparison		Stocks on hand	
	July, 1929	June, 1930	July, 1929	June, 1930
Men's furnishings.....	- 7.6%	-16.3%	+ 2.1%	- 5.1%
Boots and shoes.....	-21.2	-23.0	+ 5.3	-10.0

Department Store Sales by Departments — As reported by the principal department stores in Little Rock, Louisville, Memphis, and St. Louis.

	Percentage increase or decrease July, 1930 compared to July, 1929	
	Net sales for month	Stocks on hand at end of month
Piece goods.....	-18.4%	- 5.3%
Ready-to-wear accessories.....	-17.8	+ 0.1
Women and misses' ready-to-wear.....	-30.1	-23.8
Men's and boys' wear.....	-14.8	+ 1.1
Home furnishings.....	-19.2	- 2.2

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of this district report consumption of electric current by selected industrial customers in July as being 2.7 per cent greater than in June, but 1.2 per cent less than in July, 1929. Ice plants, flour mills, electric refrigerator manufacturers and beverage makers supplied the increase in the month-to-month comparison. Decreases were general in the yearly comparison, most marked in the steel, automobile, stove and cement industries. Detailed figures follow:

	No. of Custom- ers	July, 1930 *K.W.H.	June, 1930 *K.W.H.	July, 1930 comp. to June, 1930	July, 1929 *K.W.H.	July, 1930 comp. to July, 1929
	Evansville	40	1,901	1,628	+16.8%	1,874
Little Rock..	35	2,585	2,021	+27.9	2,134	+21.1
Louisville	85	7,853	6,729	+16.7	7,859	- 0.1
Memphis	31	1,046	1,666	-37.2	1,232	-15.1
St. Louis.....	153	23,365	23,725	- 1.5	24,093	- 3.0
Totals.....	344	36,750	35,769	+ 2.7	37,192	- 1.2

*In thousands (000 omitted).

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in July was 40.8 per cent smaller than in June, and 55.0 per cent less than in July, 1929. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in July amounted to \$25,076,000, which compares with \$73,076,000 in June and \$39,224,227 in July, 1929. Production of portland cement in the country as a whole during July totaled 17,080,000 barrels, against 17,239,000 barrels in June, and 17,315,000 barrels in July, 1929. Building figures for July follow:

	New Construction				Repairs, etc.			
	Permits 1930	Permits 1929	*Cost 1930	*Cost 1929	Permits 1930	Permits 1929	*Cost 1930	*Cost 1929
Evansville ..	332	498	\$ 136	\$ 753	63	54	\$ 19	\$ 45
Little Rock ..	27	51	107	161	59	67	32	18
Louisville ..	95	184	349	663	62	66	65	206
Memphis	330	370	410	1,110	38	60	42	41
St. Louis....	363	606	1,189	2,182	367	412	220	449
July totals	1,147	1,709	\$2,191	\$4,869	589	659	\$ 378	\$759
June totals	1,144	1,516	3,700	5,174	848	643	666	650
May totals	1,288	1,592	5,439	4,428	896	617	478	771

*In thousands of dollars (000 omitted).

AGRICULTURE

Weather conditions throughout this district during the past three months were the most detrimental for growing crops in recent years, and in certain areas, the worse ever experienced. Due to the unprecedented drouth, accompanied by hot winds and unusually high temperatures, prospects for all unharvested crops declined sharply from July 1 to August 1, and since the latter date there has been further deterioration because of lack of rainfall and continued excessive heat. The yield of corn in the district is expected to be the smallest in nearly thirty years, with quality generally inferior. Tobacco has been damaged in the chief producing areas, and the outlook for rice, commercial vegetable crops and late fruits has been substantially cut down. Since the first of August, according to scattered reports, the cotton crop has lost in condition, particularly in Arkansas, Missouri and Tennessee, the dry, hot weather having occasioned extensive shedding and arrested growth and development of the plant.

Since the middle of July it has been necessary in extended areas to haul water for home use and stock, wells, creeks and springs, which had heretofore never been known to fail, having completely dried up. Conditions were most acute in Southern Missouri, Illinois, Tennessee, Arkansas and Kentucky. Hay and feed crops generally suffered most severely, the injury being progressive since early in the season. The condition of pastures is the lowest in many years, and in certain sections they have been entirely burned out, necessitating placing of livestock upon prepared rations or shipping it, frequently in poor condition, to market. The scarcity of feed and pasturage has also seriously interfered with the dairying industry, the yield of milk per cow averaging lower in July than during that month in more than two decades.

Generally through the district farmers were unable to accomplish much in the direction of plowing for fall seeding of wheat, and were mainly waiting for rain to put the soil in condition to cultivate. As a partial offset to unfavorable physical conditions on farms was the sharp advance in the market prices of wheat, oats and corn during the first week of August. In the case of corn, however, the benefit will be limited, as farmers for the most part will not produce enough for their own requirements, and the surplus for marketing will be small. The surplus of farm labor increased rather markedly between July and August, and universally the supply is in excess of demand. In Missouri, for instance, the State Board of Agriculture reports farm labor supply 46 per cent above demand, whereas last year the supply was 2 per cent short of demand.

Winter Wheat—Under generally ideal harvesting conditions, wheat prospects in this district improved slightly between July and August. Based on the August 1 condition, the U. S. Department of Agriculture estimates the yield at 48,921,000 bushels, an increase of 3,270,000 bushels over the July 1 forecast, and comparing with 44,646,000 bushels harvested in 1929 and a 7-year average (1923-1929) of 43,636,000 bushels. Threshing has been virtually completed and yields in the principal producing counties have as a rule exceeded expectations. Quality is good, and test weight unusually heavy. Prices of wheat continued to decline, and in early August reached a new low for the crop, and the lowest levels since prior to the war. In sympathy with the advance in corn, there was a sharp recovery in wheat prices in the second week of August. Generally farmers are disposed to hold their wheat for more favorable prices, and due to the short corn crop, more wheat will be fed to livestock and poultry this season than in a number of years.

Corn—The excessive high temperatures and prolonged drouth resulted in the most drastic reduction in corn prospects from July to August ever experienced in this region during that period. The Department of Agriculture's estimate as of August 1 placed the corn crop in the Eighth Federal Reserve District at 231,652,000 bushels, a decrease of 127,082,000 bushels under the July 1 estimate, and comparing with 321,957,000 bushels produced in 1929, and a 7-year average of 339,625,000 bushels. Since August 1 further deterioration was general throughout the district, due to continuance of the extreme hot weather and lack of moisture. Conditions range from 50 per cent of a normal crop in the more favored sections to complete failure elsewhere. Considerable corn was cut in time to save it for fodder, but many fields were too badly dried to be of use even for that purpose. Reflecting the serious crop damage, corn prices advanced sharply during the first week in August, but part of the gain was lost later in the month. The loss in corn prospects was very heavy in other sections of the country, the total crop for the United States being estimated at 2,211,823,000 bushels, a decline of nearly 600,000,000 bushels from the July 1 forecast, and comparing with 2,614,307,000 bushels harvested in 1929, and a 5-year average of 2,699,809,000 bushels.

Fruits and Vegetables—Dry, hot weather during July and early August reduced production prospects for vegetables and late fruits. In a number of important producing areas the commercial tomato crop is virtually a failure, and the pack of that vegetable will be sharply curtailed. Unusually low production was universal in home gardens and

truck grown for local markets. In states partly or entirely within the Eighth Federal Reserve District the yield of apples, based on the August 1 condition, is estimated by the U. S. Department of Agriculture at 10,934,000 bushels, of which 1,563,000 barrels represent commercial crop, against 14,280,000 bushels with 1,620,000 barrels commercial crop in 1929, and a 5-year average of 23,967,000 bushels, with 2,511,000 barrels commercial crop. The output of sweet potatoes in these states is estimated at 12,502,000 bushels, against 17,741,000 bushels harvested in 1929, and a 5-year average of 16,748,000 bushels. Grapes fared better than other fruit crops, and due to the large number of new vineyards coming into bearing, the year's crop will exceed the 5-year average by about 4,000 tons, but the total is 6,000 tons below that of 1929. Peaches and pears will yield heavily below the average, the former crop being almost a complete failure. Prospects for white potatoes declined during July, and for the district proper the crop is estimated at 14,708,000 bushels, against 13,313,000 bushels produced in 1929 and a 7-year average of 15,731,000 bushels.

Live Stock — The prolonged drouth has proved detrimental to farm animals, scant pasturage and short feed crops preventing their taking on proper weight. In numerous sections the problem of obtaining water was a serious one, and caused the expenditure of much extra labor and time on the part of farmers to meet the situation. In numerous instances cattle, hogs and sheep were shipped to market in poor condition because of inability to carry them for a longer period under the adverse conditions prevailing. According to the U. S. Department of Agriculture's survey, the number of cattle on feed on August 1 in the principal states of the district ranged from 10 to 15 per cent less than a year ago. The survey reflected the poor pastures, unfavorable prospects for corn and other feed crops and the unsatisfactory returns from fed cattle marketed in recent months.

Based on the August 1 condition, the Department of Agriculture estimates the output of tame hay in the Eighth District at 5,920,000 tons, a decrease of 347,000 tons from the July 1 forecast, and comparing with 9,114,000 tons produced in 1929, and a 7-year average of 8,160,000 tons. The condition of pastures in all states of the district was the lowest in more than a quarter of a century.

Receipts and shipments at St. Louis as reported by the National Stock Yards, were as follows:

	Receipts			Shipments		
	July, 1930	June, 1930	July, 1929	July, 1930	June, 1930	July, 1929
Cattle and calves.....	111,569	99,863	130,186	69,166	60,070	83,131
Hogs	239,837	272,100	315,070	192,093	200,619	203,763
Horses and mules.....	1,262	2,052	2,908	1,629	1,682	2,956
Sheep	73,520	103,601	92,443	15,448	30,991	21,227

Cotton — In all states of this district the condition of cotton on August 1 was considerably below that on the same date last year and the ten-year average. The lowest condition was in Arkansas, where 46 per cent was registered, against 73 per cent on August 1, 1929, and a 10-year average of 72 per cent. Based on the August 1 condition, the Department of Agriculture estimates the combined yield of Arkansas, Mississippi, Tennessee and Missouri at 3,400,000 bales, about 635,000 bales less than was produced in these states last year. The reduced prospects and low condition is due to the hot weather and long drouth, which conditions continued during the first two weeks of this month. There is a general absence of boll weevil damage, but scattered reports of injury from other insect pests. Demand for old cotton was confined chiefly to a necessity basis, and prices declined to the lowest point since 1926. In the St. Louis market the middling grade fell to 10.85c per pound on August 13, which compares with 17¼c on the same date in 1929. Stocks of cotton in Arkansas warehouses on August 8 totaled 102,499 bales, against 111,880 bales thirty days earlier and 28,582 bales on the corresponding date last year.

Rice — Combined production in Missouri and Arkansas is estimated at 6,733,000 bushels, a decrease of 1,051,000 bushels from the July 1 estimate, and comparing with 7,119,000 bushels harvested in 1929 and a 5-year average of 8,384,000 bushels.

Tobacco — The crop in this district suffered severely from the drouth and long spell of excessively hot weather. The Department of Agriculture's estimate of 275,234,000 pounds, based on the August 1 condition, was a reduction of 48,068,000 pounds from the July 1 forecast. In 1929 this district produced 316,507,000 pounds, and an average of 288,688,000 pounds during the 7-year period, 1923-1929.

Commodity Prices — Range of prices in the St. Louis market between July 15, 1930 and August 15, 1930, with closing quotations on the latter date and on August 15, 1929:

	High	Low	Close	
			Aug. 15, 1930	Aug. 15, 1929
Wheat				
Sept.per bu..	.96¾	.83½	\$.89½	\$1.31¾
Dec.	1.03	.88½	.95½	1.41½
May	1.09	.99½	1.03½	1.50¾
No. 2 red winter ..	.97	.84½	.93 @ .94	\$1.31 @ 1.33
No. 2 hard.....	.94	.82	.88 @ .89	1.28 @ 1.29
Corn				
Sept.	1.01½	.79¾	.98	1.03
Dec.98¾	.70¾	.94¾	.96¾
No. 2 mixed.....	1.04	.84	1.00 @ 1.01	1.00½ @ 1.01
No. 2 white.....	.86	1.06	1.02½ @ 1.03	1.01½ @ 1.02
Oats				
No. 2 white.....	.44¾	.37		.42½ @ .43½
Flour				
Soft patent.....per bbl.	5.00	4.50	4.65 @ 4.90	6.75 @ 7.00
Spring patent.....	5.60	4.80	5.45 @ 5.60	6.90 @ 7.00
Middling cotton.....per lb.	.1225	.1085	.1085	.17¾
Hogs on hoof.....per cwt.	10.85	7.10	8.00 @ 10.85	9.15 @ 11.75

FINANCIAL

Developments in the banking and financial situation in this district during the past thirty days followed rather closely the trends which have prevailed since the early summer. Credit requirements of commercial and industrial interests showed little, if any, expansion, and were relatively light for this time of year. Contributing causes for the lessened demand were lower commodity prices, generally reduced inventories and depression in business.

Demand for credit for agricultural purposes was unusually spotted and irregular. In the south the demand for funds from country banks is reported as being above the average at this season during the past several years. This is true particularly in the cotton areas, where feed crops are short and harvesting of the staple crop is getting under way. On the other hand, demand from grain handlers and flour milling interests are in considerably smaller volume than a year ago, due to the sharp reduction in the price of wheat and smaller stocks carried. The call for funds for financing livestock operations continued in considerable volume.

Between July 16 and August 13, total loans and discounts of the reporting member banks showed a slight increase, continuing the upturn which has been in progress since the first report date in June, when the low point for the year was reached. The total on August 13, however, was 1.8 per cent smaller than on the corresponding date in 1929. Deposits of these banks showed little variation between the middle of July and the middle of August, and investments also fluctuated within a narrow range. Borrowings of all member banks from the St. Louis reserve bank showed a moderate decrease between July 18 and August 18, and throughout that period averaged only about one fourth as large as during the corresponding period in 1929.

Influenced by ample supplies of loanable funds and slack credit demand, the trend of interest rates continued downward, new levels on the present downward movement being recorded on all classes of loans. At St. Louis banks current rates were as follows: Prime commercial loans, 3½ to 5 per cent; collateral loans, 4½ to 5¾ per cent; loans secured by warehouse receipts, 4 to 5½ per cent; interbank loans, 4¾ to 5¾ per cent and cattle loans, 5¼ to 6 per cent.

Condition of Banks — Loans and discounts of the reporting member banks on August 13, 1930 showed an increase of 0.6 per cent as contrasted with July 16, 1930. Deposits increased 0.6 per cent be-

tween July 16, 1930 and August 13, 1930 and on the latter date were 3.9 per cent larger than on August 14, 1929. Composite statement follows:

	*Aug. 13, 1930	*July 16, 1930	*Aug. 14, 1929
Number of banks reporting.....	†24	†24	†25
Loans and discounts (incl. rediscounts) secured by U. S. Govt. obligations and other stocks and bonds.....	\$241,689	\$247,190	\$240,591
All other loans and discounts.....	276,842	268,027	287,580
Total loans and discounts.....	\$518,531	\$515,217	\$528,171
Investments			
U. S. Government securities.....	29,770	33,499	53,964
Other securities.....	124,664	120,667	111,215
Total investments.....	\$154,434	\$154,166	\$165,179
Reserve balance with F. R. Bank..	43,883	44,902	43,004
Cash in vault.....	5,771	5,594	6,735
Deposits			
Net demand deposits.....	378,323	376,354	368,238
Time deposits.....	238,116	235,153	224,647
Government deposits.....	658	1,925	1,244
Total deposits	\$617,097	\$613,432	\$594,129
Bills payable and rediscounts with Federal Reserve Bank.....	2,305	2,795	44,632

*In thousands (000 omitted).

†Decrease due to consolidation. These 24 banks are located in St. Louis, Louisville, Memphis, Little Rock, and Evansville, and their resources represent 53.1 per cent of the resources of all member banks in this district.

Debits to Individual Accounts — The following table gives the total debits charged by banks to checking accounts, savings accounts, certificates of deposit accounts and trust accounts of individuals, firms, corporations and U. S. Government in leading cities of the district. Charges to accounts of banks are not included.

	*July 1930	*June 1930	*July 1929	July 1930 comp. to June 1930 July 1929
East St. Louis & Natl. Stock Yards, Ill..	\$ 40,577	\$ 44,666	\$ 79,636	— 9.2% —49.0%
El Dorado, Ark.....	7,572	6,724	8,386	+12.6 — 9.7
Evansville, Ind.....	29,659	30,592	36,378	— 3.0 —18.5
Forth Smith, Ark....	11,041	11,916	12,178	— 7.3 — 9.3
Greenville, Miss....	3,824	3,521	4,404	+ 8.6 —13.2
Helena, Ark.....	3,749	3,464	5,294	+ 8.2 —29.2
Little Rock, Ark....	70,715	64,828	75,829	+ 9.1 — 6.7
Louisville, Ky.....	180,960	202,177	215,832	—10.5 —16.2
Memphis, Tenn.....	122,951	131,512	139,696	— 6.5 —12.0
Owensboro, Ky.....	6,657	6,292	6,386	+ 5.8 + 4.2
Pine Bluff, Ark....	8,709	8,823	9,879	— 1.3 —11.8
Quincy, Ill.....	10,598	11,408	14,902	— 7.1 —28.9
St. Louis, Mo.....	704,151	795,481	853,204	—11.5 —17.5
Sedalia, Mo.....	4,081	4,169	4,889	— 2.1 —16.5
Springfield, Mo....	14,912	16,503	16,765	— 9.6 —11.1
**Texarkana, Ark.-Tex.....	13,050	12,966	16,038	+ 0.6 —18.6
Totals.....	\$1,233,206	\$1,355,042	\$1,499,696	— 9.0 —17.8

*In thousands (000 omitted).

**Includes one bank in Texarkana, Texas not in Eighth District.

Federal Reserve Operations — During July the Federal Reserve Bank of St. Louis discounted for 215 member banks, against 215 in June and 247 in July, 1929. The discount rate was reduced from 4 to 3½ per cent effective August 7. Changes in the principal assets and liabilities of this institution as compared with the preceding month and a year ago appear in the following table:

	*Aug. 22, 1930	*July 22, 1930	*Aug. 22, 1929
Bills discounted.....	\$16,827	\$16,973	\$73,232
Bills bought.....	8,403	5,761	.82
U. S. securities.....	23,899	22,643
Total bills and securities.....	\$49,129	\$45,377	\$73,314
F. R. Notes in circulation.....	66,977	70,000	62,038
Total deposits.....	79,095	81,800	78,287
Ratio of reserve to deposits and F. R. Note Liabilities.....	72.9%	76.1%	54.1%

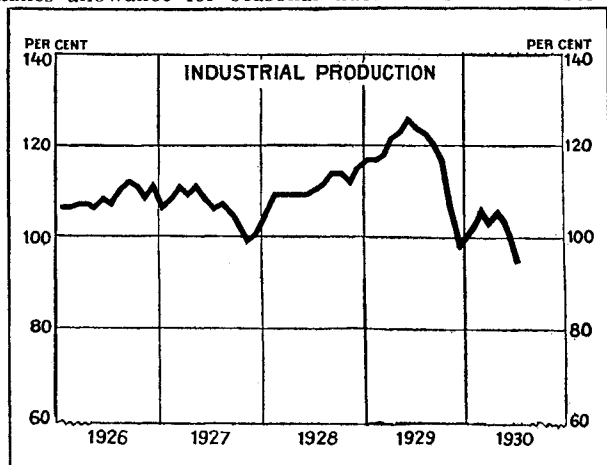
*In thousands (000 omitted).

(Compiled August 23, 1930.)

BUSINESS CONDITIONS IN THE UNITED STATES

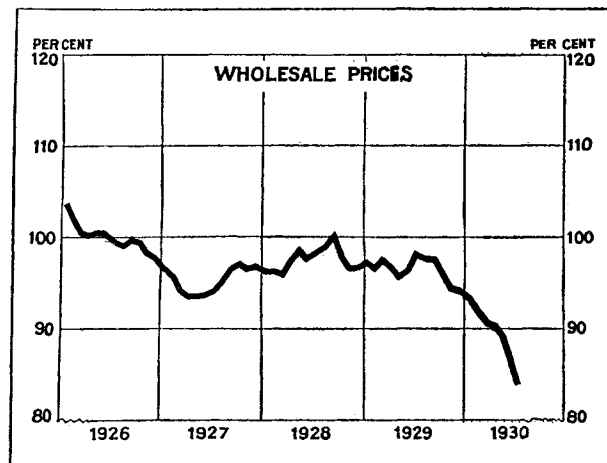
Business activity declined further during July and industrial production and factory employment reached the lowest levels in recent years. Crops were damaged by prolonged drouth. Wholesale prices declined further until early in August when agricultural prices increased. Money rates continued easy.

PRODUCTION AND EMPLOYMENT—Output of factories and mines decreased by about 6 per cent during July according to the Board's index of production, which makes allowance for seasonal fluctuations. A number of



Index number of production of manufactures and minerals adjusted for seasonal variations (1923-1925 average=100). Latest figure, July, 95.

automobile factories were closed during part of the month and there was substantial reduction in output of iron and steel and cotton textiles. Daily average productions of bituminous coal, lumber, and shoes continued small. In the first half of August, the output of steel showed a further slight decrease. Some automobile plants resumed operations on a limited scale. Factory employment and wage payments decreased further and at the middle of July were at the lowest level since 1922. The reduction in number of



Index of United States Bureau of Labor Statistics (1926=100). Latest figure, July, 84.0

workers employed was largest at steel and automobile plants, car shops and foundries, hosiery and cotton mills, and clothing factories. There was a seasonal increase in employment in the canning, flour, and shoe industries. Working forces at bituminous coal mines were further reduced, and The Department of Agriculture reported an unusually small demand for farm labor.

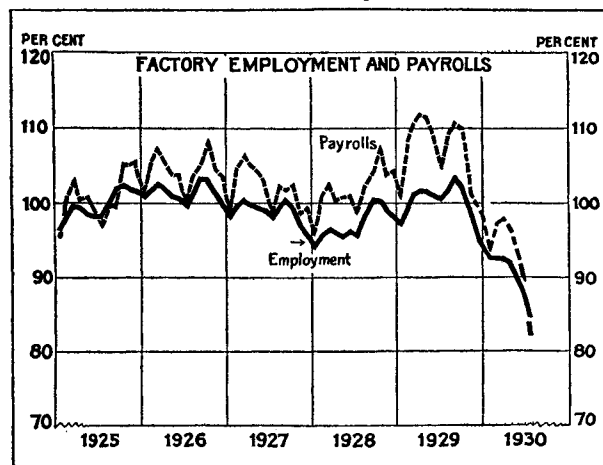
Building contracts awarded during July and the first half of August were in exceptionally small volume, according to reports by the F. W. Dodge Corporation. The reduction from June was primarily on account of smaller awards for public works and utility construction. Building in other lines continued relatively inactive.

Feed crops and pasturage have been severely damaged by drouth, which was not broken until the middle of August. The August crop report of The Department of Agriculture indicated a corn crop of 2,212,000,000 bushels, the smallest since 1901, and the smallest hay crop in ten years, food crops were less severely affected, with wheat production

estimated at 821,000,000 bushels—15,000,000 bushels larger than last year. The cotton crop was estimated at 14,362,000 bales, or slightly less than a year ago.

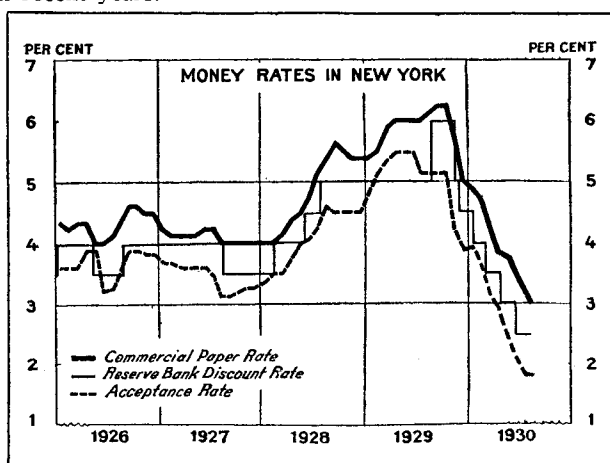
DISTRIBUTION—Freight-carloadings have been in smaller volume than at the same season of any other recent year. Department store sales declined in July to the lowest level since the summer of 1924.

PRICES—The sharp downward movement of wholesale prices continued through July, and the Bureau of Labor Statistics index fell to a level 14 per cent below that of a



Index numbers of factory employment and payrolls, without adjustment for seasonal variations. (1923-25 average=100). Latest figures, July: Employment, 84.6; Payrolls, 82.0

year ago. The most pronounced decreases from June to July were in the prices of cattle, beef, wheat, cotton, silk, and rubber, and nearly all commodities showed some decline. During the first half of August, prices of grains moved upward, reflecting the influence of the drouth. There have also been recent increases in the prices of cattle, hogs, silver, and silk, while the prices of cotton, copper, iron and steel, and rubber have declined further to the lowest level in recent years.



Monthly rates in the open market in New York: commercial paper rate on 4 to 6 month paper. Acceptance rate on 90-day bankers' acceptances. Latest figures are averages of first twenty days in August.

BANK CREDIT—Loans and investments of reporting member banks in leading cities decreased slightly between July 16 and August 13 largely as a result of a decline of \$48,000,000 in security loans. "All other loans" showed little change, while investments increased further. Reserve bank credit outstanding increased by about \$60,000,000 during the first three weeks of August reflecting seasonal increase in the demand for currency and a decrease of about \$25,000,000 in the country's gold stock, chiefly on account of gold exports to France. The increase in reserve bank credit was in the form of bankers' acceptances and U. S. Government securities. Member bank borrowings showed little change. Money rates continued easy. The prevailing rate on commercial paper was reduced to 3 per cent around the first of August and remained at that level during the first three weeks of the month. Bond yields continued to decline. Discount rates at the federal reserve banks of St. Louis, San Francisco, and Kansas City, were lowered from 4 to 3½ per cent during August.