



MONTHLY REVIEW

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

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VIRTUALLY all measurements of business activity in the Eighth District during July disclosed further recession below the low levels which prevailed during the preceding month. The volume of production and distribution of merchandise was the smallest so far reached in the present depression, output of electricity for commercial purposes declined, the value of permits for new construction in the principal cities receded, and further increase in unemployment in the industrial centers was the rule. Output of mines in all bituminous coal fields of the district showed more than the seasonal decrease, and the same was true of lead and zinc mines. In face of these unfavorable conditions, there was a decided improvement in sentiment in business circles in the large urban centers as well as agricultural communities, attributable to the rising trend in prices of certain groups of commodities, notably agricultural products, the upturn in the security markets, and further improvement in the general banking and credit situation.

Since the first of August this optimistic attitude has been emphasized by a number of actual favorable developments in commerce and industry. A number of manufacturing plants which had been closed for varying periods have resumed operations on part-time schedules, and others which had been active substantially increased their working forces. Orders booked by important wholesaling and jobbing lines showed a measurable increase during the first half of August, the volume in some instances comparing favorably with the corresponding period a year ago. Inquiries for raw materials by manufacturers have broadened, and specifications on goods previously acquired have shown moderate expansion for the first time since last spring. Retailers in both the large cities and the country report fair response to special sales of summer goods, and clearance of merchandise in that category is likely to be much more complete than was estimated earlier in the season.

The agricultural situation in the district as a whole is more favorable than at the beginning of the summer. Appreciation in prices of the leading crops, notably wheat and cotton, will, if sustained, result in a fair margin of profits to their producers in numerous instances. Recent rains have relieved drouth conditions in many sections, and have been of great benefit to corn, tobacco, pastures, hay, gardens and late commercial vegetable and fruit crops. Demand for hides has been active, with prices higher, and while cattle and hog prices declined somewhat from the high quotations of early July, a substantial part of the gain was retained. At the middle of August, indications pointed to a moderate improvement in employment conditions for the month as a whole as contrasted with its predecessor.

As reflected by sales of department stores in the principal cities of the district, the volume of retail trade in July was 31.3 per cent smaller than in June and 31.1 per cent less than in July, 1931; for the first seven months the volume fell 23.1 per cent below that for the corresponding period last year. Combined sales of all wholesaling and jobbing firms reporting to this bank decreased 44.5 per cent in July as compared with the same month in 1931, but showed a slight increase over the June total this year; aggregate sales for the first seven months this year decreased 30 per cent below the comparable period in 1931. The dollar value of permits issued for new construction in the five largest cities in July was 11 per cent smaller than in June, and 72 per cent less than in July, 1931; for the first seven months the total was 78 per cent smaller than a year ago. Contracts let for construction in the Eighth District in July were 31.5 per cent smaller than last year, and 108 per cent above the June total this year; for the first seven months a decrease of 60 per cent was shown in contrast with the same period in 1931. Debits to checking accounts in July were 11 per cent and 27 per cent smaller, respectively than a month and a year earlier, and the total for the first seven

months was 26 per cent smaller than for the like period in 1931. The amount of savings held by selected banks on August 3 was slightly greater than on July 6, but 11 per cent smaller than on August 5, 1931.

Freight traffic of railroads operating in this district, according to officials of these lines, continued substantially below that of the corresponding periods during the past several years. The movement of wheat was restricted to relatively small volume owing to a fairly general disposition on the part of farmers to hold their stocks for better prices. Labor troubles in the Illinois and Indiana fields and lack of industrial demand served to restrict the movement of bituminous coal. For the country as a whole, loadings of revenue freight for the first 30 weeks this year, or to July 30, totaled 16,045,005 cars, against 22,045,217 cars for the corresponding period in 1931, and 26,900,212 cars in 1930. The St. Louis Terminal Railway Association, which handles interchanges for twenty-eight connecting lines, interchanged 143,022 loads in July, against 135,115 loads in June, and 171,935 loads in July, 1931. During the first nine days of August the interchange amounted to 31,888 loads, which compares with 33,070 loads during the corresponding period in July, and 42,412 loads during the first nine days of August, 1931. Passenger traffic of the reporting lines in July decreased 38 per cent as compared with the same month a year ago. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in July was 105,300 tons, which compares with 108,002 tons in June and 103,444 tons in July, 1931.

Moderate improvement as a whole was reflected in reports relative to collections during the past thirty days. Considerable spottiness and irregularity still obtains, however, both with reference to the several lines and localities. In the winter wheat areas merchants and banks report a fair volume of liquidation, and the same is true in localities where early fruit and truck crops are extensively produced. Wholesalers and jobbers in the chief distributing centers report mainly satisfactory settlements, early August payments comparing favorably with those of the corresponding period last year. Actual losses from weak accounts continue large, but show a decreasing trend as contrasted with earlier months this year. Retailers in the large urban centers report the usual seasonal backwardness in collections occasioned by absence of customers on vacations. Questionnaires addressed to representative interests in the various lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
July, 1932.....	0%	18.5%	58.5%	23.0%
June, 1932.....	0	18.5	61.2	20.3
July, 1931.....	1.5	16.2	62.3	20.0

Commercial failures in the Eighth Federal Reserve District in July, according to Dun's, numbered 109, involving liabilities of \$2,093,558, against 132 failures in June with liabilities of \$1,987,322 and 80 defaults for a total of \$5,298,184 in July, 1931.

The average daily circulation in the United States in July was \$5,751,000,000, against \$5,530,000,000 in June, and \$4,836,000,000 in July, 1931.

MANUFACTURING AND WHOLESALING

Boots and Shoes — Sales of the reporting firms in July were 44.5 per cent larger than in June, but only one-half as large as the July, 1931, total. Stocks on August 1 were 13 per cent greater than a month earlier, but 30 per cent smaller than a year ago. Since August 1, there has been a decided pick-up in sales, the first two weeks of the month indicating a slight gain in both dollar amount and shipments over the same period in 1931. Operations have been increased, with plants producing cheap grade women's and children's wear working full time. Average operations during the first half of August were approximately 90 per cent of capacity, as compared with 80 per cent in July. While purchasing is mainly for prompt shipment, there has been a noticeable increase in future orders. There was no change in prices as compared with the preceding thirty days.

Clothing — In conformity with the usual seasonal trend, July sales of the reporting clothiers fell sharply below the June volume. Demand centers mainly in low priced goods, and ordering for late fall and winter delivery is considerably below the average at this time of year. In the immediate past the demand for overalls and other working clothes has improved moderately, and manufacturers have increased production. July sales of the reporting interests were 22 per cent smaller than for the preceding month, and less than half as large as in July, 1931.

Drugs and Chemicals — Aside from a more active demand for hot weather goods, there was no change from the dull conditions which have obtained in recent months. July sales of the reporting firms were 15 per cent smaller than in June, and 31 per cent less than the July, 1931, total. Inventories continue to decrease, stocks on August 1 being 3 per cent and 15 per cent smaller, respectively, than thirty days and a year earlier. Demand for heavy drugs and chemicals has failed to broaden, and sales of luxuries were in measurably smaller volume than a year ago.

Dry Goods—July proved to be the worst month experienced by the dry goods trade in more than twenty years. Sales of the reporting firms in that month fell 23 per cent below the June total, and 40 per cent below July, 1931. Moderate improvement has taken place generally through the line since August 1. The advance in raw cotton has had a stimulating effect on demand for goods based on that staple, and more activity was noted in silk, woolen and other fabrics. Purchasing is in larger quantities than heretofore, and retailers in the country are exhibiting more confidence than earlier in the year. Stocks increased slightly between July 1 and August 1, and on the latter date were 32 per cent smaller than a year ago.

Electrical Supplies—July sales of the reporting interests were the smallest for any single month in more than ten years, being 5.5 per cent less than in June, and 58.7 per cent under the July total in 1931. Inventories continue to decrease, stocks on August 1 being 3 per cent smaller than a month earlier and about one-third less than on August 1 last year. In both sales comparisons declines were general through the entire line, but most pronounced in electrical installations for new structures, radio materials and automotive goods. A moderately upward trend in prices has been effective since the last week of July.

Flour — Production at the twelve leading mills of the district in July totaled 226,630 barrels, against 234,864 barrels in June and 322,413 barrels in July, 1931. Stocks in all positions continue of moderate proportions, and distributors and ultimate consumers, notably the large baking interests, are not disposed to deviate from the policy of hand-to-mouth buying. Since the first of this month, prices have firmed slightly in sympathy with the higher trend in the cash wheat market. Offerings of new crop flour are light, and, as has been the case for many months, demand centers chiefly in the low grade and cheap flours. Mill operations were at from 40 to 45 per cent of capacity.

Furniture — Continued quietness prevailed in this classification, purchasing by both distributors and ultimate consumers being on an extremely conservative basis. July sales of the reporting firms were 65 per cent smaller than for the same month in 1931, and 2 per cent below the June total this year. Inventories were again lower, stocks on August 1 being 4 per cent and 44 per cent smaller, respectively, than a month and a year earlier. Demand for household furniture and furnishings has failed to expand and manufacturers and distributors of office furniture and equipment report more than the usual seasonal contraction in sales.

Groceries — Following the invariable trend in recent years, sales in this classification in July showed a decrease under the preceding month. The decrease this year, however, was larger than the average, and was due mainly to smaller volume of purchasing by retail distributors in the small towns and country. Advance buying of canned goods was considerably smaller than in the past. July sales of the reporting firms were 14.5 per cent smaller than in June, and 31 per cent smaller than in July, 1931. Stocks on August 1 were 12 per cent less than on July 1, and 22 per cent below a year ago.

Hardware — The volume of business in this classification receded to the lowest point in recent years. Sales of the reporting firms in July were 38 per cent less than for the same month in 1931, and 28 per cent below the June total this year. Stocks on August 1 were 2.3 per cent smaller than a month earlier, and 13 per cent less than on August 1 last year. Purchasing is on a hand-to-mouth basis, and while retail stocks are generally light, there is little disposition to replenish or fill out assortments. While there was still a preponderance of price declines, the increasing number of advances indicate a strengthening of the market.

Iron and Steel Products — Reports from virtually all sections of the iron and steel industry reflect a further reduction in activities below the low levels earlier in the summer. New business placed with foundries, mills and machine shops was light, and specifications on materials under contract continued backward. July shipments of raw materials, including pig iron and scrap, were the smallest for any month so far this year, and considerably below the volume during the corresponding period in 1931. Ordering of all varieties of finished goods by distributors and ultimate consumers was on an extremely conservative scale. Manufacturers of stoves, heating apparatus, farm implements and other specialties report advance business on the books as of August 1 the smallest for that date in recent years. Due to these conditions and the spell of hot weather in July, operations at many plants were sharply curtailed. A number of units which closed down for vacations, inventory, repairs, etc., at the end of June, either failed to reopen, or have resumed on restricted schedules. No betterment was noted in demand from the principal iron and steel consuming industries, notably railroad, automotive, and petroleum. Producers and distributors of steel sheets, plates and other rolled materials reported a slight improvement in inquiries and small-lot buying by small miscellaneous users. Jobbing foundries, also, noted slight expansion in demand for castings for miscellaneous uses, the volume of which, how-

ever, was not sufficient to increase their operations from the recent low levels of two to three heats per week. With the exception of fencing material, demand for wire and wire products continued slow. Warehouse and jobbing interests report no broadening in the demand from the general manufacturing trade, purchasing being on an absolute necessity basis. Quotably prices of raw and finished materials underwent no change worthy of note as compared with the preceding thirty days. However, on a number of commodities prices lack actual test, and there were numerous reports of shading on desirable business. Purchasing of pig iron and scrap during July and early August was negligible. For the country as a whole production of both pig iron and steel ingots in July declined to new low levels on the present recessionary movement. Output of pig iron was 570,222 tons, which compares with 626,015 tons in June, and 1,462,270 tons in July, 1931. Steel ingot production in the United States totaled 792,533 tons, against 897,275 tons in June and 1,887,580 tons in July last year.

AUTOMOBILES

Combined passenger car, truck and taxicab production in the United States in July was 111,139 against 183,092 in June and 218,961 in July, 1931.

In accordance with the invariable trend in recent years, distribution of automobiles in this district during July fell below the volume of the preceding month. The decrease, according to dealers reporting to this bank, was considerably larger than the average since 1924. A sharp decrease was also recorded in comparison with July last year. As has been the case for the past several months, the trend of demand is strongly in the direction of low-priced cars, approximately 80 per cent of the vehicles sold in July being in that category, as against 76 per cent in June and 70 per cent in July, 1931. Sales by dealers in the smaller towns and country were relatively smaller than those in the larger centers of population. The low price of agricultural products and a disposition on the part of farmers to await results of this year's crops had a tendency to hold down sales in the rural areas. Collections on cars sold on time payment were somewhat less satisfactory than earlier in the year, though no noticeable increase in repossessions was reported. Demand for trucks also receded in July, sales for that month being the smallest since last January. Business in parts and accessories was relatively more active than in automobiles proper, due to extensive reconditioning of old cars by both dealers and individual owners. July sales of new passenger cars by the reporting dealers were 47 per cent smaller than in June, and 46 per cent less than in July, 1931. Inven-

tories continue universally light. Stocks of new passenger cars on hand on August 1 were slightly larger than a month earlier, but about 36 per cent smaller than on August 1, 1931. Used car sales were slightly larger than a month earlier, but about 36 per cent smaller than on August 1, 1931. Used car sales were slightly smaller in July than June, and 10 per cent less than in July, 1931. Salable secondhand car stocks on August 1 were 4 per cent larger than on July 1, and 8 per cent less than on August 1 a year ago. According to dealers reporting on that detail, cars sold on the installment plan in July constituted 49 per cent of their total sales, the same ratio as in June, and comparing with 48 per cent in July, 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	
	July, 1932 comp. to July, 1931	7 months ended July 31, 1932 to same period 1931	July 31, 1932 comp. to July 31, 1931	Jan. 1, to July 31, 1932	July 1, 1931
Evansville	-39.3%	-30.6%	-23.6%	.97	1.07
Little Rock.....	-29.4	-28.2	-11.1	1.18	1.54
Louisville	-23.4	-20.5	- 6.7	1.38	1.53
Memphis	-36.2	-24.8	-10.3	1.60	1.76
Quincy	-28.8	-24.8	-10.6	1.23	1.46
St. Louis.....	-30.8	-22.4	-20.8	1.95	2.14
Springfield	-42.2	-29.6	-15.4	.72	.94
8th District.....	-31.1	-23.1	-16.9	1.71	1.92

Retail Stores

	Net sales comparison		Stocks on hand	Stock turnover	
	July, 1932 comp. to July, 1931	7 months ended July 31, 1932 to same period 1931	July 31, 1932 comp. to July 31, 1931	Jan. 1, to July 31, 1932	July 1, 1931
Men's Furnishings	-25.3%	-30.4%	-20.5%	1.57	1.96
Boots and Shoes.....	-41.4	-25.9	-19.7	1.57	1.75

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in July was 10.7 per cent smaller than in June, and 71.8 per cent less than in July, 1931. According to statistics compiled by the F. W. Dodge Corp., construction contracts let in the Eighth Federal Reserve District in July amounted to \$12,024,207 which compares with \$5,768,424 in June, and \$17,542,682 in July, 1931. Production of portland cement for the country as a whole in July totaled 7,659,000 barrels, against 7,921,000 barrels in June and 13,899,000 barrels in July, 1931. Building figures for July follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1932	1931	1932	1931	1932	1931	1932	1931
Evansville ..	120	188	\$ 23	\$ 213	33	44	\$ 7	\$ 18
Little Rock	9	20	3	166	46	74	9	15
Louisville ..	37	40	67	221	44	30	357	49
Memphis ..	129	82	82	89	84	141	40	103
St. Louis....	156	285	274	901	229	271	116	345
July totals..	451	615	\$ 449	\$1,590	436	560	\$ 529	\$530
June totals..	504	763	503	1,249	452	656	269	335
May totals..	533	863	411	1,717	513	726	204	413

*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 July as being 5.8 per cent smaller than in June and 15.1 per cent less than in July, 1931. Detailed figures follow:

	No. of Custom- ers	July, 1932 *K.W.H.	June, 1932 *K.W.H.	July, 1932 comp. to June, 1932	July, 1931 *K.W.H.	July, 1932 comp. to July, 1931
Evansville	40	1,781	2,068	-13.9%	2,463	-27.7%
Little Rock...	35	1,897	1,714	+10.7	2,253	+15.8
Louisville	84	5,810	5,873	-1.1	7,163	-18.9
Memphis	31	855	1,046	-18.3	1,736	-50.7
St. Louis.....	181	19,685	21,164	-7.0	21,760	-9.5
Totals	371	30,028	31,865	-5.8	35,375	-15.1

*In thousands (000 omitted).

AGRICULTURE

Crop prospects in the Eighth District showed considerable variation between July 1 and August 1, both with reference to the several productions and different localities. As a whole, however, indications point to yields below those last year and the average in recent years. Hot, dry weather in July resulted in considerable damage to corn, cotton, tobacco, potatoes and some less important crops, while excessive rains accompanied by high winds in early August further reduced prospects in many localities. On the other hand the moisture was beneficial to pastures and served to replenish streams and depleted supplies of stock water. Corn over large areas was materially helped by the precipitation, which also caused substantial betterment in tobacco, hay, home gardens and late commercial fruit and truck crops. Harvesting of small grains has been completed, but less wheat than usual has been threshed, due to the fact that farmers have stacked more grain than in former years in order to hold it for higher prices.

The most favorable development in the agricultural situation during the past thirty days was the rise in prices of a number of important products. This served to bolster sentiment in the farming community, besides substantially increasing prospects for farm income. While prices are still much below the levels of past years, the advance, after months of steady declines, is contemplated in the light of a constructive step in rehabilitating the agricultural industry. Universally crops have been produced this year at smaller cost than during recent seasons, and present price levels will in many instances yield fair profit margins. There was a substantial rise in wheat from the low point of the year, and at the middle of August cotton advanced to a new high for the year, and for the first time since September, 1929, sold above the similar period a year earlier. While hog and cattle prices declined somewhat in early August, nevertheless a substantial part of the recent gain was retained.

Winter Wheat — Prospects for this crop in the Eighth District underwent moderate improvement between July 1 and August 1, the report of the U. S. Department of Agriculture, based on conditions on the latter date, estimating the output at 34,292,000 bushels, an increase of 607,000 bushels over the July 1 forecast, and comparing with 66,260,000 bushels harvested in 1931, and a 9-year average (1923-1931) of 51,510,000 bushels. Weather was favorable for harvest over most of the district, and most recent threshing returns tend to bear out the official estimate, both of quantity and quality. In some areas output is above expectations, while elsewhere yields were very uneven, due to damage from hessian fly. Receipts of new wheat have been considerably smaller than a year ago, owing to the smaller crop and the disposition of farmers to hold their grain for better prices.

Corn — Favorable planting conditions and excellent progress in the initial growing period were offset largely by drouthy conditions in mid-July, with the result that prospects were substantially curtailed between July 1 and August 1. Scattered damage of a more or less serious character was occasioned by chinch bugs, grasshoppers and other insect pests. Rains in late July and during the first half of this month have resulted in substantial recovery, particularly in Southern Illinois, Missouri and Indiana. The U. S. Department of Agriculture's August 1 report estimates the Eighth District yield of corn at 372,673,000 bushels, a decrease of 8,995,000 bushels under the July 1 forecast, and comparing with 383,052,000 bushels harvested in 1931 and a 9-year average of 342,534,000 bushels.

Fruits and Vegetables — While moderate betterment in prospects for pears and grapes in the district took place in July, other fruits deteriorated further, and the outlook is for heavily reduced yields both as compared with a year ago and the average. For the most part early fruits and vegetables turned out better than had been thought possible at the beginning of the season, and prices obtained were for the most part satisfactory, general conditions considered. Gardens and commercial truck crops suffered severely from the effects of hot, dry weather in early July, but subsequent rains have done much to raise the condition of these productions. Based on the August 1 condition, the U. S. Department of Agriculture estimates the apple crop in states entirely or partly within the Eighth District at 6,362,000 bushels, of which 890,000 barrels represent commercial crop, against 28,642,000 bushels with 3,527,000 barrels commercial crop in 1931, and a 5-year average of 23,967,000 bushels, of which 2,511,000 barrels were commercial crop. The output of peaches in these states is forecast at only 1,200,000 bushels,

against 15,470,000 bushels in 1931 and a 5-year average of 8,175,000 bushels; pears, 482,000 bushels, against 2,639,000 bushels in 1931, and a 5-year average of 1,691,000 bushels; grapes, 33,208 tons, against 33,721 tons in 1931, and a 5-year average of 28,707 tons. Sweet potatoes promise to be one of the largest crops on record, the estimate for states of the district being 21,254,000 bushels, against 17,851,000 bushels in 1931, and a 5-year average of 14,464,000 bushels. In the district proper the white potato crop is estimated at 12,817,000 bushels, a slight decrease under the July 1 estimate, and comparing with 12,472,000 bushels harvested in 1931, and a 9-year average of 14,596,000 bushels.

Live Stock— Aside from scattered reports of hog cholera, the condition of live stock throughout the district maintained the high condition which has existed for the past eighteen months. Pastures deteriorated under the extremely high temperatures and lack of moisture in mid-July, but have since responded to abundant rains. Early reports indicate increased hog feeding and less sheep feeding in the Corn Belt states than a year ago. The movement of cattle, hogs and sheep to market was in excess of a year ago, raisers being incited to market their stock by the favorable turn in prices. Demand for hides was active during July with prices higher. The U. S. Department of Agriculture estimates the Eighth District hay crop at 4,597,000 tons, against 5,458,000 tons harvested in 1931, and a 9-year average of 7,616,000 tons.

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

	Receipts			Shipments		
	July, 1932	June, 1932	July, 1931	July, 1932	June, 1932	July, 1931
Cattle and Calves.....	87,382	85,530	103,040	54,928	51,714	69,748
Hogs	173,991	212,815	170,496	133,728	159,111	136,804
Horses and Mules.....	1,179	917	1,675	993	1,138	1,550
Sheep	80,975	123,475	67,479	17,126	33,121	17,075

Cotton— The report of the U. S. Department of Agriculture, based on August 1 conditions, estimates the cotton crop in the Eighth District at 2,413,000 bales, which compares with 3,470,000 bales harvested in 1931 and a 9-year average (1923-1931) of 2,726,000 bales. For the country as a whole the crop is forecast at 11,306,000 bales, which if realized will be 5,790,000 bales less than produced in 1931, and 3,352,000 bales less than the average of the last five years. The crop is unusually spotty, due to varied weather conditions and boll weevil infestation. Heavy rains early in July drowned out a considerable acreage, and during the hot spell following much cotton was scalded and fields were difficult to work. In many sections boll weevils are present in larger numbers than since 1923, and recent weather conditions have been favorable to their spreading. In some sections the appearance of the plant is not healthy, and scant use of fertilizer this season is

being reflected in uneven stands. Demand for raw cotton both for domestic consumption and export has shown moderate improvement, and a favorable and encouraging development was an advance in price during the second week of August to the highest point since early last March. In the St. Louis market the middling grade ranged from 5.15c per pound to 7.05c per pound between July 16 and August 15, closing at 7.05c per pound on the latter date, which compared with 5.35c on July 15 and 7c on August 15, 1931. Receipts of cotton at Arkansas warehouses for the fiscal year ended July 30 totaled 1,509,315 bales against 826,159 bales during the preceding year; shipments totaled 1,246,888 bales against 857,361 bales the year before.

Tobacco— Prospects for tobacco were reduced in July, the U. S. Department of Agriculture's report based on the August 1 condition estimating the crop in the Eighth District at 284,744,000 pounds, which is 926,000 pounds less than the July forecast, and compares with 395,016,000 pounds in 1931, and a 9-year average 285,534,000 pounds. The crop generally, but more particularly burley types, suffered severely from the hot, dry weather in July. Reports from scattered sections reflect uneven growth and leaf of only fair quality. Rains since the third week in July have relieved the drouth conditions in Kentucky and Tennessee and done much to promote growth and development of the crop. The acreage is generally smaller than a year ago, due to unfavorable conditions early in the season for raising plants, also during the transplanting period. Demand for old tobacco was active and sales of common, medium and good color burley are being made at satisfactory prices. Old crop stocks in dealers' hands consist chiefly of low to medium grades, good smoking grades being relatively scarce.

COMMODITY PRICES

Range of prices in the St. Louis market between July 15, 1932 and August 15, 1932, with closing quotations on the latter date and July 15, 1931, follow:

	High	Low	Close	
			August 15, 1932	August 15, 1931
Wheat				
Dec. ....per bu..	\$.59¼	\$.50	\$.55¾	\$.51¾
May .....	.63	.56½	.60	.....
Sept. ....	.55½	.48	\$.51¾	\$.47¾ @ .48½
#2 red winter....	.56¾	.47	\$.54 @ .54½	.49 @ .49½
#2 hard " ....	.55½	.47	\$.54½ @ .55	.49 @ .49½
Corn				
Sept. ....	.31½	.29	.30	.46½
#2 mixed .....	.33½	.30	.32½ @ .33	.49 @ .49½
#2 white .....	.33½	.30½	.33 @ .33½	.51 @ .51½
Oats				
#2 white .....	.19	.17½	.16½ @ .16¾	.21 @ .21½
Flour				
Soft patent.....per bbl.	3.50	2.80	3.05 @ 3.40	3.75 @ 4.25
Spring "	4.50	3.60	4.25 @ 4.50	4.25 @ 4.40
Middling cotton.....per lb.	.0705	.0515	.0705	.07
Hogs on hoof.....per cwt.	5.00	3.10	3.25 @ 4.85	4.25 @ 7.60

FINANCIAL

Aside from moderate expansion in demand for credit, appearing since the first week in August, and a feeling of greater confidence in banking circles, the

financial situation in the Eighth District during the past thirty days showed no notable deviation from the trends prevailing since the early summer. Credit requirements of commercial and industrial interests continue smaller than usual at this time of year, due in part to reduced business volume, lower prices and universally small inventories of merchandise. Routine liquidation at the commercial banks slightly exceeded new borrowing and renewals, with the result that there was a further contraction in loans and discounts of these institutions.

Demands for funds to finance agricultural operations were also measurably below the seasonal average. This is true particularly of the cotton growing areas, where the crop is being produced with smaller cash outlay than in past years. Commitments of flour millers and grain handlers increased moderately, but the total of such loans is considerably smaller than a year ago. Generally borrowings of country banks from their city correspondents showed little change as contrasted with the preceding thirty days.

Total loans of the reporting member banks in the principal cities of the district continued the downward trend which has been in effect since the middle of last January. Between July 10 and August 13 loans declined 2.6 per cent, and on the latter date, recorded a new low for the year and a decrease of approximately one-fourth under the comparable date in 1931. Total deposits showed little variation during the four-week period, but continued considerably below a year ago. Investments increased 1.6 per cent from July 10 to August 13, and on the latter date were about on a parity with a year earlier.

There was a slight increase in the volume of credit extended by the Federal reserve bank and on August 17 the total outstanding was \$504,000 greater than on July 17. This increase was due entirely to additional acquisitions of Government securities through its participation in the Federal Reserve System's purchases, combined discounts for member banks and bills purchased showing a decrease of \$1,622,000. As compared with last year, reserve credit outstanding on August 17 was greater by \$34,501,000. A continued active demand for currency was reflected in a further expansion in this bank's note circulation, which at the middle of August registered a new high for the year and an increase of 37.8 per cent over a year ago.

Interest rates fluctuated within a narrow range, exhibiting no definite trend in either direction. At St. Louis banks current rates were as follows: Prime commercial loans, 3¾ to 5½ per cent; collateral loans, 4½ to 6 per cent; loans secured by warehouse receipts, 4¼ to 5¾ per cent; interbank loans, 4¾ to 5½ per cent and cattle loans, 5 to 6 per cent.

Condition of Banks — Loans and discounts of the reporting member banks on August 10, 1932 showed a decrease of 2.6 per cent as contrasted with July 13, 1932. Deposits decreased 0.5 per cent between July 13, 1932 and August 10, 1932 and on the latter date were 19.1 per cent smaller than on August 12, 1931. Composite statement follows:

	*Aug. 10, 1932	*July 13, 1932	*Aug. 12, 1931
Number of banks reporting.....	24	24	25
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations and other stock and bonds.....	\$114,453	\$117,241	\$163,046
All other loans and discounts.....	187,658	192,860	238,667
Total loans and discounts.....	\$302,111	\$310,101	\$401,713
Investments			
U. S. Government securities.....	93,675	88,408	76,192
Other securities.....	126,585	128,369	145,094
Total investments.....	\$220,260	\$216,777	\$221,286
Reserve balance with F. R. Bank	34,513	36,073	41,176
Cash in vault.....	6,232	6,860	6,237
Deposits			
Net demand deposits.....	274,430	279,865	353,612
Time deposits.....	201,605	199,451	237,509
Government deposits.....	3,672	3,011	1,499
Total deposits.....	\$479,707	\$482,327	\$592,620
Bills payable and rediscounts with Federal Reserve Bank.....	2,384	2,289	2,135

*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.

	*July, 1932	*June, 1932	*July, 1931	July, 1932 comp. to June, 1932	July, 1931
East St. Louis & Natl. Stock Yards, Ill..\$	21,362	\$ 20,266	\$ 28,881	+ 5.4%	—26.0%
El Dorado, Ark.....	3,366	3,422	4,529	+ 1.6	—25.7
Evansville, Ind.....	17,084	15,422	26,310	+10.8	—35.1
Fort Smith, Ark.....	6,185	6,749	9,350	+ 8.4	—33.9
Greenville, Miss.....	2,044	2,261	2,852	+ 9.6	—28.3
Helena, Ark.....	852	1,136	2,537	—25.0	—66.4
Little Rock, Ark.....	16,326	18,096	26,496	+ 9.8	—38.4
Louisville, Ky.....	106,219	105,319	131,974	+ 0.9	—19.5
Memphis, Tenn.....	65,004	70,513	92,027	+ 7.8	—29.4
Owensboro, Ky.....	2,920	2,915	5,162	+ 0.2	—43.4
Pine Bluff, Ark.....	3,996	4,051	6,608	+ 1.4	—39.5
Quincy, Ill.....	5,240	6,027	8,221	—13.1	—36.3
St. Louis, Mo.....	409,153	487,071	565,493	—16.0	—27.6
Sedalia, Mo.....	1,529	1,560	3,441	—2.0	—55.6
Springfield, Mo.....	9,062	10,161	12,120	+10.8	—25.2
**Texarkana, Ark-Tex.....	5,578	5,410	8,957	+ 3.1	—37.7
Totals	\$675,920	\$760,379	\$934,958	—11.1%	—27.7%

*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 225 member banks against 215 in June and 187 in July, 1931. The discount rate remained unchanged at 3½ per cent. Changes in the principal assets and liabilities of this institution appear in the following table:

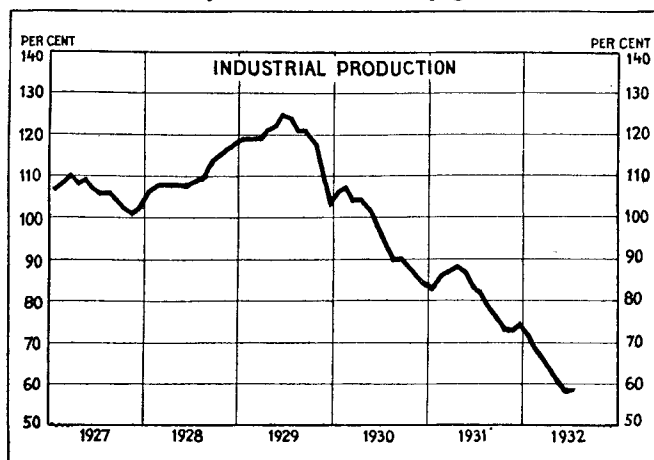
	*Aug. 18, 1932	*July 18, 1932	*Aug. 18, 1931
Bills discounted	\$12,888	\$13,886	\$10,877
Bills bought	26	474	1,864
U. S. Securities.....	66,156	64,030	30,476
Federal Inter. Cr. Bk. Debentures.....			40
Participation in Inv. Foreign Banks.....	1,004	1,004	1,141
Total bills and securities.....	\$79,574	\$79,394	\$44,398
Total reserves.....	85,156	84,561	113,259
F. R. Notes in circulation.....	101,392	99,252	73,223
Total deposits.....	56,637	57,130	76,443
Ratio of reserve to deposits and F. R. Note Liabilities.....	53.9%	54.1%	75.7%

*In thousands (000 omitted).

(Compiled August 24, 1932)

BUSINESS CONDITIONS IN THE UNITED STATES

Volume of industrial output declined seasonally from June to July while factory employment and payrolls decreased by more than the usual seasonal amount. In July the general level of wholesale prices was about 1 per cent higher than in June, and in the first half of August prices of many leading commodities advanced considerably. Reserve bank credit declined somewhat in the four weeks ending August 17, reflecting chiefly a substantial growth in the country's stock of monetary gold.



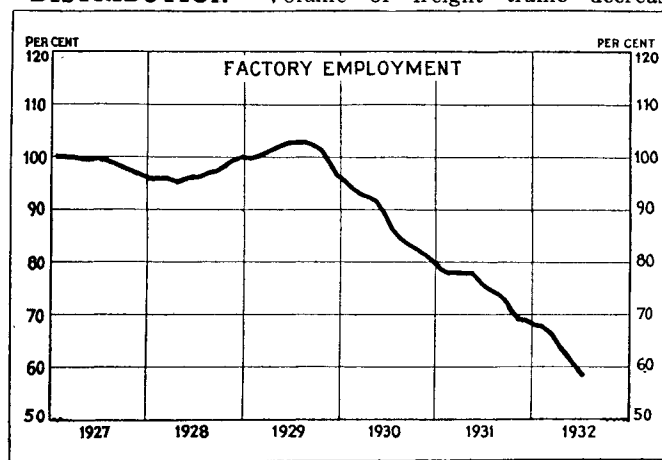
Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100.) Latest figure July, 59.

PRODUCTION AND EMPLOYMENT—Industrial production declined by about the usual seasonal amount in July and the Board's index which is adjusted to allow for the usual seasonal variations remained unchanged at 59 per cent of the 1923-1925 average. Activity decreased seasonally in the steel industry; by slightly more than the usual seasonal amount in the lumber, cement, newsprint, and meat packing industries and by substantially more than the seasonal amount in the automobile and lead industries. Output of shoes, which ordinarily increases in July, declined. At woolen mills activity increased by a substantial amount and at silk mills there was a seasonal increase in production. Activity at cotton mills decreased, as is usual in July, while sales of cotton cloth by manufacturers increased considerably. Output of coal increased from the low level prevailing in June.

Reports on the volume of factory employment and payrolls showed substantial declines from the middle of June to the middle

bushels in the winter wheat crop, offset in part by an estimated increase of 175,000,000 in the spring wheat crop. The first official cotton estimate, as of August 1, was 11,300,000 bales, as compared with crops of 17,100,000 last season and 13,900,000 the year before. The indicated production of corn is 2,820,000,000 bushels, substantially larger than the crops of the last two seasons and slightly larger than the five year average,

DISTRIBUTION—Volume of freight traffic decreased

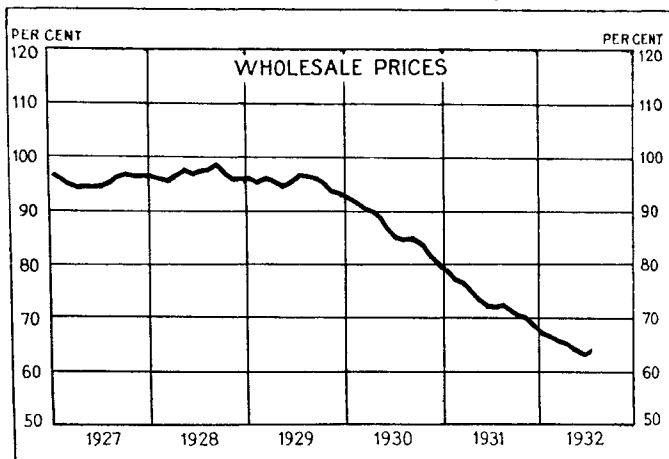


Federal Reserve Board's index of factory employment with adjustment for seasonal variation. (1923-1925 average=100.) Latest figure July, 58.3.

somewhat from June to July, and value of department stores sales was substantially reduced.

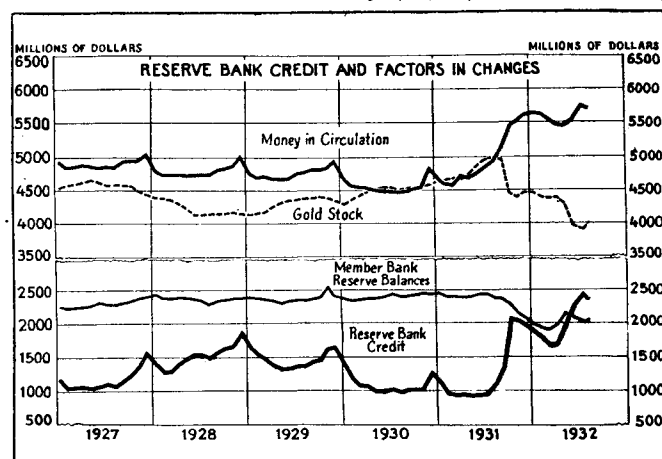
WHOLESALE PRICES—The general level of wholesale prices, as measured by the monthly index of the Bureau of Labor Statistics advanced from 63.9 per cent of the 1926 average in June to 64.5 per cent in July. Between the middle of July and the third week of August prices of livestock and meats which, had previously advanced considerably, declined somewhat, while price increases were reported for many other leading commodities, including wheat, textile raw materials and finished products, nonferrous metals, hides, sugar, coffee, and rubber.

BANK CREDIT—The total volume of reserve bank credit outstanding, which had increased by \$850,000,000 between the end of March and the third week of July, declined by \$95,000,000 in the four weeks to August 17, and in the same period member banks increased their reserve balances by \$45,000,000. These changes



Index of United States Bureau of Labor Statistics (1926=100). Latest figure July, 64.5.

of July. In the machinery, women's clothing and hosiery industries and at railroad repair shops, the number employed decreased by considerably more than the usual seasonal amount, and at shoe factories the increase reported was smaller than usual. In the woolen goods industry a substantial increase in employment was reported. Value of building contracts awarded, as reported by the F. W. Dodge Corporation continued at a low level during July and the first half of August. Prospects for many leading crops, including corn, spring wheat, potatoes and tobacco, were reduced somewhat during July, according to the Department of Agriculture. The estimated total wheat crop, based on August 1 conditions, is 723,000,000 bushels, a decrease of about 175,000,000 bushels from last year's large crop, reflecting a reduction of 350,000,000



Monthly averages of daily figures.

Latest figures are averages of first 21 days in August. reflected chiefly the addition of \$95,000,000 to the country's stock of monetary gold and an inflow to the banks of \$30,000,000 in currency.

Total loans and investments of reporting member banks in leading cities were \$250,000,000 larger on August 17 than four weeks earlier. Total loans of these banks continued to decline throughout the period, while their investments increased substantially, reflecting an increase in holdings of United States Government securities in connection with Treasury financing operations. Time deposits increased by \$95,000,000 and net demand deposits by \$85,000,000. Money rates in the open market remained at low levels. Successive reductions brought the prevailing rates on prime commercial paper to a range of 2—2¼ per cent in the first part of August.