



# MONTHLY REVIEW

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

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**D**UE chiefly to seasonal influences, which were accentuated by the prolonged spell of extremely high temperatures, moderately recessionary trends developed in Eighth District industry and commerce during the past thirty days as contrasted with the high rate of activities earlier in the year. For the first time in a number of months there were decreases in certain lines during June and the first half of July under the corresponding period a year earlier, but it will be recalled that there was a sharp upturn in business as a whole at this particular time in 1933. On the other hand in a number of important lines in which decreases ordinarily take place from May to June, the condition was reversed this year with the recording of fair to good gains in the comparison. Of the wholesaling and jobbing lines investigated by this bank those showing decreases under a year ago were boots and shoes, clothing, dry goods, furniture, and hardware, while gains were reported in drugs and chemicals, electrical supplies, groceries, and men's hats. Sales of automobiles in June, according to reporting dealers, were slightly greater than in May, and substantially larger than in June, 1933.

Operations at iron and steel plants were well maintained through June, the average rate being only slightly below that of May. Since July 1 there has been a perceptible slowing down, both at mills and foundries. Jobbing foundries at the middle of June were averaging about three days per week, as against five days, a month earlier. June shipments of both finished and semi-finished iron and steel materials were at the highest rate of the year, which fact was attributable in large part to a desire of consumers to get in commodities under contract for second quarter delivery. Production of lumber declined somewhat, and activities were reduced at fire clay, glass and other building material manufacturing plants. Production of bituminous coal in fields of the district in June declined slightly under May, but was measurably larger than a year ago. Consumption of electricity by industrial plants in the principal cities of the district showed moderate expansion both as compared with a month and a year earlier.

While tending to restrict business in many lines, the hot weather had a distinctly stimulating effect on the movement of seasonal merchandise, notably apparel, electrical supplies, beverages, etc. Manufacturers and wholesalers reported a substantial volume of reordering of goods in this category. Taken as a whole, according to reporting firms, ordering of merchandise for future delivery is in smaller volume than at the corresponding period a year ago. There is a greater disposition to work off present inventories and to await developments than has been the case in recent months. This attitude is ascribable in a measure to the drouth and uncertainty relative to crop production and prices.

Crop conditions in this district underwent no marked changes during the past thirty days. There was a slight reduction in winter wheat prospects, but the estimated yield as of July 1 was still above that of a year ago. The outlook for the corn crop is spotted, but on the whole favorable, with average to better yields indicated in many important growing sections. Cotton has made good progress, and mid-July prospects for tobacco were more favorable than thought possible earlier in the season. Hay production will be the lowest in recent years, and the condition of pastures is the lowest on record at this time of year. This deficiency, however, is expected to be largely overcome by extensive plantings of emergency forage crops. As was the case earlier in the season, relatively the most favorable prospects for agriculture as a whole are in the southern stretches of the district.

As reflected in sales of department stores in the principal cities, volume of retail trade in June was 9.9 per cent greater than for the same month in 1933, and 17.1 per cent below the May total this year; cumulative total for the first half of 1934 was 23.2 per cent in excess of that for the comparable period a year ago. Combined June sales of all wholesaling and jobbing firms reporting to this bank were 23 per cent and 13 per cent smaller, respectively, than a month and a year earlier, and cumulative total for the first six months was 23 per cent larger than for the same time in 1933. The dollar value of permits issued for new buildings in the five largest

cities in June was 28 per cent smaller than in May and 53.5 per cent less than in June, 1933; cumulative total for the first half of this year exceeded that of the same period last year by 85 per cent. Construction contracts let in the Eighth District in June were 9.5 per cent and 13.5 per cent larger, respectively, than a month and a year earlier; total for the first six months was 82 per cent greater than for the same time in 1933. Debits to checking accounts in June were larger by 5.5 per cent than in May and by 10 per cent than in June last year; cumulative total for the first half of 1934 was 15 per cent greater than for the comparable period in 1933.

According to officials of railroads operating in this district, gains recorded earlier in the year were well maintained, and volume during the first six months of 1934 was considerably greater than for the comparable periods a year and two years earlier. The movement of livestock in recent weeks has been augmented by the transfer of cattle from the drouth areas to points in Arkansas, Tennessee and Mississippi. For the country as a whole loadings of revenue freight for the first 27 weeks this year, or to July 7, totaled 15,920,138 cars, against 13,887,810 cars for the corresponding period in 1933 and 14,523,748 cars in 1932. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 78,468 loads in June, against 77,849 loads in May, and 79,435 loads in June, 1933. During the first nine days of July the interchange amounted to 19,993 loads, which compares with 23,780 loads during the same time in June and 21,633 loads during the first nine days of July, 1933. Passenger traffic of the reporting roads continued to expand, and in June increased 32 per cent in physical volume and 5.5 per cent in revenues received as compared with the same month a year ago. Vacation travel was reported to be the heaviest since the summer of 1930. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in June was 99,900 tons, against 105,954 tons in May and 109,855 tons in June, 1933.

Quite generally through the district, reports relative to collections reflect satisfactory conditions. Relatively the volume of settlements was higher than a year ago, and showed marked betterment as contrasted with the similar periods in 1932 and 1931. As is usual at this time of year, collections of country retailers showed some recession, due to preoccupation of farmers with harvesting. In the larger centers retail collections were affected to some extent by the absence of customers on vacations. In the south where early fruits and vegetables are important crops, liquidation with both banks and

merchants has been in considerable volume. Some lines report backwardness in payments in areas most affected by the drouth. Questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	<u>Excellent</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
June, 1934.....	4.3%	38.4%	49.4%	7.9%
May, 1934.....	4.3	47.2	43.2	5.3
June, 1933.....	3.7	25.9	59.3	11.1

Commercial failures in the Eighth Federal Reserve District in June, according to Dun and Bradstreet, numbered 22, involving liabilities of \$221,277, against 22 defaults in May with liabilities of \$217,670, and 60 insolvencies for a total of \$1,049,752 in June, 1933.

## MANUFACTURING AND WHOLESALING

**Boots and Shoes** — June sales of the reporting firms were about one-fourth less than for the same month in 1933, and 39 per cent below the May total this year. Inventories increased in a somewhat greater than usual seasonal amount, stocks on July 1, being 71 per cent and 33 per cent larger, respectively, than a month and a year earlier. The decrease in the month-to-month sales comparison was seasonal in character, June, with the exception of December, being ordinarily the smallest sales month of the year. There was no change in prices as contrasted with the preceding thirty days. Demand for sport shoes throughout the present season is reported the most active in a number of years. Factory operations were increased moderately, and averaged from 85 to 90 per cent of capacity.

**Clothing** — The trend of business was downward, sales of the reporting clothiers in June being 18 per cent smaller than in May, and 13 per cent below the June, 1933, volume. Since July 1 some improvement has been noted, with sales for the first half of this month being about on a parity with the corresponding period last year. The prolonged spell of hot weather has resulted in a considerable volume of reordering light weight suits, many dealers having disposed of practically their entire stocks of such goods. Advance ordering of heavyweight apparel for late fall and winter distribution is reported spotted, with total volume somewhat below that of the corresponding period in 1933. Inventories on July 1 were 2 per cent smaller than a month earlier, but more than one-half greater than a year ago.

**Drugs and Chemicals** — While sales of the reporting firms showed a decrease of 6 per cent in June as compared with the preceding month, the total was 18 per cent greater than a year ago, and

the largest for the period since 1930. Inventories remained stationary between June 1 and July 1, and on the latest date were 30 per cent larger than a year ago. About the usual seasonal recession in demand for heavy drugs and chemicals by the general manufacturing trade was in evidence. The long spell of extremely high temperatures was reflected in heavy sales of hot weather goods, notably soda fountain supplies. Sales during the season thus far, of insecticides and fertilizers were reported considerably in excess of the preceding several years.

**Dry Goods** — For the first time since last September, sales of the reporting interests in this classification in June failed to show an increase over the corresponding month a year earlier. The decrease in this instance was attributed to the unusually heavy buying earlier in the year, and to a general policy on the part of retailers to reduce present inventories before increasing their commitments. Since the first of July there has been some pickup in ordering of fall and winter merchandise. Several of the leading firms also report greater interest on the part of retailers in stocking up on goods for special sales to be held in August and September. June sales of the reporting firms were 20 per cent smaller than in May and 12 per cent below the June, 1933, total. Inventories decreased 2 per cent between June 1 and July 1, and on the latter date were 67 per cent greater than a year earlier.

**Electrical Supplies** — Further betterment in this classification was noted in June, sales of the reporting firms for that month being 5.5 per cent greater than in May, and 37 per cent in excess of the June, 1933, volume. Inventories showed little change from May to June, but on July 1 were about one-third larger than a year ago. The increase in both sales comparisons was due chiefly to heavy increases in demand for seasonal merchandise and radio material. Sales of electric fans so far this season are reported the largest in recent years.

**Flour** — Production at the twelve leading mills of the district in June totaled 229,189 barrels, against 244,648 barrels in May, and 261,346 barrels in June, 1933. As a whole, greater activity in the flour business was noted during the past thirty days than in the preceding several months. In anticipation of higher prices which may result from the poor wheat prospects, jobbers and the large baking interests were more disposed than heretofore to enlarge their commitments with the mills. Export inquiries were more numerous and bids nearer to a working basis than heretofore. Mill operations were at from 50 to 55 per cent of capacity. The trend of prices was upward, in sympathy with the upturn in cash wheat values.

**Furniture** — Conforming with the usual seasonal trend, June sales of the reporting firms decreased 15 per cent below the preceding month, and the total was 27 per cent below that of June, 1933. Inventories continued to increase, stocks on July 1 being 32 per cent and 26 per cent larger, respectively, than a month and a year earlier. In both sales comparisons decreases were general in all lines, the exceptions being radio cabinets and office equipment. No change worthy of note took place in prices as contrasted with the preceding month.

**Groceries** — June sales of the reporting firms decreased 3.4 per cent under the May volume, but showed a gain of 6 per cent over a year ago. The decrease in the month-to-month comparison is seasonal in character and somewhat smaller than the average in recent years. Geographically business was spotty, relatively the best results being achieved in the south, and the smallest volume of sales reported in the dry areas. Due to failure of fruit crops in some sections, sales of sugar for preserving and canning were below expectations. Stocks in hands of the reporting interests as of July 1 were about 3 per cent smaller than a month earlier and 12 per cent larger than a year ago.

**Hardware** — A slight increase in sales of the reporting interests from May to June was recorded, but for the first time in thirteen months the total fell below that of a year earlier, the decrease being 7 per cent. Stocks on July 1 were slightly larger than a month earlier and 13 per cent greater than on July 1, 1933. The drouth has adversely affected sales and collections in areas most severely hit.

**Iron and Steel Products** — The usual seasonal recession in activities in the iron and steel industry in this area was accentuated by the prolonged spell of extremely high temperatures. Contraction in activities in virtually all branches of the industry was in evidence, which condition reversed that at the corresponding period last year, when general expansion was the rule. Despite the present lull, however, the record in the industry for the first half of the year was the most favorable since 1930. The movement of both raw and finished materials during June was in unusually large volume, one reason for which being the desire on the part of consumers to obtain delivery of tonnages under contract for second quarter. In the case of several leading blast furnace interests, shipments of pig iron to melters in this district in June represented the largest total for any single month since 1930. Heavy buying in April and May resulted in large accumulations of stocks, and there is a reluctance to make further commitments at this time. Rather sweeping reductions have been announced in prices since July 1,

among the items affected being sheet bars, billets and slabs, enameling sheets, tin mill black sheets, iron bars and galvanized sheets. Demand for building materials continued slow, particularly structural steel. New lettings were in smaller volume than heretofore, and consisted chiefly of small projects. Operations at fabricating plants were sharply reduced as of July 15 as contrasted with the preceding thirty days. Jobbing and stove foundries also curtailed their operations, which at mid-July averaged only about three days per week. Jobbers and distributors of iron and steel goods from store report a noticeable decrease in orders since the last week in June, but the volume for that month was about equal to May, and slightly larger than in June, 1933. Releases by the automotive industry were in good volume, but new orders were smaller than heretofore. Purchasing by the railroads continues chiefly on a necessity basis. For the country as a whole, production of pig iron in June, according to the Magazine "Steel", was 1,936,897 tons, as against 2,057,471 tons (revised figure) in May, and 1,264,953 tons in June, 1933; total production for the first half of 1934 was 9,852,608 tons, against 4,444,750 tons for the same period in 1933 and 5,164,520 tons in 1932. Steel ingot production in the United States in June totaled 3,015,972 tons, against 3,352,695 tons (revised figure) in May and 2,597,517 tons in June, 1933; production for the first half of 1934 was 16,180,889 tons against 8,989,192 tons for the first six months of 1933.

### AUTOMOBILES

Combined passenger car, truck and taxicab production in the United States in June, was 308,051, against 331,652 (revised figure) in May, and 249,727 (revised figure) in June, 1933.

June distribution of automobiles in the Eighth District, according to reports received by this bank, increased slightly over the preceding month and registered a substantial gain as contrasted with June a year ago. While increases were fairly general through all classes of makes, improvement was most pronounced in the cheap price field, and more particularly in the case of lines which have been recently reduced in price, the makers of which have engaged in extensive sales promotion campaigns. Country dealers reported somewhat more spottiness than heretofore. Preoccupation of farmers with harvesting and drouth conditions in certain areas have tended to restrict sales. Through the south generally business was reported more uniformly satisfactory than in the more northern stretches of the district. Demand for trucks continues active, with June sales 43 per cent and 41 per cent greater, respectively (than a year and a month earlier. There

was the usual expansion in demand for parts and accessories incident to the touring season.

June sales of new passenger cars by the reporting dealers were 1.6 per cent greater than in May and 37 per cent in excess of the June, 1933, total. Inventories of new cars held by dealers on July 1 were about 6 per cent larger than a month earlier, but approximately 60 per cent larger than the very small stocks held a year ago. The used car market is still handicapped by a shortage of desirable vehicles of all descriptions, but especially in the cheap price category. June sales of secondhand cars were 3 per cent less than in May and 12 per cent greater than a year ago. Stocks of salable secondhand cars on July 1 were 4 per cent smaller than on June 1, and 6 per cent larger than a year ago. According to dealers reporting on that item, deferred payment sales in June constituted 47 per cent of their total sales, against 46 per cent in May and 44 per cent in June, 1933.

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in June was 28.1 per cent smaller than in May, and 53.5 per cent less than the June, 1933, total. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve in June amounted to \$9,177,537 which compares with \$8,384,618 in May, and \$8,084,927 in June, 1933. Production of Portland cement for the country as a whole in June totaled 8,786,000 barrels, against 8,554,000 barrels in May, and 7,804,000 barrels in June, 1933. Building figures for June, follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1934	1933	1934	1933	1934	1933	1934	1933
Evansville ..	9	103	\$ 27	\$ 19	166	87	\$ 32	\$ 17
Little Rock ..	10	12	5	3	92	56	15	10
Louisville ..	39	47	96	160	85	48	31	84
Memphis ...	118	86	68	111	113	124	50	28
St. Louis....	131	172	172	499	201	211	82	118
June Totals	307	420	\$ 368	\$ 792	657	526	\$ 210	\$ 257
May "	362	431	512	309	790	664	386	321
April "	378	399	1,585	277	761	780	323	428

\*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 June as being about 3.1 per cent greater than in May and 7.4 per cent more than in June, 1933. Detailed figures follow:

	No. of Customers	June, 1934	May, 1934	June 1934	June, 1933	June 1934
		*K.W.H.	*K.W.H.	comp. to May 1934	*K.W.H.	comp. to June 1933
Evansville ....	40	2,539	2,690	- 5.6%	2,421**	+ 4.9%
Little Rock...	35	1,933	1,627	+18.8	1,858	+ 4.0
Louisville ...	83	7,254	7,062	+ 2.7	7,831**	- 7.4
Memphis .....	31	1,588	1,758	- 9.7	1,511	+ 5.1
St. Louis.....	194**	18,847	18,044**	+ 4.5	16,330**	+15.4
Totals .....	383	32,161	31,181**	+ 3.1%	29,951**	+ 7.4%

\*In thousands (000 omitted).

\*\*Revised figures.

## POSTAL RECEIPTS

Returns from the five largest cities of the district show a decrease in combined postal receipts for the second quarter of this year, of 1.4 per cent under the corresponding period in 1933, and a decrease of 2.2 per cent as compared with the first three months this year. Detailed figures follow:

	For Quarter Ended				June, 1934 comp. to June, 1933
	June 30, 1934	Mar. 31, 1934	Dec. 31, 1933	June 30, 1933	
Evansville .....	\$ 133,937	\$ 141,196	\$ 130,008	\$ 136,219	- 1.7%
Little Rock .....	160,085	182,751	171,715	148,486	+ 7.8
Louisville .....	598,983	605,216	617,313	586,831	+ 2.1
Memphis .....	461,360	499,219	543,508	447,851	+ 3.1
St. Louis.....	2,311,177	2,320,894	2,562,155	2,396,873	- 3.6
Totals .....	\$3,665,542	\$3,749,276	\$4,024,699	\$3,715,960	- 1.4%

## 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
	June 1934 comp. to June 1933	6 months ended June 30, 1934 to same period 1933	June 30, 1934 comp. to June 30, 1933	Jan. 1, to June 30, 1934 1933
El Dorado, Ark.....	+47.4%	+43.6%	+ 6.5%	1.35 1.02
Evansville, Ind.....	- 2.4	+17.4	+ 3.7	.97 .91
Fort Smith, Ark.....	+36.3	+34.8	+18.6	1.10 .97
Little Rock, Ark.....	+27.4	+38.3	+28.2	1.16 1.12
Louisville, Ky.....	+15.4	+14.9	+ 8.6	1.61 1.52
Memphis, Tenn.....	+11.3	+29.8	+19.2	1.61 1.43
St. Louis, Mo.....	+ 5.7	+20.9	+14.8	1.81 1.75
Springfield, Mo.....	+30.8	+38.6	+10.2	.95 .72
All Other Cities.....	+14.1	+31.0	+ 7.3	1.42 1.26
8th F. R. District.....	+ 9.9	+23.2	+15.7	1.64 1.56

Percentage of collections in June to accounts and notes receivable first day of June, 1934. (Percentage of collections by cities.)

El Dorado, Ark.....	48.8%	Memphis, Tenn.....	39.9%
Fort Smith, Ark.....	37.9	Springfield, Mo.....	25.5
Little Rock, Ark.....	33.1	St. Louis, Mo.....	51.4
Louisville, Ky.....	49.5	All Other Cities.....	31.7
8th F. R. District.....	46.4%		

### Retail Stores

	Net sales comparison		Stocks on hand	Stock turnover
	June 1934 comp. to June 1933	6 months ended June 30, 1934 to same period 1933	June 30, 1934 comp. to June 30, 1933	Jan. 1, to June 30, 1934 1933
Men's Furnishings .....	+27.7%	+45.2%	+36.1%	1.23 1.25
Boots and Shoes .....	-13.0	- 3.7	+ 0.9	1.58 1.46

## AGRICULTURE

In the Eighth Federal Reserve District, as has been the case generally throughout the United States, the first half of 1934 has been the most unfavorable for agriculture experienced during the similar portion of any crop season in recent years. Acreage planted has been reduced and due to a number of causes unusually low yields and poor average quality are indicated over many important farming areas. Withal, prospects as a whole in this district are relatively more favorable than in other sections of the country. In the southern states, Arkansas, Mississippi and Tennessee, the outlook for production is nearer average than elsewhere, and in some localities in these states, conditions are

distinctly promising for the principal productions. In the more northern stretches, lack of rainfall and the prolonged spell of unusually high temperatures have materially reduced prospects for field crops, damaged tree fruits and lowered the condition of hay and pastures to the lowest point in a number of years. Rains in June were scattered and inadequate, though as a whole they served in limited sections to start germination of grains seeded in the dust, also to help the planting and development of extensive acreages of soybeans, cowpeas and other emergency forage crops.

The effect of reduced yields and the generally unfavorable conditions have been offset to a considerable extent in their effect on farm incomes by relatively high prices and rental and benefit payments of the Government in its curtailment campaign. Following publication of the Department of Agriculture's July 1 report, prices of all grains advanced sharply to the highest levels since last spring. Cotton at mid-July sold at the highest levels since June, 1930. Recent weeks have witnessed notable improvement in hog prices, and other lesser farm products have shared in the upward movement. Farm employment increased seasonally during June throughout the district as a whole and during the second quarter of 1934, the general level of farm wages rose 2 points, to 90 per cent of their pre-war average on July 1, according to the Crop Reporting Board. The peak work load of harvesting of fall planted grains and the second early potato crop together with continued cultivation of row crops and planting of emergency forage crops were chiefly responsible for the increase in labor employed on July 1.

**Winter Wheat**—While winter wheat prospects declined slightly in the Eighth District from May to June, the indicated yield, according to the U. S. Department of Agriculture's July 1 report, is 42,308,000 bushels, against 38,434,000 bushels harvested in 1933 and an 11-year average (1923-1933) of 49,096,000 bushels. Due to the hot, dry weather the crop matured early, and threshing had been practically completed in the third week of July. While in considerable volume, the movement to market has been relatively lighter than in some past seasons, due to a disposition of farmers to hold for higher prices. Early threshing returns have developed a broad diversity in quality ranging from shriveled grain, due to the drouth, to much grain grading No. 1. Stocks of old wheat on farms in states of this district on July 1 totaled 6,002,000 bushels, against 5,160,000 bushels a year ago and 11,543,000 bushels on July 1, 1932.

**Corn**—Indicated corn production in the Eighth District, according to the Government's condition report as of July 1, is 300,019,000 bushels, as against 296,955,000 bushels harvested in 1933, and an 11-year average of 346,344,000 bushels. The season considered, prospects in the district as a whole are surprisingly good. Scattered showers have helped germination, and while spotted in the dry sections, for the district as a whole stands are near average. In Illinois and elsewhere a first brood of chinch bugs did severe damage to the crop where infestation was heavy. Good rains during the next six weeks would do much to check this insect and otherwise benefit the crop. July 1 stocks of old corn on farms in the Eighth District totaled 143,913,000 bushels, against 257,190,000 bushels and 244,050,000 bushels, respectively, a year and two years earlier.

**Oats**—According to the U. S. Department of Agriculture's July 1 report the indicated yield of oats in the Eighth District is 22,239,000 bushels, the smallest in recent times, and comparing with 37,207,000 bushels harvested in 1933, and an 11-year average of 53,626,000 bushels. Stocks of old oats on farms in states including the district as of July 1 were estimated at 18,720,000 bushels, against 38,099,000 bushels on the same date last year.

**Cotton**—The U. S. Department of Agriculture in its initial report for the present season, as of July 1, estimates the area under cultivation in states including the Eighth District at 5,991,000 acres, a reduction of 3,002,000 acres, or 33.4 per cent under the acreage in cultivation on the same date in 1933. For the country as a whole the July 1 acreage is estimated at 28,024,000 acres, which is 68.6 per cent of the acreage a year earlier. Weather conditions in this district during the past thirty days have been satisfactory, and the crop has made good progress. Stands are mainly good, and fields well cultivated and clear of grass. Weevil activity was reported as showing some increase, but the high temperatures of June and early July served to hold this insect in check. Demand for raw cotton was fairly active, prices reaching the highest point in mid-July since June, 1930. According to the National Fertilizer Association, sales of fertilizer tags in the Eighth District for the first half of 1934 were 56 per cent larger than for the same period in 1933 and larger by the same amount than during the first six months of 1932. In the St. Louis market the middling grade ranged from 11.60c to 12.70c per pound between June 15 and July 16, closing at 12.70c on the latter date, which compares with 11.75c on June 15 and 11.40c on July 17, 1933. Receipts at Arkansas compresses from August 1, 1933, to July 20, 1934, totaled 1,046,211 bales, against 1,301,329 bales for

the comparable period a year ago. Stocks on hand as of July 20 were 287,238 bales, against 310,939 bales on June 22 and 262,499 bales on the corresponding date in 1933.

**Tobacco**—Based on the July 1 condition, the U. S. Department of Agriculture estimates tobacco production in the Eighth District at 218,544,000 pounds, which contrasts with 277,750,000 pounds harvested in 1933, and an 11-year average of 304,854,000 pounds. Local rains extending to most sections of the burley district, coupled with intensive cultivation, have resulted in generally satisfactory growth and for the most part the crop is in good condition. At mid-July burley tobacco was estimated to be further advanced than at the same time last year, and with continued favorable weather, the crop will be cut and housed earlier than average.

In the air-cured dark tobacco districts the crop is also reported further along and in better condition than at the middle of last July. In the dark fired tobacco sections tributary to Clarksville, Springfield, Hopkinsville and in the western district, the crop is well advanced, with fields thoroughly cultivated. No official estimates as to acreage are available at this time, but a considerable reduction under last year is indicated.

### COMMODITY PRICES

Range of prices in the St. Louis market between June 15, 1934, and July 16, 1934, with closing quotations on the latter date, and July 17, 1933, follow:

	High	Low	Close	
			July 16, 1934	July 17, 1933
<b>Wheat</b>				
July .....per bu..\$	.97	\$.85¾	\$.96½	1.15
Sept. .... " "	.97½	.86¾	.97½	1.18½
Dec. .... " "	.99½	.88½	.99½	1.21½
No. 2 red winter " "	.97¾	.87¾	.95½ @ .97¾	1.16 @ 1.18
No. 2 hard " "	1.01	.88	1.01	1.15 @ 1.15½
<b>Corn</b>				
*July ..... " "	.60¾	.54½	.60¾	.66½
*Sept. .... " "	.62¾	.56	.61½ @ .61½	.70¾
*Dec. .... " "	.63½	.56¾	.63¾	.74¾
*No. 2 mixed ..... " "	.63¾	.59¾	.63¾	.63½ @ .63½
*No. 2 white ..... " "	.66	.63	.66	.66 @ .66½
<b>Oats</b>				
*No. 2 white ..... " "	.48	.43½	.46½	.47½ @ .48
<b>Flour</b>				
Soft patent.....per bbl.	6.85	6.15	6.50 @ 6.85	5.00 @ 8.25
Spring " .....	7.15	6.40	6.75 @ 7.15	7.00 @ 8.80
Middling Cotton...per lb.	.1270	.1160	.1270	.1140
Hogs on Hoof.....per cwt.	5.05	2.75	3.00 @ 4.90	2.75 @ 4.75

\*Nominal quotations.

### FINANCIAL

Aside from the usual seasonal increase in requirements of grain handling and flour milling interests, demand for credit in the Eighth District during the past thirty days continued at the low levels which have marked the past several months. Liquidation at both country and city banks continued in large volume, and generally, difficulty is being experienced by the financial institutions in finding desirable and profitable outlets for their surplus funds. Thus far demands for financing the cotton

crop have been negligible. Borrowings by mercantile and manufacturing interests were further reduced. Requests for accommodations by country banks from their city correspondents were in smaller volume than at any similar period in recent years. Due to the early harvest and movement of the winter wheat crop, borrowings of the flour milling and grain elevator interests were in larger volume than at this time a year and two years earlier.

Total loans of reporting member banks in the principal cities increased 1.0 per cent between June 13 and July 11, but on the latest date were 11.4 per cent smaller than a year ago. Total investments increased 8.6 per cent during the four-week period, and at its close were 35 per cent greater than on the corresponding report date in 1933. Both demand and time deposits increased and on July 11 total deposits recorded a new high for the year. Reserve balances decreased slightly, but remained more than one-half larger than a year earlier. Borrowings of all member banks from the Federal Reserve bank continued at, or around the low levels of recent months.

Under Section 13 (b) of the Federal Reserve Act, which was added by Act of Congress approved June 19, 1934, the Federal Reserve banks are authorized to discount for banks and other financing institutions obligations of established industrial and commercial businesses and, in exceptional circumstances, to make direct loans to such businesses, having maturities of not exceeding five years, for the purpose of providing them with working capital. The following rates have been established by the Federal Reserve Bank of St. Louis under said section of the Act:

- (1) 4½ per cent on advances to banks and other financing institutions on obligations of established industrial and commercial businesses.
- (2) 5½ per cent on direct advances to established industrial and commercial businesses.
- (3) ½ per cent flat on commitments not exceeding six months on obligations of established businesses.

The amount of savings deposits held in selected banks as of July 3 was 0.7 per cent greater than on June 6, and 15.1 per cent in excess of the total on July 5, 1933.

At St. Louis banks, as of the week ended July 14, current interest rates were as follows: Customers' prime commercial paper, 2 to 5½ per cent; collateral loans, 3 to 6 per cent; loans secured by warehouse receipts, 2 to 6 per cent; interbank loans, 3 to 6 per cent and cattle loans, 5 to 6 per cent.

**Condition of Banks**—Loans and discounts of the reporting member banks on July 11, 1934, showed an increase of 1.0 per cent as contrasted with

June 13, 1934. Deposits increased 4.4 per cent between June 13, 1934 and July 11, 1934 and on the latter date were 20.0 per cent greater than on July 12, 1933. Composite statement follows:

	*July 11, 1934	*June 16, 1934	*July 12, 1933
Number of banks reporting.....	19	19	19
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations			
and other stocks and bonds.....	\$ 73,251	\$ 71,007	\$ 91,894
All other loans and discounts.....	129,285	129,547	136,686
Total loans and discounts.....	\$202,536	\$200,554	\$228,580
Investments			
U. S. Govt. securities.....	\$223,920	\$200,519	\$140,057
Other securities.....	102,540	100,054	101,428
Total investments.....	\$326,460	\$300,573	\$241,485
Reserve balance with F. R. Bank.....	\$ 69,907	\$ 70,766	\$ 45,384
Cash in vault.....	8,035	7,955	6,715
Deposits			
Net demand deposits.....	\$342,159	\$334,090	\$279,690
Time deposits.....	164,727	163,562	160,568
Government deposits.....	35,385	21,943	11,730
Total deposits.....	\$542,271	\$519,595	\$451,988
Bills payable and rediscounts with Federal Reserve Bank.....			

\*In thousands (000 omitted).

The total resources of these banks comprise approximately 62.0% of all member banks in this district.

**Federal Reserve Operations**—During June, the Federal Reserve Bank of St. Louis discounted for 11 member banks against 15 in May, and 127 in June, 1933. The discount rate of this bank remained unchanged at 2½ per cent. Changes in the principal assets and liabilities of this institution appear in the following table:

	*July 19, 1934	*June 19, 1934	*July 19, 1933
Bills discounted .....	\$ 172	\$ 143	\$ 2,108
Bills bought .....			
U. S. Securities.....	93,200	93,200	75,107
Participation in Inv. Foreign Banks.....	121	121	207
Total Bills and Securities.....	\$ 93,493	\$ 93,464	\$ 77,422
Total Reserves .....	\$173,610	\$183,071	\$165,841
Total Deposits.....	127,876	138,250	91,779
F. R. Notes in circulation.....	132,962	132,448	138,547
F. R. Bank Notes in circulation.....		369	391
Ratio of reserve to deposits and F. R. Note Liabilities.....	66.6%	67.6%	72.0%

\*In thousands (000 omitted).

**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 indicated.

	*June, 1934	*May, 1934	*June, 1933	June 1934 comp. May 1934	June 1933
East St. Louis and Natl.					
Stock Yards, Ill.....	\$ 21,174	\$ 20,490	\$ 20,569	+ 3.3%	+ 2.9%
El Dorado, Ark.....	3,314	3,239	2,612	+ 2.3	+26.9
Evansville, Ind.....	18,824	17,412	15,765	+ 8.1	+19.4
Fort Smith, Ark.....	7,348	7,009	6,673	+ 4.8	+10.1
Greenville, Miss.....	2,531	2,658	2,608	+ 4.8	+ 3.0
Helena, Ark.....	1,603	1,410	1,116	+13.7	+43.6
Little Rock, Ark.....	21,489	21,226	16,477	+ 1.2	+30.4
Louisville, Ky.....	135,913	123,811	117,556	+ 9.8	+15.6
Memphis, Tenn.....	89,751	81,605	76,969	+10.0	+16.6
Owensboro, Ky.....	3,234	3,382	2,171	+12.0	+49.0
Pine Bluff, Ark.....	4,490	4,008	4,747	+ 4.7	+ 5.4
Quincy, Ill.....	5,991	6,406	5,225	+ 6.5	+14.7
St. Louis, Mo.....	500,112	480,227	469,203	+ 4.1	+ 6.6
Sedalia, Mo.....	1,729	1,652	1,410	+ 4.7	+22.6
Springfield, Mo.....	11,923	11,611	9,900	+ 2.7	+20.4
**Texarkana,					
Ark.-Tex. ....	4,811	4,712	6,056	+ 2.1	+20.6
Totals .....	\$834,237	\$790,858	\$759,057	+ 5.5	+ 9.9

\*In thousands (000 omitted).

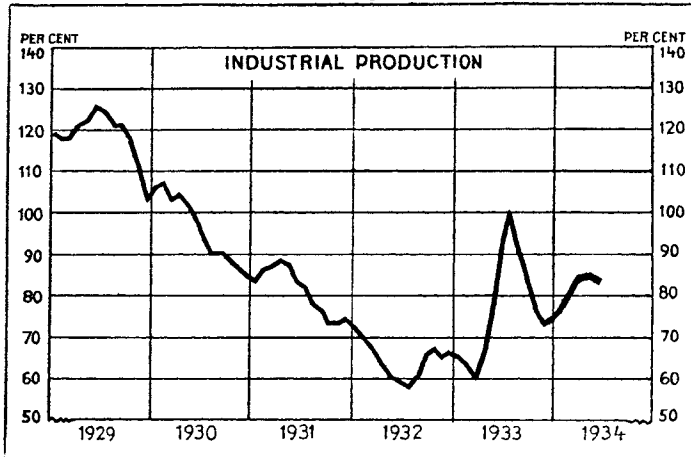
\*\*Includes one bank in Texarkana, Texas not in Eighth District.

(Compiled July 23, 1934)

## BUSINESS CONDITIONS IN THE UNITED STATES

Industrial production, which had increased during each of the six months from December to May, declined in June by somewhat more than the usual seasonal amount. Factory employment and payrolls also showed decreases which were partly of a seasonal nature. The general level of wholesale commodity prices advanced during June and showed little change during the first three weeks of July.

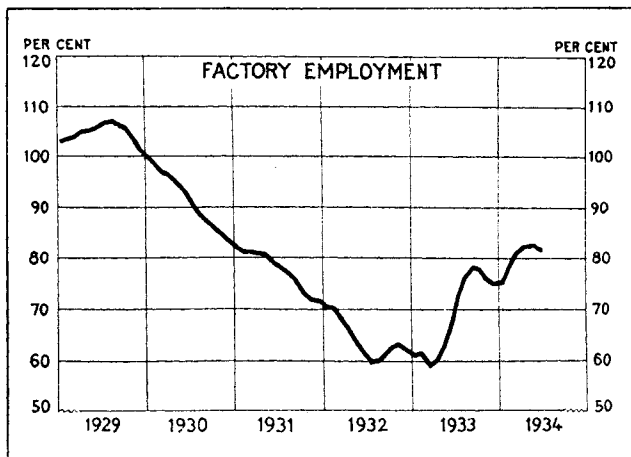
**PRODUCTION AND EMPLOYMENT**—Volume of industrial output, as measured by the Board's seasonally adjusted index, decreased from 86 per cent of the 1923-25 average in May to 84 per cent in June, reflecting chiefly a sharp reduction in



Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100). Latest figure June, preliminary 84.

activity at cotton textile mills. Production at lumber mills, and at coal mines also showed a decline. In the steel and automobile industries activity decreased in June by an amount somewhat smaller than is usual at this season. Maintenance of activity at steel mills in June reflected in part the accumulation of stocks by consumers, according to trade reports, and at the beginning of July output of steel showed a sharp decline.

Employment at factories decreased somewhat between the middle of May and the middle of June, reflecting reductions in working forces in industries producing textile fabrics, wearing apparel, leather products, automobiles, and lumber, offset in part by increases in employment at steel mills and at meat packing establishments.



Federal Reserve Board's index of factory employment adjusted for seasonal variation (1923-1925 average=100). Latest figure June, preliminary 81.4.

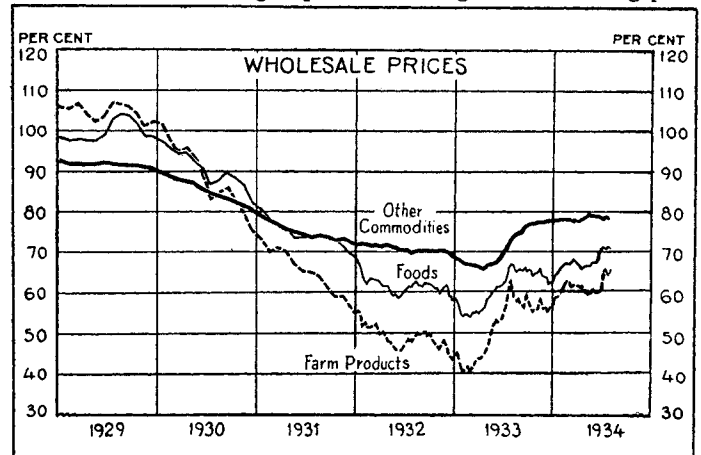
Value of construction contracts awarded, which had shown little change during May and June, showed an increase in the first half of July, according to the F. W. Dodge Corporation.

Department of Agriculture's estimates, based on July 1 conditions, indicated a wheat crop of 484,000,000 bushels, compared with an average of 886,000,000 bushels for the five years 1927-1931, and a corn crop of 2,113,000,000 bushels, compared with the five year average of 2,516,000,000 bushels. Crops of other grains, hay and tobacco were also estimated to be considerably smaller

than usual. The acreage of cotton under cultivation was estimated at 28,000,000 acres, about 2,000,000 less than the acreage harvested last season. In the first three weeks of July drought conditions prevailed over wide areas, particularly in the southwest.

**DISTRIBUTION**—The number of freight cars loaded per working day showed a further slight increase in June followed by a decline in the first half of July. Sales by department stores decreased in June by more than the estimated seasonal amount.

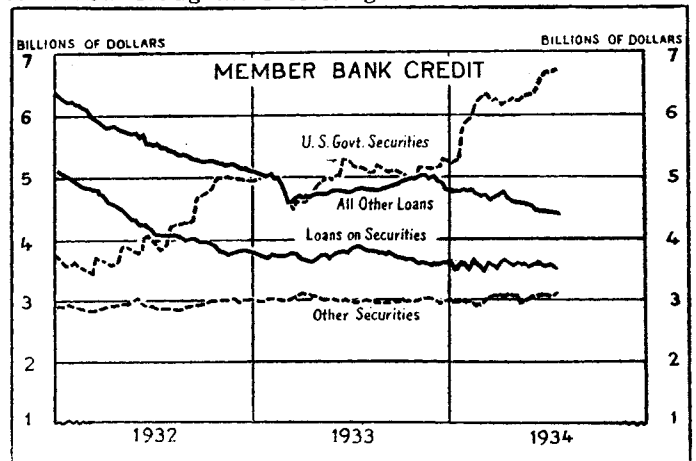
**WHOLESALE COMMODITY PRICES**—Wholesale prices of farm products and foods generally advanced during June while other commodities as a group showed a slight decline. Hog prices



Indexes of the United States Bureau of Labor Statistics. By months 1929 to 1931; by weeks 1932 to date (1926=100).

increased considerably in the middle of the month while wheat declined throughout the month. In the middle of July wheat prices advanced rapidly to levels above those reached at the end of May, and there was a considerable advance in cotton, while lumber prices declined and finished steel prices were reduced somewhat from the advanced quotations previously announced.

**BANK CREDIT**—Between June 13 and July 18 member bank reserves increased to a new high level of nearly \$4,000,000,000 about \$1,850,000,000 in excess of legal requirements. The growth reflected chiefly a further increase in the monetary gold stock. A seasonal increase in demand for currency over the July 4th holiday period was followed by an approximately equal seasonal return flow during the succeeding two weeks. The volume of



Wednesday figures for reporting member banks in 90 leading cities. Latest figures for July 18.

Reserve Bank credit outstanding showed little change.

At reporting member banks there was a growth of U. S. Government deposits during the five-week period, reflecting chiefly the purchase in June of new issues of Government securities by the banks. Bankers' balances also increased but deposits of individuals, firms and corporations have shown little change. Loans declined somewhat, reflecting a decrease in loans to customers, while loans to brokers showed an increase. Money rates remained practically unchanged at the low levels prevailing in June.