



MONTHLY REVIEW

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

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WHILE trade and industry in the Eighth District continued at levels considerably below other years, January and the first half of February developed moderately, expanding tendencies in many lines and marked improvement in sentiment among the business community as a whole. Following the holiday and inventorying period, wholesale distribution showed a substantial increase, with lines handling goods for ordinary consumption, such as dry goods, boots and shoes, clothing and some food products, reporting the volume of unit sales in excess of the corresponding period a year ago. Steadily increasing replacement demands for a broad variety of commodities are making themselves felt, and have been reflected in a considerable volume of reordering by retail merchants, both in the large urban centers and the country. While purchasing is still almost exclusively for immediate or reasonably prompt delivery, the average size of orders is larger than heretofore and there is more of a disposition to replenish stocks and fill out assortments.

Production at manufacturing plants as a whole increased slightly during January over the low level of December, and the improvement was maintained through the first half of February. In the iron and steel industry conditions are still spotted and irregular, with railroads, automobile manufacturers, the petroleum industry and other important consumers buying sparingly. Miscellaneous users of ferrous products, however, have increased their demands sufficiently to warrant the higher operating schedules at many foundries and mills. A number of manufacturing establishments, which for many months have been producing only enough goods to apply on actual orders, have started making up stock in anticipation of demands looked for later in the year. In a large majority of lines investigated by this bank, stocks of both consumer goods and raw materials on February 1 were substantially smaller than a year earlier, also less than the average on that date during the past decade.

As has been the case since early last fall, unusually mild weather hampered distribution of seasonal merchandise. Heavily reduced consumption of bituminous coal was reflected in curtailed operations of mines in all fields of the district. Distribution of coke, oil and other fuels was also in considerably smaller volume than in past seasons. Activities at lead and zinc mines receded further, reflecting slack demand and low prices for these metals. Operations at lumber mills, quarries, cement and glass plants, and railroad shops showed little change from the low levels of the preceding thirty days. Weather conditions were in the main favorable for agriculture, though excessive rains interfered with preparations for spring crops in many sections. In parts of the south, notably in Kentucky and northern Mississippi, rivers overflowed their banks, causing serious flood conditions. Recent rains have aggravated the situation, and apprehension is felt for floods of major proportions in the valleys of the Mississippi River and its tributaries.

The volume of retail trade in January, as reflected by department store sales in leading cities of the district, was approximately one-half smaller than in December, and 17 per cent less than in January, 1931. Combined sales of all wholesaling and jobbing establishments reporting to this bank in January were about one-fourth less than for the same month last year, but more than 33 per cent larger than the December, 1931, total. The dollar value of building permits issued for new construction in the five largest cities of the district in January showed heavy declines as compared with the preceding month and the same period a year ago. Construction contracts let during January in the Eighth District declined 87 per cent, and 87 per cent, respectively as compared with a month and a year earlier. Charges to individual checking accounts in January were 6 per cent smaller than in December, and 23.2 per cent less than in January, 1931. The amount of savings accounts in selected banks on February 3 was 3.2 per cent smaller than

on January 6, and 8.3 per cent less than on February 4, 1931.

Freight and passenger traffic of railroads operating in this district continued in smaller volume than at the corresponding period a year and two years earlier. Since the first of the year some improvement has taken place in the freight movement, seasonal in character and less marked than the average during the past several years. For the country as a whole, loadings of revenue freight for the first four weeks of the year, or to January 30, totaled 2,269,875 cars against 2,873,211 cars for the corresponding period in 1931 and 3,470,797 cars in 1930. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 140,912 loads in January, against 127,313 loads in December, and 173,098 loads in January, 1931. During the first nine days of February the interchange amounted to 42,158 loads, against 40,199 loads during the same period in January, and 51,754 loads during the first nine days of February, 1931. Passenger traffic of the reporting lines decreased 30 per cent in January as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in January was 130,400 tons, against 168,021 tons in December, and 75,512 tons in January, 1931.

While considerable irregularity and spottiness continues to exist, collections generally showed moderate improvement as compared with the preceding thirty days and compared favorably with the corresponding period a year ago. Wholesaling interests in the principal urban centers reported February 1 settlements well up to expectations. This was true particularly of boots and shoes, dry goods and hardware. Backwardness is still complained of by manufacturers and distributors of building materials, iron and steel, and other of the heavier lines of merchandise. Generally through the south moderate betterment in payments has taken place, an exception being in the tobacco areas where low prices and a disposition on the part of producers to hold for more favorable markets tend to retard liquidation. City retailers report payments fully equal to a year ago. Answers to questionnaires addressed to representative interests in the several lines scattered through the district show the following results:

	Excellent	Good	Fair	Poor
January, 1932.....	0.0%	18.2%	61.0%	20.8%
December, 1931.....	2.0	21.4	56.2	20.4
January, 1931.....	0.0	10.6	58.8	30.6

Commercial failures in the Eighth Federal Reserve District in January numbered 158 involving liabilities of \$3,918,464, against 168 failures in

December with liabilities of \$4,786,681 and 243 defaults for a total of \$4,836,838 in January, 1931.

The average daily circulation in the United States in January was \$5,645,000,000 against \$5,611,000,000 in December, and \$4,695,000,000 in January, 1931.

MANUFACTURING AND WHOLESALING

Boots and Shoes — January sales of the reporting firms were 27 per cent less than for the same month in 1931, and about double those of December. Stocks on February 1 were about 9 per cent larger than a month earlier, but 11 per cent smaller than on February 1 last year. The increase in the month-to-month sales comparison is seasonal in character, December being normally a month of light sales. Since the middle of January there has been a notable quickening in business, with unit sales showing an increase over the same period a year ago. Due to reduced prices, however, the dollar volume continues smaller than in 1931. The demand for women's and children's fancy shoes is relatively much better than for work shoes and other staple lines. Collections are reported generally good, with charge-offs for actual losses smaller than at the same time last year. Factory operations were at from 80 to 85 per cent of capacity.

Clothing — Ordering of apparel for spring and early summer distribution continues to lag, the volume being considerably smaller than the average at this time during the past few years. Demand continues to center mainly in cheap priced garments, and while retail stocks are small, replenishment is along extremely conservative lines. Due to the warm weather throughout the winter, the clearance of heavyweight clothing was incomplete, and the carryover of such merchandise is larger than in past years. January sales of the reporting clothiers were 2 per cent larger than in December, but about 3 per cent smaller than in January, 1931.

Drugs and Chemicals — The past thirty days failed to develop any expansion in the volume of business in this classification. Continued mild weather held down the movement of seasonal goods to a minimum, and requirements of the general manufacturing trade are still light. Purchasing by retailers in both the cities and country is only for immediate and well defined wants. The trend of prices was slightly lower. Sales of the reporting firms in January were 8 per cent smaller than in the preceding month, and 32 per cent less than in January, 1931. Stocks on February 1 were 4 per cent and 16 per cent smaller, respectively, than thirty days and a year earlier.

Dry Goods — The unit volume of goods being sold in this classification is running somewhat larger than a year ago, but due to drastic reductions in prices, dollar sales of the reporting firms in January were about one-fifth smaller than during the same month last year. As compared with December, the January total showed an increase of 14 per cent. Inventories continue to decline, stocks on hand February 1 being slightly smaller than thirty days earlier, and 35 per cent less than on February 1, 1931. Advance orders on books of the reporting interests are smaller than at any similar period in recent times.

Electrical Supplies — There was the usual seasonal decline in sales in this classification from December to January, and the total for the latter month, according to the reporting firms, was about 32 per cent less as compared with January, 1931. Inventories continue to recede, stocks on hand February 1 being 18 per cent and 23.5 per cent smaller, respectively, than thirty days and a year earlier. In the yearly sales comparison decreases were general in all lines of the industry, but particularly noticeable in radio material, pole and line hardware, and electrical installations. Sales of electrical heaters and other seasonal commodities represented the smallest total in a number of years.

Flour — Production at the twelve leading mills of the district in January totaled 255,134 barrels, against 262,892 barrels in December and 337,391 barrels in January, 1931. There was no change in the situation as contrasted with recent months, business being confined within narrow limits. Large baking concerns are holding their purchases to absolute requirements, no attempt to anticipate future needs being made. Consumption of bread and other bakery products, according to the reporting interests, is considerably smaller than in recent years. Prices showed little variation, but demand centers chiefly in cheap flours, price rather than quality receiving first consideration. Mill operations decreased slightly and were from 40 to 45 per cent of capacity.

Furniture — January sales of the reporting firms were about one-third larger than in December, but 19 per cent less than in January, 1931. Stocks increased 6 per cent between January 31 and February 1, and on the latter date were 37 per cent smaller than a year ago. The increase in the month-to-month sales comparison is seasonal in character, and of about the average size as during the past ten years. Prices showed no change during the month, but are considerably lower than at the corresponding time last year. Demand for office furniture and equipment continues quiet.

Groceries — Unfavorable weather, with floods in sections of the south prevented salesmen from completely covering their sales territories and were factors in causing a decrease in January sales of the reporting firms of 6 per cent as compared with December, and 27 per cent as compared with January, 1931. Generally demand for canned goods is retarded by unseasonable weather, competition of low priced fresh stock, and the substantial volume of home canning and preserving last year. The trend of prices continues downward, with a number of commodities recording new low levels on the present retrograde movement. Stocks on February 1 were 15 per cent and 22 per cent lower, respectively, than thirty days and a year earlier.

Hardware — The demand for seasonal merchandise was retarded during January by the unusually high temperatures. This was true particularly of goods consumed chiefly in the rural areas. Some improvement in sales generally has been noted since the middle of January, but a number of important lines, including builders' tools and hardware, continue sluggish. January sales of the reporting firms were 2.3 per cent larger than in December, but 22 per cent less than in January last year. Lower prices and conservative purchasing policies have resulted in a further decrease in inventories, stocks on February 1 being 13 per cent and 17 per cent smaller, respectively, than a month and a year earlier.

Iron and Steel Products — As contrasted with the low rate of activity in December, moderate improvement developed in the iron and steel industry in this district during the second and third weeks of January. While the pace slowed somewhat during the final week of January and early this month, the general average has continued slightly above that of December. The betterment centers chiefly in freer specifications on goods previously acquired, new orders being still in limited volume. This is true particularly with reference to the most important groups of consumers, notably the automotive, railroad, building and oil industries. Purchasing by the railroads continues on an absolute necessity basis, with the usual seasonal demand for track and general repair materials being less in evidence than in former years. Thus far, ordering of equipment has failed to develop, and mills and foundries specializing in locomotive and car materials have either been shut down, or operating on reduced schedules. In the immediate past releases of automobile castings and other materials have increased to some extent, but the volume is below what had been looked for at this time. Due to the unusually mild winter, demand for tubular goods, roofing materials and other

seasonal commodities has been in unusually small volume. The low stage of construction activities is reflected in a reduced movement of all descriptions of building materials. Fabricators of structural iron and steel report a further reduction in unfilled orders, and a number of plants have closed. Producers and distributors of steel sheets report January sales considerably above the December total, but with demand coming from miscellaneous users and individual orders of small size. Plates, standard structural shapes, bars and the general run of building materials continue quiet. Operations at mills averaged from 18 to 22 per cent of capacity, while the average at jobbing foundries was about 25 per cent. With few exceptions stove plants have failed to resume operations following the holiday and inventory recess. Farm implement interests and manufacturers of machine tools continue to operate on reduced schedules. The general level of prices was slightly lower, and shading under list quotations was noted on certain commodities. Pig iron and scrap were quiet, with prices the lowest on the present retrograde movement. For the country as a whole production of pig iron in January totaled 971,437 tons, against 980,377 tons in December, and 1,715,443 tons in January, 1931. Steel ingot production in the United States in January totaled 1,461,290 tons, which compares with 1,302,399 tons in December, and 2,458,698 tons in January, 1931.

AUTOMOBILES

Combined passenger car, truck and taxicab production in the United States in January totaled 119,344, against 121,533, in December, and 171,851 in January, 1931.

For the seventh successive month, distribution of automobiles in the Eighth District declined in January, according to dealers reporting to this bank. Total sales, which fell sharply below the January, 1931 aggregate, represented the smallest volume for any single month in more than seven years. Normally January is a month of light sales, and during the past decade has invariably shown decreases under December. This year the extent of the decrease was smaller than in 1931, due to the unusually light volume of sales in December. As in past years prospective purchasers were disposed to postpone filling their requirements until after the annual automobile shows. In St. Louis, Louisville and other cities of the district, shows were held in early February, and according to preliminary reports, were the most successful in point of attendance, inquiries and actual sales, in a number of years. Because of the widespread interest and actual and prospective business resulting from these exhi-

bitions, sentiment among dealers has undergone considerable improvement, and the outlook for trade during the spring and early summer is viewed more hopefully than was the case during the opening month of this year. This is true particularly of the large cities, conditions in the small towns and country showing relatively little change as contrasted with recent months. January sales of new passenger cars by the reporting dealers were one-fourth smaller than in December, and 27 per cent less than in January, 1931. There was a further moderate increase in stocks of new cars in dealers' hands between December 1 and January 1, and the total on the latter date was about one-third smaller than a year ago. The used car market continued fairly active, with sales in January only slightly below the December total, but 12 per cent less than in January, 1931. Stocks of salable secondhand cars showed little change from November to December, and on February 1 were 10 per cent larger than a year earlier. There was a sharp decrease in sales of trucks during January as compared with December, but the total was slightly larger than in January, 1931. Business in parts and accessories continues relatively better than in automobiles proper, due in large measure to extensive repair and reconditioning operations by individual owners and dealers. According to dealers reporting on that item, deferred payment sales in January constituted 56 per cent of their total sales, against 54 per cent in December and 54 per cent in January, 1931.

RETAIL TRADE

The condition of retail trade is reflected in the following comparative statements showing activities in the leading cities of the district:

Department Stores

	Net Sales Comparison	Stocks on Hand	Stock Turnover	
	Jan. 1932 comp. to Jan. 1931	Jan. 31, 1932 comp. to Jan. 31, 1931	January, 1932	1931
Evansville	—32.7%	—28.3%	.12	.13
Little Rock.....	—25.7	—3.2	.15	.19
Louisville	—16.6	—17.1	.19	.18
Memphis	—10.1	—23.3	.24	.20
Quincy	—19.7	—7.1	.18	.20
St. Louis.....	—17.2	—15.9	.28	.29
Springfield, Mo.....	—28.3	—2.9	.7	.9
8th District.....	—17.0	—16.2	.24	.25

Retail Stores

	Net Sales Comparison	Stocks on Hand	Stock Turnover	
	Jan. 1932 comp. to Jan. 1931	Jan. 31, 1932 comp. to Jan. 31, 1931	January, 1932	1931
Men's Furnishings.....	—37.2%	—8.0%	.21	.31
Boots and Shoes.....	—28.3	—18.3	.21	.24

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in January was 87 per cent smaller than in December,

and 87 per cent less than the January, 1931 total. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in January amounted to \$4,905,453 which compares with \$10,570,573 in December, and \$13,305,792 in January, 1931. Production of portland cement for the country as a whole in January totaled 4,989,000 barrels against 5,998,000 barrels in December, and 6,595,000 barrels in January, 1931. Building figures for January follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1932	1931	1932	1931	1932	1931	1932	1931
Evansville ..	74	165	\$ 27	\$ 51	24	28	\$ 3	\$ 12
Little Rock ..	12	24	7	79	39	35	11	11
Louisville ..	36	37	47	564	18	27	39	40
Memphis	94	79	59	394	123	197	62	92
St. Louis.....	132	179	220	1,767	213	204	174	176
Jan. totals..	348	484	\$ 360	\$2,855	417	491	\$ 289	\$331
Dec. totals..	408	504	2,855	2,426	338	497	187	325
Nov. totals..	564	779	509	1,271	385	430	348	408

*In thousands of dollars (000 omitted).

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district report consumption of electric current by selected industrial customers in January as being about one per cent greater than in December and 11.3 per cent less than in January, 1931. Detailed figures follow:

	No. of Customers	Jan. 1932	Dec. 1931	Jan. 1932 comp. to Dec. 1931	Jan. 1931	Jan. 1932 comp. to Jan. 1931
		*K.W.H.	*K.W.H.		*K.W.H.	
Evansville ..	40	1,663	1,644	+ 1.2%	1,806	- 7.9%
Little Rock..	35	1,264	1,217	+ 3.9	1,820	-30.5
Louisville	85	5,124	5,093	+ 0.6	5,710	-10.3
Memphis	31	1,933	1,399	+38.2	1,686	+14.7
St. Louis.....	159	11,299	11,627	- 2.8	12,979	-12.9
Totals	350	21,283	20,980	+ 1.4	24,001	-11.3

*In thousands (000 omitted).

The following figures compiled by the U. S. Department of the Interior show kilowatt production both for lighting and industrial purposes for the country as a whole:

	By water power	By fuels	Totals
December, 1931.....	2,703,252,000	5,088,007,000	7,791,259,000
November, 1931.....	2,107,376,000	5,298,015,000	7,405,391,000
December, 1930.....	2,361,862,000	5,745,952,000	8,107,814,000

AGRICULTURE

Due to heavy rains and overflowing rivers and streams in some sections of the south, early farm work is backward. The soggy condition of the soil in many localities has prevented farmers from entering their fields, and relatively little plowing for spring crops has been accomplished. The movement of farm products to railroad terminals has been hampered to some extent by the condition of roads, and continued low prices for most products has proved a further deterrent to heavy marketing. Field preparation for planting the new cotton crop is behind the usual seasonal schedule, and weather conditions have not favored picking, with the result that con-

siderable cotton still remained to be harvested at the first of this month. Floods have done appreciable damage in Kentucky, Mississippi, Arkansas and Tennessee, with greatest injury in the valleys of the Ohio, Wabash and Mississippi rivers.

On the other hand, the unusually mild and open winter has proved very beneficial for growing crops, pastures and livestock. To date there have been fewer reports of injury to vegetation from cold weather than has been the case in more than twenty years. In some sections apprehension is felt for the safety of fruit due to the fact that buds have swelled and belated freezing weather might result in serious damage. Regional surveys of orchards, however, have disclosed no damage up to the middle of February. Universally through the district the supply of farm labor continues much in excess of demand, with wage scales appreciably lower than a year and two years ago. In some sections the demand for farms to rent is more active than during the past several years, but little change in the volume of actual transfers has taken place as contrasted with recent months.

Winter Wheat — The condition of the growing crop is generally good throughout the district. In some sections there are reports of excessive growth, occasioned by the unusually mild winter, and there are scattered complaints of the presence of hessian fly. The infestation, however, is local, and no more serious than in average years. Frequent rains have supplied ample moisture, and for the most part conditions of both surface and subsoil are good. The upturn in wheat prices during the past month has served to encourage producers, as well as stimulating the movement to market.

Corn — Relatively little plowing has been accomplished, field operations being hampered by wet weather. There are increasing complaints of corn moulding in cribs, and a considerable part of the grain arriving at primary markets is of poor quality. Scattered reports, however, indicate that abundant good seed corn will be available for planting the new crop, and extensive plans are being worked out to finance seed needs of farmers throughout the corn belt.

Fruits and Vegetables — Fruit trees in all sections of the district have come through the winter with a minimum of damage from cold weather or other causes. Plans for planting small fruits and truck crops are still indefinite. Indications point to slightly smaller acreages of potatoes than a year ago. Reports from the chief strawberry areas reflect little change in acreage as compared with last year.

Live Stock — According to the annual survey of the U. S. Department of Agriculture, the number of livestock in states entirely or partly within the Eighth Federal Reserve District showed an increase of approximately 8 per cent between January 1, 1931, and January 1, 1932. However, owing to the sharply lower prices, the estimated value of these animals on January 1 was 22 per cent less than a year earlier. The aggregate number of cattle, sheep, swine, horses and mules on the opening day this year was 34,221,000 head, having an estimated value of \$600,358,000, which compares with 31,787,000 head with value of \$769,097,000 on January 1, 1931. There was a slight decrease in the number of horses and mules during the year, but all other species increased numerically. Price declines extended to all species. For the country as a whole the total value of all live stock on January 1, 1932, was \$3,195,748,000, the lowest in more than twenty years, and comparing with \$4,450,708,000 on January 1, 1931.

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

	Receipts			Shipments		
	Jan. 1932	Dec. 1931	Jan. 1931	Jan. 1932	Dec. 1931	Jan. 1931
Cattle and Calves.....	75,298	83,326	84,616	45,227	51,880	54,165
Hogs	267,476	276,951	344,937	182,231	180,420	263,590
Horses and Mules.....	3,873	1,517	5,487	3,296	1,565	5,886
Sheep	37,050	39,157	30,945	14,806	8,372	14,683

Cotton — Weather has been unfavorable for field work, and relatively little plowing has been accomplished for the new crop. Present indications are that the crop will get off to a later start than usual. The excessive rains have also hampered picking of cotton remaining in the fields, of which there is a considerable amount. This portion of the crop has suffered depreciation in quality; however, much of it will be saved, provided the grade is sufficiently high to cover the costs of gathering. No concrete indications have thus far appeared upon which to estimate possible acreage. Due to abundant feed, food and seed supplies, the cost of raising the next crop should be exceptionally low. Disastrous floods have occurred in northern Mississippi, and apprehension is felt for a flood of major importance in the Mississippi Valley. The demand for cotton was fairly active and prices moderately higher. In the St. Louis market the middling grade ranged from 6.20c to 6.50c per pound between January 15 and February 15, closing at 6.50c on the latter date, which compares with 6.25c on January 15, and 9.70c on February 16, 1931. Receipts at compresses continue considerably in excess of a year ago. At Arkansas warehouses receipts from August 1, 1931, to February 12 totaled 1,346,072 bales, against 792,531 bales for the corresponding period a year

earlier. Stocks on hand on February 12 totaled 637,305 bales, against 667,822 bales on January 15, and 291,280 bales on the corresponding date in 1931.

Tobacco — Approximately 410,000,000 pounds of burley tobacco had been sold at the end of the first week in February at an average of about \$9 per cwt. In late deliveries, good to fine leaf was scarce, and sold higher than at any time this season. Improvement is noted in demand for good to medium grades of red tobacco, which were quiet earlier in the season. Much tobacco which had been removed from the market by producers because of unsatisfactory prices, is now being sold at higher figures. Up to February 1 about 13,000,000 pounds of Green River tobacco was sold at an average of \$3.36 per cwt. and in the one-sucker district 12,500,000 pounds were reported sold at an average of \$3.15. In the dark fired markets of Kentucky and Tennessee, average prices reported were: Clarks-ville, \$6.87; Springfield, \$7.87 and Hopkinsville, \$5.88. At the middle of February there were fewer plant beds prepared than in a number of years, due mainly to continued wet weather and a general disposition to curtail 1932 acreage. Usually at this date the greater part of beds is prepared and sown.

Commodity Prices — Range of prices in the St. Louis market between January 15, 1932 and February 15, 1932, with closing quotations on the latter date and on February 16, 1931, follow:

		High	Low	Close	
				Feb. 15, 1932	Feb. 16, 1931
Wheat					
May	per bu.	.59	.56½	.57½	.66½
July	"	.59½	.55½	.58¾	.66
No. 2 red winter	"	.59½	.55½	.56½ @	.79 @
No. 2 hard	"	.57½	.55	.56 @	.76 @
Corn					
May	"	.41½	.36	.37¾	.64½
July	"	.43	.39	.40¾	.66
No. 2 mixed.....	"	.37½	.34½	.34½ @	.59 @
No. 2 white.....	"	.39½	.35	.35¾ @	.61 @
Oats					
No. 2 white.....	"	.26	.23½	.24¾ @	.33¾ @
Flour					
Soft patent.....	per bbl.	4.20	3.36	3.36 @ 4.20	4.75 @ 5.00
Spring patent.....	"	4.50	4.20	4.20 @ 4.50	4.10 @ 4.25
Middling cotton.....	per lb.	.065	.062	.065	.0970
Hogs on hoof.....	per cwt.	4.45	3.00	3.10 @ 4.20	5.50 @ 8.05

FINANCIAL

Aside from a feeling of greater confidence, traceable partly to commencement of operations by the Reconstruction Finance Corporation, a noticeable decrease in bank suspensions and general relaxation in the credit situation, there were few changes in banking and financial conditions in the Eighth District during the closing weeks of January and the first half of the present month. Demand for credit from commercial and industrial sources continued at a low ebb, and aggregated considerably less than the usual seasonal volume in recent years. Liquidation of loans at both city and country banks, while some-

what spotty and irregular, has been in considerable volume. Early February settlements with mercantile interests were also large, and permitted of substantial reductions in bank loans.

Borrowings of country banks from their city correspondents were reduced further, but some backwardness in this regard is complained of in the south, where tobacco, cotton and rice planters are disposed to hold their stocks from market on account of low prices. Generally through the south, however, the banking situation as a whole is more satisfactory than during the closing months of last year. The number of bank failures in the district has decreased in recent weeks and some failed institutions have reopened. Credit requirements for agricultural operations have been of a routine character. Due to lateness of preparations for spring crops, occasioned by heavy rains and floods, demand is smaller than at this time in other years.

There was no interruption in the downward trend of loans, investments and deposits of the commercial banks. On February 10, total loans of the reporting member banks were 2.2 per cent smaller than on January 13, and 18 per cent less than on February 11, 1931. Total investments declined 2.2 per cent and were approximately 17 per cent smaller than on February 11 last year. Deposits on February 10 showed decreases of 3.3 per cent and 13 per cent, respectively, from a month and a year earlier. Average daily borrowings of all member banks from the Federal reserve bank varied only in minor degree as compared with the preceding thirty days, but throughout the period were substantially greater than a year ago. Demand for currency continued active, and the note circulation of this bank remained at the relatively high levels which have prevailed since the closing weeks of last year.

Fluctuations in interest rates were narrow, with the average about on a parity with the preceding thirty days. At the St. Louis banks current rates were as follows: Prime commercial paper, $4\frac{1}{2}$ to 6 per cent; collateral loans, $4\frac{1}{2}$ to 6 per cent; loans secured by warehouse receipts, $4\frac{1}{2}$ to 6 per cent; interbank loans, 5 to 6 per cent and cattle loans, 5 to 6 per cent.

Condition of banks — Loans and discounts of the reporting member banks on February 10, 1932 showed a decrease of 2.2 per cent as contrasted with January 13, 1932. Deposits decreased 3.3 per cent between January 13, 1932 and February 10, 1932

and on the latter date were 13.1 per cent smaller than on February 11, 1931. Composite statement follows:

	*Feb. 10, 1932	*Jan. 13, 1932	*Feb. 11, 1931
Number of banks reporting.....	24	24	25
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations and			
other stocks and bonds.....	\$148,252	\$149,567	\$187,184
All other loans and discounts....	222,792	229,838	266,101
Total loans and discounts.....	\$371,044	\$379,405	\$453,285
Investments			
U. S. Government securities.....	88,343	90,883	41,721
Other securities.....	119,631	121,783	135,425
Total investments.....	\$207,974	\$212,666	\$177,146
Reserve balance with F. R. Bank	38,716	41,865	46,318
Cash in vault.....	7,013	7,937	6,727
Deposits			
Net demand deposits.....	310,235	322,732	364,901
Time deposits.....	209,716	214,238	236,544
Government deposits.....	2,941	3,517	384
Total deposits.....	\$522,892	\$540,487	\$601,829
Bills payable and rediscounts with			
Federal Reserve Bank.....	4,403	6,772	250

*In thousands (000 omitted).

These 24 banks are located in St. Louis, Louisville, Memphis, Little Rock, and Evansville, and their total resources comprise approximately 52.6 per cent 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.

	*Jan., 1932	*Dec., 1931	*Jan., 1931	Jan. 1932 comp. to Dec. 1931	Jan. 1931
East St. Louis & Natl.					
Stock Yards, Ill. \$	20,966	\$ 22,810	\$ 34,263	— 8.1%	—38.8%
El Dorado, Ark.....	3,966	4,152	6,383	— 4.5	—37.9
Evansville, Ind.....	23,216	18,360	27,022	+26.4	—14.1
Fort Smith, Ark.....	8,302	8,939	11,534	— 7.1	—28.0
Greenville, Miss.....	3,186	3,146	3,918	+ 1.3	—18.7
Helena, Ark.....	1,227	1,692	—27.5
Little Rock, Ark.....	23,320	26,123	33,483	—10.7	—30.4
Louisville, Ky.....	120,440	124,160	157,104	— 3.0	—23.3
Memphis, Tenn.....	102,478	107,010	116,247	— 4.2	—11.8
Owensboro, Ky.....	5,525	4,250	8,775	+30.0	—37.0
Pine Bluff, Ark.....	5,468	6,807	7,829	—19.7	—30.2
Quincy, Ill.....	6,576	7,764	7,437	—15.3	—11.6
St. Louis, Mo.....	550,008	594,539	725,659	— 7.5	—24.2
Sedalia, Mo.....	2,676	2,465	4,469	+ 8.6	—40.1
Springfield, Mo.....	11,208	12,123	16,627	— 7.5	—32.6
*Texarkana, Ark.-Tex.....	7,593	7,447	12,789	+ 2.0	—40.6
Totals	\$896,155	\$951,787	\$1,173,539	— 5.8	—23.6

*In thousands (000 omitted).

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

Federal Reserve Operations — During January the Federal Reserve Bank of St. Louis discounted for 257 member banks against 241 in December and 218 in January, 1931. The discount rate remained unchanged at $3\frac{1}{2}$ per cent. Changes in the principal assets and liabilities of this institution appear in the following table:

	*Feb. 12, 1932	*Jan. 12, 1932	*Feb. 12, 1931
Bills discounted	\$21,797	\$22,291	\$ 8,917
Bills bought	5,482	12,686	2,668
U. S. Securities.....	27,886	27,886	24,151
Federal Inter. Cr. Bk. Debentures.....	880	880
Participation in Inv. Foreign Banks.....	1,100	1,100	1,179
Total bills and securities.....	\$57,145	\$64,843	\$36,915
Total reserves.....	106,908	98,273	122,460
F. R. Notes in circulation.....	92,844	90,656	79,309
Total deposits.....	68,951	65,831	77,677
Ratio of reserve to deposits and F. R. Note Liabilities.....	66.1%	62.8%	78.0%

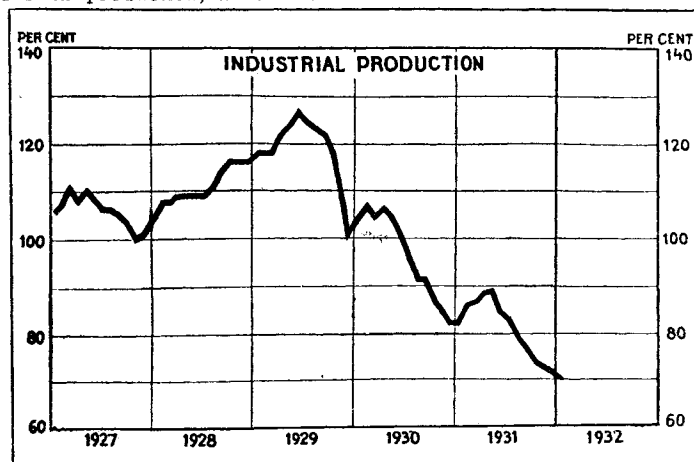
*In thousands (000 omitted).

(Compiled February 24, 1932)

BUSINESS CONDITIONS IN THE UNITED STATES

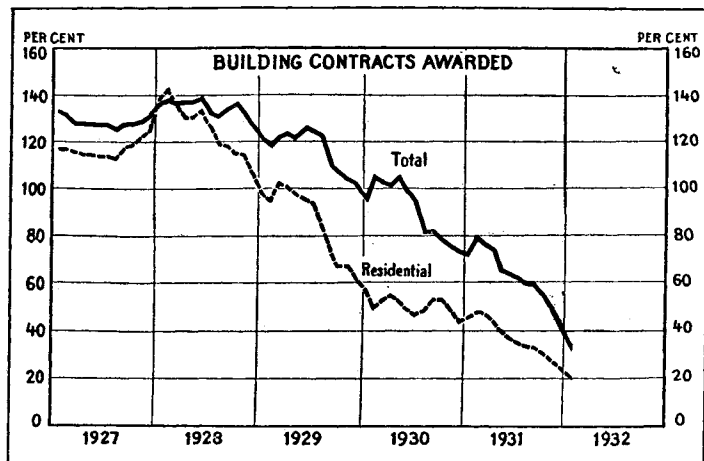
In January production of manufactures increased by about the usual seasonal amount, while output of minerals and value of building contracts awarded continued to decline. Wholesale prices declined further during January and early February, but more recently prices of certain leading commodities showed an advance.

PRODUCTION AND EMPLOYMENT—Volume of industrial production, which includes both manufactures and miner-



Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100.) Latest figure January, 70.

als increased from December to January by an amount somewhat smaller than is usual at this time of year, and the Board's seasonally adjusted index declined from 71 per cent of the 1923-1925 average to 70 per cent. In the steel industry there was a seasonal increase in activity during January, followed by a slight decline during the first three weeks of February. Production of automobiles, which usually increases considerably at this season showed little change in January, following an increase in December. Activity at textile mills increased by more than the usual seasonal amount, and at shoe factories there was a seasonal increase in production. Output of coal and petroleum was substantially reduced. Volume of factory employment declined by more than the usual seasonal amount between the middle of December and the middle of January. Number employed at foundries, car building shops, clothing factories, and establishments producing building materials declined substantially, while employment in the tobacco industry decreased less than is usual at this season; employment in the

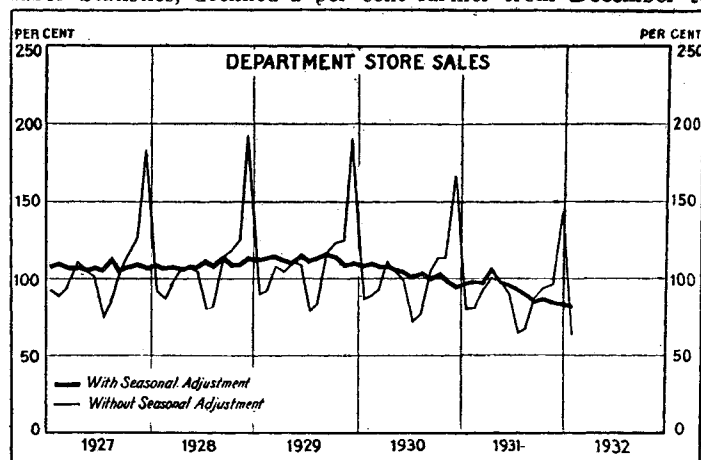


Indexes based on three month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. (1923-1925 average=100.) Latest figure January, adjusted index 38, unadjusted index 33.

woolen goods industry increased, contrary to seasonal tendency. Total value of building contracts awarded in 37 eastern states, as reported by the F. W. Dodge Corporation, declined sharply in January, and for the three months period ending in that month was about one-half of the amount awarded in the corresponding period a year ago. Approximately one-fourth of the decrease was in residential building, and three-fourths in other types of construction.

DISTRIBUTION—Total freight car loadings decreased in January, contrary to seasonal tendency, reflecting chiefly smaller shipments of merchandise, miscellaneous freight, and coal. Department store sales declined by about the usual seasonal amounts.

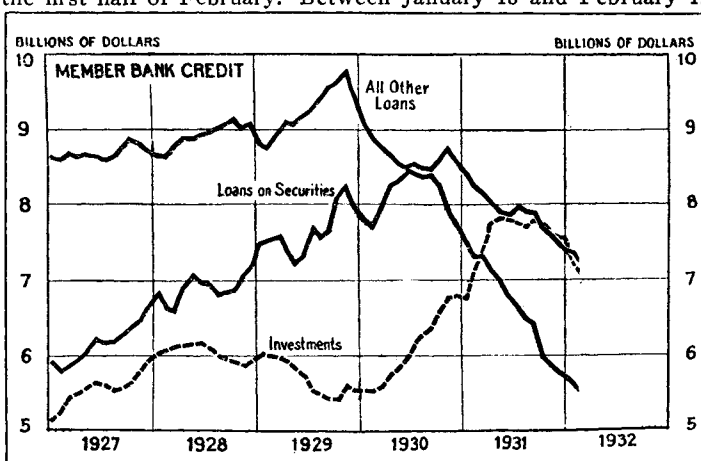
WHOLESALE PRICES—The general level of wholesale commodity prices as measured by the index of the Bureau of Labor Statistics, declined 2 per cent further from December to



Indexes of daily average value of sales with adjustment for seasonal variation and without adjustment for seasonal variation. Latest figure January, adjusted index 80, unadjusted index 65.

January, although prices of some important commodities, such as wheat, showed little change and the price of cotton advanced. During early February prices of certain leading commodities including grains and cotton declined, but later in the month there was some advance in the prices of these commodities.

BANK CREDIT—Volume of reserve bank credit outstanding declined in January and the first half of February. This decrease has reflected a return flow of currency from circulation, which has been smaller than usual this year, together with a continued reduction in member bank reserve balances, offset in part by a demand for reserve bank credit caused by an outward movement of gold amounting to \$100,000,000 since the turn of the year. A decline in money in circulation after the first few days in February reflected some return of hoarded currency accompanying a decrease in bank failures. At member banks in leading cities volume of credit continued to decline during January and the first half of February. Between January 13 and February 17



Monthly averages of weekly figures for reporting member banks in leading cities. Latest figures are averages of first three weeks in February.

total loans and investments decreased by \$550,000,000 representing declines in loans on securities, in other loans and in investment deposits of these banks also declined substantially during this period. Money rates in the open market showed little change. On February 26 the discount rate of the Federal Reserve Bank of New York was reduced from $3\frac{1}{2}$ to 3 per cent, and buying rates on bankers' acceptances of short maturities were reduced from $2\frac{3}{4}$ to $2\frac{5}{8}$ per cent.