



MONTHLY REVIEW

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

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DROUTH conditions dominated the commercial and industrial situation to a large extent in the Eighth District during the past thirty days. Record high temperatures and continued lack of adequate rainfall served to restrict business activities as a whole, and the recessionary trends noted during the preceding thirty day period were considerably more pronounced. Many important crops sustained further deterioration from July to August, particularly in the northern tiers of the district and with few exceptions, production much below average is indicated. Withal, the volume of business as a whole continued above that of the corresponding period a year ago, and in many communities, mainly in the south, effects of the drouth were little felt and agricultural and business conditions maintained the favorable position which they held during the preceding several months. While generally through the district, the record hot weather tended to hold down business activities, it resulted in an unusually heavy movement of seasonal merchandise into consumptive channels, notably electrical supplies, apparel, beverages, etc., and the clearance of such commodities was more thorough than has been the case in a number of years.

The value of retail distribution in July decreased in a somewhat greater degree than average, but continued ahead of a year ago. Wholesale trade in July fell below the total for the same month in 1933, but registered a substantial gain over the June total this year, according to interests reporting to this bank. There was the usual slowing down in operations at iron and steel plants, and a number of establishments which closed down on July 1 for inventory and repairs have resumed operations on schedules lower than were in effect prior to suspension. This is accounted for partly by the fact that foundry and steel mill operations were conducted at unusually high levels during May and June. District distribution of automobiles in July was slightly ahead of the preceding month, and showed a substantial gain over a year ago. Production of bituminous coal in fields of the district decreased slightly under the June output, and was

measurably smaller than in July, 1933. Industrial consumption of electricity in the leading cities in July was slightly greater than a year ago, and about 5 per cent in excess of June this year.

Most affected by the drouth were feed crops — corn, hay and pasturage — commercial vegetables, fruits and truck gardens. Between July 1 and August 1, prospects for corn in this district declined 111,694,000 bushels and white potato prospects lost 1,379,000 bushels, the heaviest deterioration for any single month since these records have been kept. Indicated yields of cotton and tobacco are below last year and the 10-year average, but still sizeable crops. The condition of livestock in the most important producing areas was considerably lowered by lack of water and pasturage, and in some instances farmers were forced to ship immature animals to market in order to reduce their herds. As an offset to drouth conditions, in point of farm incomes, have been the higher prices received for the several products, also the sums received by farmers in rental and benefit payments from the Agricultural Adjustment Administration. Corn and wheat prices have moved upward, and at mid-August hog and cotton values reached the highest levels in a number of years.

Retail trade in July, as reflected by sales of department stores in the principal cities, was 3.7 per cent greater than for the same month in 1933 and 29.4 per cent less than the June total this year; cumulative total for the first seven months this year was 20.8 per cent greater than for the comparable period a year ago. Combined sales in June of all wholesaling and jobbing firms reporting to this bank were 12 per cent greater than during the preceding month, and 22 per cent below the July, 1933, total; for the first seven months the total was 15 per cent in excess of the same period in 1933. The dollar value of contracts let for new buildings in the five largest cities in July was 87 per cent less than for the same month in 1933, but 31 per cent greater than in June this year; cumulative total for the first seven months was smaller by 29 per cent than for the same time last year. Construction contracts

let in the Eighth District in July were 6 per cent and 62 per cent greater, respectively, than thirty days and a year earlier; total for the first seven months exceeded that of the same period last year by 79 per cent. Debits to checking accounts in July fell 10 per cent below June, but were 2 per cent greater than in July, 1933; the cumulative total this year shows an increase of 13 per cent over the like period in 1933.

Freight traffic of railroads operating in this district, while below that of the preceding thirty days, continued well ahead of the volume during the similar periods a year and two years earlier. The movement of fuel, ore and forest products continued in substantial volume, and a fair showing was made by miscellaneous and less-than-carload freight. Relatively the largest gains were made in loadings of livestock, this being attributable to heavy transfers of cattle from the drouth areas to points in this district. For the country as a whole, loadings of revenue freight for the first 31 weeks this year, or to August 4, totaled 18,357,926 cars, against 16,463,172 cars for the corresponding period in 1933 and 16,537,150 cars in 1932. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 72,704 loads in July, against 78,468 loads in June and 79,648 loads in July, 1933. During the first nine days of August the interchange amounted to 22,077 loads, which compares with 19,993 loads during the corresponding period in July and 21,444 loads during the first nine days of August, 1933. Passenger traffic of the reporting lines continued the steady expansion of the past several months, and in July was 6 per cent greater than during the same month last year. Lower rates, intensive promotion efforts and the Chicago World's Fair are mentioned as the principal causes for the heavier travel. Estimated tonnage handled by the Federal Barge Line between St. Louis and New Orleans in July was 110,000 tons, which compares with 100,374 tons in June, and 132,893 tons in July, 1933.

Reports relative to collections reflect spottiness and irregularity, and generally less satisfactory results than were achieved during the preceding several months. Relatively, payments to wholesalers made a more satisfactory exhibit than was the case with the retail trade. Quite generally, but more particularly in the drouth areas, there is more of a disposition than heretofore to conserve cash. Also, crop failures due to the dry spell have prevented much liquidation expected at this time. On the other hand, wheat turned out well, and producers of the grain have sold freely at good prices, and used the proceeds to pay debts. Generally through

the south there remains the high efficiency in collections which existed earlier in the year. City retailers report delay in payments due to absence of customers on vacations. Questionnaires addressed to representative interests in the several lines scattered through the district show the following results:

	<u>Excellent</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
July, 1934.....	2.4%	30.2%	55.4%	12.0%
June, 1934.....	4.3	38.4	49.4	7.9
July, 1933.....	3.6	25.1	58.3	13.0

Commercial failures in the Eighth Federal Reserve District in July, according to Dun and Bradstreet, numbered 18, involving liabilities of \$148,738, against 22 defaults in June with liabilities of \$221,277, and 60 insolvencies for a total of \$1,091,513 in July, 1933.

MANUFACTURING AND WHOLESALING

Boots and Shoes — July sales of the reporting firms were 27 per cent greater than for the preceding month, but about one-third smaller than the July, 1933, total. Inventories gained in somewhat more than the usual seasonal amount, stocks on August 1 being 39 per cent and 73 per cent larger, respectively, than a month and a year earlier. The decrease in the yearly sales comparison was attributable to the unusually heavy volume in July, 1933, the total for that month being the largest for the period since 1929 and more than double the July, 1932, volume. Orders booked since August 1 indicate a volume for the entire month slightly in excess of the corresponding period last year. There were no general price revisions as compared with the preceding thirty days.

Clothing — While ordering is reported more conservative than heretofore, retailers, particularly in the south, are disposed to cover their full prospective requirements for late fall and winter distribution. Clearance of lightweight apparel in both the large cities and the country was more thorough than has been the case in recent seasons. Special sales by retailers in July and early August met with generally satisfactory response. Demand for work clothes showed little change as contrasted with the preceding several months. Sales of the reporting clothiers in July were 10.5 per cent larger than for the same month in 1933, and 12 per cent in excess of the June total this year. Inventories on August 1 were larger by 22 per cent and 21 per cent, respectively, than a month and a year earlier.

Drugs and Chemicals — Due partly to a further decrease in demand for heavy drugs and chemicals from the general manufacturing trade and adverse effects on the retail trade of the drouth and

extreme heat, sales of the reporting firms in July fell 6 per cent below the preceding month. The July total, however, was 15 per cent greater than for the same month in 1933. Stocks increased further, and on August 1 were 3 per cent and 32 per cent larger, respectively, than a month and a year earlier.

Dry Goods — July sales of the reporting firms fell 28 per cent below the same month in 1933, but were 19 per cent greater than in June, this year. Inventories increased slightly between July 1 and August 1, and on the latest date were about two-thirds larger than a year ago. The increase in the month-to-month sales comparison is seasonal in character and about average as compared with the past decade. A marked pickup in sales since August 1 is reported, particularly in St. Louis where the marketing season early this month attracted an unusually large number of visiting merchants. The recent upturn in prices of raw cotton has stimulated demand for fabrics based on that staple.

Electrical Supplies — Business in this classification holds up exceptionally well, July sales of the reporting firms showing only a slight seasonal decrease below June, and an increase of 56 per cent over the July total last year. Sales of seasonal merchandise, notably fans and refrigeration, were reported the largest in recent years. The movement of household appliances and small motors continues in considerable volume. Line and pole hardware and electrical installations for buildings, continue relatively slow. Inventories showed little change from July 1 to August 1 but were 22 per cent larger than a year ago.

Flour — Production at the twelve leading mills of the district in July totaled 205,240 barrels, the smallest for any month this year, and comparing with 229,189 barrels in June and 275,721 barrels (revised figure) in July, 1933. General trends in the flour trade underwent no changes as contrasted with the preceding sixty days. Purchasing is mainly along conservative lines, with the large baking interests taking only enough to carry from month to month. Offerings of new wheat flour have increased in the immediate past, but are below average for the season. Prices advanced slightly in sympathy with the upturn in cash wheat values.

Furniture — July sales of the reporting interests were 6 per cent larger than in June, and 22 per cent below the July, 1933 total. Stocks on August 1 were slightly larger than a month earlier and 23 per cent greater than a year ago. Demand for radio cabinets showed noticeable expansion, and in the south considerable betterment was reported in sales of household furniture and furnishings.

Groceries — Business in this classification is spotty and uneven, results in areas where there has been adequate moisture being good, while elsewhere buying is hesitant. Purchasing of canned goods has been stimulated by apprehension of higher prices due to the drouth. In many sections home canning and preserving has been greatly restricted this season because of poor vegetable and fruit crops. The trend of prices was upward, with specific advances recorded on a number of important commodities. July sales of the reporting firms were 4.5 per cent less than in June and 8.5 per cent above the July total last year.

Hardware — Sales of the reporting firms in July fell 6 per cent below the preceding month and 7 per cent below a year ago. In both comparisons the decline in volume was attributable chiefly to reduced purchasing of commodities for consumption in the rural areas. In addition to reducing the volume of business, drouth conditions have adversely affected collections. Demand for jars, cans and other preserving equipment was reported smaller than a year and two years earlier. Builders' tools and hardware continued quiet, but the movement of seasonal merchandise, notably garden hose, sprinklers and kindred commodities, was in large volume. Advance ordering as a whole was reported below the volume at this time a year ago. Inventories on August 1 were slightly smaller than a month earlier and 10.5 per cent larger than a year ago.

Iron and Steel Products — Virtually all sections of the iron and steel industry in the Eighth District developed recessionary trends during the past thirty days. As a whole, both new ordering and specifications on materials previously acquired fell sharply below the high rate which marked earlier months this year. July shipments of raw materials to district consumers including pig iron and scrap, fell to relatively small proportions, which fact was attributable in large measure to the unusually heavy forwardings during May and June. The extremely high temperatures had a tendency to reduce operations at mills, foundries and machine shops, and at commercial scrap storage and manufacturing yards activities were almost entirely suspended for the reason that the metal was too hot to handle. To a lesser degree similar conditions obtained at fabricating plants. Placement of new structural awards was in light volume, and backlogs of fabricators were further reduced. Makers of farm implements report a noticeable decline in inquiries for their products, traceable to the drouth, and in some instances cancellations have occurred. Jobbing foundries were operating on reduced schedules, and are dependent largely on current orders. No change

was reported in requirements of the railroad and building industries, the former purchasing only necessary commodities. Manufacturers of sheets, strip and other rolled steel products report a fair volume of shipments on old orders, but a paucity of new business. An exception to this condition was in the case of tin plate, heavy tonnages being required in connection with canning meat animals which the Government is purchasing in the drouth areas. For the country as a whole production of pig iron dropped sharply in July; total output, according to the magazine "Steel" being 1,228,544 tons, against 1,936,897 tons in June and 1,801,345 tons in July, 1933. Steel ingot production in the United States in July totaled 1,472,584 tons, which compares with 3,015,972 tons in June, and 3,168,354 tons in July, 1933.

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 1934 comp. to July 1933	7 months ended July 31, 1934 to same period 1933	July 31, 1934 comp. to July 31, 1933	Jan. 1, to July 31, 1934	July 1, to July 31, 1933
El Dorado, Ark.....	+24.5%	+41.2%	+ 8.1%	1.54	1.18
Evansville, Ind.....	+14.4	+13.0	+ 5.7	1.09	1.04
Fort Smith, Ark.....	+10.5	+31.9	+13.5	1.23	1.10
Little Rock, Ark.....	+14.8	+35.1	+ 6.3	1.32	1.27
Louisville, Ky.....	+ 2.4	+12.8	+ 4.6	1.82	1.74
Memphis, Tenn.....	+ 9.0	+27.1	+10.7	1.84	1.66
St. Louis, Mo.....	+ 1.7	+18.7	+ 5.8	2.02	1.97
Springfield, Mo.....	+ 8.0	+34.2	+11.2	1.07	.84
All Other Cities.....	+17.4	+29.3	+ 4.6	1.60	1.42
8th F. R. District.....	+ 3.7	+20.8	+ 6.4	1.84	1.76

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

El Dorado, Ark.....	48.1%	Memphis, Tenn.....	38.2%
Fort Smith, Ark.....	33.6	Springfield, Mo.....	23.5
Little Rock, Ark.....	30.6	St. Louis, Mo.....	48.1
Louisville, Ky.....	48.2	All Other Cities.....	29.0
8th F. R. District.....	43.7%		

Retail Stores

	Net sales comparison		Stocks on hand	Stock turnover	
	July 1934 comp. to July 1933	7 months ended July 31, 1934 to same period 1933	July 31, 1934 comp. to July 31, 1933	Jan. 1, to July 31, 1934	July 1, to July 31, 1933
Men's Furnishings	+13.8%	+31.2%	+26.6%	1.36	1.39
Boots and Shoes	-10.3	- 4.5	+ 1.4	1.81	1.71

AUTOMOBILES

Combined passenger car, truck and taxicab production in the United States in July, was 266,575 against 308,065 (revised figure) in June, and 233,088 in July, 1933.

Reversing the usual seasonal precedent, July distribution of automobiles in the Eighth District by dealers reporting to this bank was in slightly larger volume than during the preceding month. The total was again considerably larger than that for the corresponding month a year earlier. The increase in the month-to-month comparison is attributed in large part to intensive sales campaigns being conducted by both manufacturers and dealers,

also, to the price reductions which have taken place during the last several months. In the yearly comparison, relatively the largest gains were recorded by dealers in the south and in the large centers of population. Business in the rural areas affected by the drouth was noticeably in smaller volume than in the more favored sections. Demand for repair parts and accessories was stimulated by the touring season, and was generally more active than at the same time a year ago. There was a noticeable slowing down in demand for trucks, July sales of which fell 17 per cent below the preceding month, but with the total about one-fourth greater than in July, 1933. Purchasing of trucks of all descriptions was unusually heavy in May and June of the present year.

July sales of new passenger cars by the reporting interests were 3 per cent greater than in June and 29 per cent in excess of the July, 1933, total. Dealer stocks changed only moderately between July 1 and August 1, and on the latter date were approximately one-half larger than a year ago. Trends in the used car market showed little change as contrasted with the preceding several months. Desirable secondhand vehicles continue scarce, and are readily absorbed as they appear. Sales of used cars in July fell 6 per cent below the month before and were 4.5 per cent greater than in July, 1933. Stocks of salable secondhand cars were 5 per cent and 8 per cent larger, respectively, than a month and a year earlier. According to dealers reporting on that detail, deferred payment sales in July constituted 51 per cent of their total sales, against 47 per cent in June, and 48 per cent in July, 1933.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in July was 30.7 per cent more than in June, and 86.7 per cent less than the July, 1933, total. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in July amounted to \$9,738,809 which compares with \$9,177,537 in June, and \$5,996,250 in July, 1933. Production of Portland cement for the country as a whole in July totaled 8,134,000 barrels, against 8,786,000 barrels in June and 8,609,000 barrels in July, 1933. Building figures for July follow:

	New Construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1934	1933	1934	1933	1934	1933	1934	1933
Evansville ..	18	145	\$ 34	\$ 27	220	62	\$ 37	\$ 18
Little Rock ..	10	17	2	8	98	54	20	11
Louisville ..	39	42	219	70	46	49	27	102
Memphis ...	89	86	29	74	108	89	55	69
St. Louis....	125	188	197	3,436	176	193	89	118
July Totals	281	476	\$ 481	\$3,615	648	447	\$ 228	\$318
June "	307	420	368	792	657	526	210	257
May "	362	431	512	309	790	664	386	321

CONSUMPTION OF ELECTRICITY

Public utilities in the five largest cities of the district report consumption of electric current by selected industrial customers in July, as being about 4.9 per cent greater than in June, and 0.9 per cent more than in July, 1933. Detailed figures follow:

	No. of Custom- ers	July, 1934 *K.W.H.	June, 1934 *K.W.H.	July 1934 comp. to June 1934	July, 1933 *K.W.H.	July 1934 comp. to July 1933
Evansville	40	2,357	2,539	- 7.2%	2,577**	- 8.5%
Little Rock...	35	2,125	1,933	+ 9.9	1,925	+10.4
Louisville	83	7,499	7,254	+ 3.4	7,953**	- 5.7
Memphis	31	2,032	1,588	+28.0	1,433	+41.8
St. Louis.....	194	19,737	18,869**	+ 4.6	19,824**	- 0.4
Totals	383	33,750	32,183	+ 4.9	33,712	+ 0.9

*In thousands (000 omitted).

**Revised figures.

AGRICULTURE

Weather conditions in sections of the Eighth District during the past three months have been the most detrimental for agriculture ever experienced. The unprecedented drouth, accompanied by record high temperatures, resulted in general deterioration of crops from July to August, and since the beginning of the latest month prospects for many unharvested crops have lost further ground because of the continued heat and lack of adequate rainfall. The yield of corn in the district is expected to be greatly below average, and in some states, notably Missouri and Illinois, the lowest of record. The condition of pastures in the northern stretches of the district is the lowest ever recorded at this time of year, and the hay crop in many important producing areas is virtually a failure. Late fruits and vegetables have paid heavy toll to the drouth, and in certain localities, gardens have been entirely demolished by the scorching temperatures.

Since early in the season it has been necessary for farmers in extended areas to haul water for home use and livestock, wells, creeks and springs which hitherto had never been known to fail having dried up. Conditions have been most acute in Missouri, Illinois, southwest Arkansas and sections of Kentucky. In certain sections of these states, summer maturing crops are beyond help, but rains in late August and September might substantially benefit emergency forage crops, such as cowpeas, soybeans, sorghums, etc. Scarcity of feed and pasturage has necessitated shipping of livestock to market, frequently in poor condition. The dairying industry has also been adversely affected, a further decrease in milk production being reported.

A considerably less gloomy side of the district picture is presented in the south; the major part of Arkansas, Tennessee, Kentucky and Mississippi. These states have been more favored during the season in the matter of precipitation, and the outlook for agricultural production is considerably

more hopeful than to the north. In Tennessee, for instance, the composite indicated yield of 32 important crops as of August 1 averaged 106.1 per cent of the 10-year (1921-1930) average, while the United States averaged only 77 per cent. The indicated yields of cotton, rice and tobacco in the district are only moderately below those of a year ago, while hay production in some areas was sufficiently large to permit of shipments to other states. In addition to receiving the highest prices in recent years for their cotton, incomes of southern planters will be greatly augmented by rental and benefit payments under the Agricultural Adjustment Administration's curtailment program.

Winter Wheat— Winter wheat was harvested and threshed under ideal conditions, and the yield for the district was considerably above earlier expectations. As of August 1, the U. S. Department of Agriculture placed the Eighth District output at 44,813,000 bushels, an increase of 2,505,000 bushels over the July 1 estimate, and comparing with 38,434,000 bushels harvested in 1933, and an 11-year average of 49,096,000 bushels. Threshing had been virtually completed at the middle of August, and early returns indicate spotted conditions, both with reference to quality and yields. While much grain grades as high as No. 1, there is also considerable light grain of medium grade, due to the extreme heat and drouth during the ripening period.

Corn— Production of corn in the Eighth District will be the smallest in recent years, and in some states the lowest on record. Late planted corn in the uplands is a virtual failure in the northern areas of the district. On the other hand there are average prospects in many counties, notably in bottom lands along the larger rivers. Over wide areas of Missouri, Illinois and Indiana, production will be virtually nil. In Mississippi, Tennessee, and Kentucky yields are not far off from the 5-year average. Generally through the district the crop has deteriorated since August 1. The Government's report, based on conditions as of that date, place the Eighth District yield at 188,325,000 bushels, a decrease of 111,694,000 bushels from the July 1 forecast, and comparing with 296,955,000 bushels harvested in 1933, and an 11-year average (1923-1933) of 346,344,000 bushels. The decrease in prospects from July to August was the greatest for any single month since these records have been kept.

Fruits and Vegetables— White potato prospects in the Eighth District were cut by 1,379,000 bushels between July 1 and August 1, the Government's estimate based on conditions as of the latter date being 8,938,000 bushels, against 9,107,000 bushels harvested in 1933, and an 11-year average

of 13,967,000 bushels. Except in certain southern counties deterioration from July to August was general with all fruits and vegetables. Commercial crops of tomatoes, sweet corn, beans and cabbage were heavily reduced. In states entirely or partly within this district production of apples this year is estimated at 7,094,000 bushels of which 2,907,000 bushels represent commercial production, against 12,784,000 bushels in 1933, with 5,044,000 bushels commercial production and a 5-year average (1927-1931) of 15,181,000 bushels of which 6,653,000 bushels were commercial crop. In these states the output of sweet potatoes is estimated at 16,482,000 bushels, against 15,960,000 bushels in 1933 and a 5-year average of 15,873,000 bushels; peaches, 5,918,000 bushels, against 3,909,000 bushels in 1933 and a 5-year average of 8,116,000 bushels; pears, 1,575,000 bushels, against 883,000 bushels in 1933 and a 5-year average of 1,706,000 bushels; grapes, 31,541 tons against 33,136 tons in 1933 and 29,341 tons for the 5-year (1927-1931) average.

Livestock — Generally throughout the district, but more particularly in the northern sections, the condition of livestock has been adversely affected by the low condition of pastures, scarcity of water and the intense heat. Mortality among young lambs and pigs in certain localities was reported the heaviest in recent years. Milk production per cow declined, and on August 1 was the lowest for the month shown in the 10-year record. The production of eggs on August 1, according to the U. S. Department of Agriculture, was 10 per cent less than on that date a year earlier, and 20 per cent less than the August 1 average of the five years, 1927-1931.

Eighth District hay prospects decreased by 330,000 tons between July 1 and August 1, the Government's estimate based on conditions as of the latest date being 3,550,000 tons, against 5,249,000 tons raised in 1933 and an 11-year average of 6,832,000 tons.

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

	Receipts			Shipments		
	July, 1934	June, 1934	July, 1933	July, 1934	June, 1934	July, 1933
Cattle and Calves.....	215,455	113,884	94,863	110,178	52,762	46,014
Hogs	238,076	235,966	263,363	148,846	140,052	144,849
Horses and Mules.....	4,432	3,354	2,463	4,075	3,547	3,196
Sheep	79,867	85,889	81,469	15,308	16,025	15,002

Cotton — The initial estimate of the size of the cotton crop this year made by the U. S. Department of Agriculture in its report based on conditions as of August 1 places the yield in the Eighth District at 2,049,000 bales, a reduction of 505,000 bales from the 2,554,000 bales produced in 1933, and comparing with the 10-year average (1923-1932)

of 2,705,000 bales. For the country as a whole a crop of 9,195,000 bales is estimated, against 13,047,000 bales in 1933. The general condition of the crop in this district since the date of the Government report has been generally favorable, and except in the drouth counties has held its own. Damage from boll weevils is less than estimated earlier in the season, this pest having been checked by the high temperatures. Universally the smaller acreage has permitted of intensive cultivation, fields are clean and free of grass and weeds. Harvesting has begun in the most southern counties, and early returns show much staple of high quality. Rental payments as of August 1, approved for disbursement to farmers cooperating in the Agricultural Adjustment Administration's 1934 cotton production program in states of the Eighth District totaled \$8,943,587. The trend of prices was upward, a new high on the present crop year being recorded in the second week of August. In the St. Louis market the middling grade ranged from 12.20c per pound to 13.40c per pound between July 16 and August 15, closing at 13.10c on the latter date, which compares with 12.70c on July 16 and 8.50c on August 15, 1933. Receipts at Arkansas compresses from August 1 to August 10 totaled 3,376 bales against 4,542 bales for the corresponding period a year ago. Stocks on hand as of August 10 totaled 264,842 bales, against 287,238 bales on July 20 and 244,651 bales on the corresponding date last year.

Tobacco — Of the fall harvested crops, tobacco has been the least affected by the drouth in this area. The U. S. Department of Agriculture's August 1 report estimates Eighth District production at 217,732,000 pounds, a decrease of 812,000 pounds from the July 1 forecast and comparing with 277,750,000 pounds harvested in 1933, and an 11-year average (1923-1933) of 304,854,000 pounds. For the United States the crop is estimated at 1,042,942,000 pounds, against 1,385,107,000 pounds harvested in 1933 and a 5-year average (1927-1931) of 1,471,000,000 pounds. The crop has made excellent progress in the western and eastern sections of Kentucky, where moisture has been adequate, and fair progress in the drier bordering counties. In the western dark district tobacco is largely topped and much of the crop in the central burley area is ready for cutting. Mid-August weather was favorable for growth and development of the burley crop. Precipitation was abundant, without washing rains. The air-cured crop is generally in good condition, with few complaints of damage from any cause. The dark fired crop is also in generally fair condition, though in the immediate past there have been some reports of fieldfire and speck.

COMMODITY PRICES

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

	High	Low	Close	
			Aug. 15, 1934	Aug. 15, 1933
Wheat				
Sept. ....per bu.	\$1.08¾	\$.95¾	\$.98¾	\$.92
Dec.	1.12½	.98½	1.01¼	.96½
*May	1.08	1.04	1.04	.99½
No. 2 red winter ..	1.06¾	.97	.99	.81 @ .88
No. 2 hard ..	1.14½	1.01	1.05¾	.89 @ .89½
Corn				
*Sept. ....	.79¾	.61½	.75¾ @ .75¾	.49¾
*Dec. ....	.84	.63½	.78¾ @ .79	.54¾
*May ....	.88¾	.76½	.83¾	.60¾
*No. 2 mixed ..	.79	.63¾	.78	.48 @ .48¾
*No. 2 white ..	.84½	.66	.78 @ .80	.52 @ .53
Oats				
*No. 2 white ....	.54	.45½	.50 @ .51	.33½ @ .34
Flour				
Soft patent.....per bbl.	7.40	6.50	6.70 @ 7.00	4.45 @ 6.35
Spring	8.30	6.75	7.85 @ 8.05	4.85 @ 7.70
Middling Cotton.....per lb.	.1340	.1220	.1310	.0850
Hogs on hoof.....per cwt.	6.15	1.50	3.00 @ 6.15	2.50 @ 4.55

*Nominal quotations.

FINANCIAL

The Eighth District banking and financial situation during the past thirty days was marked by a slight increase in demand for credit by commercial and industrial borrowers, reflecting requirements for accumulating inventories for fall and winter distribution. There was also a further small increase in commitments of flour milling and grain elevator interests, caused partly by the upturn in grain values. Routine liquidation at banks in the chief cities continued on a large scale, and there was also a considerable volume of settlements with country banks in the cotton areas. Requirements for financing agricultural operations failed to exhibit the usual seasonal expansion, and were in measurably smaller volume than at the same period in recent years.

In the four-week period ended August 15, total loans of the reporting member banks in the leading cities increased 2.3 per cent, but remained 9.6 per cent below the total on the corresponding report date in 1933. The increase for the month was mainly in "loans to others" which represent for the most part borrowing by commercial and industrial interests. A decrease of 4.2 per cent in total investments was attributable to reduced portfolios of Government securities, other securities held increasing by 5 per cent. As of August 15 total reserve balances at 77 millions represented an increase of 20.6 per cent and 85.1 per cent, respectively, over a month and a year earlier. Borrowings of all member banks from the Federal Reserve bank continued at the recent low levels, and change in total volume of reserve credit outstanding was negligible.

The amount of savings deposits held by selected banks as of August 1 was slightly greater than on July 3 and 15.2 per cent larger than on August 2, 1933.

The trend of interest rates was slightly firmer than during the preceding thirty days. At St. Louis banks, as of the week ended July 15, current rates were as follows: Customers' prime commercial paper, 1½ to 6 per cent; collateral loans, 3½ to 6

per cent; loans secured by warehouse receipts, 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 August 15, 1934, showed an increase of 2.3 per cent as contrasted with July 18, 1934. Deposits increased 0.2 per cent between July 18, 1934 and August 15, 1934 and on the latter date were 16.6 per cent greater than on August 16, 1933. Composite statement follows:

	*Aug. 15, 1934	*July 18, 1934	*Aug. 16, 1933
Number of banks reporting.....	19	19	19
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations			
and other stocks and bonds.....	\$ 76,198	\$ 74,046	\$ 89,169
All other loans and discounts.....	132,788	130,311	142,066
Total loans and discounts.....	\$208,986	\$204,357	\$231,235
Investments			
U. S. Govt. securities.....	\$193,961	\$226,188	\$151,419
Other securities.....	107,133	102,047	103,275
Total investments.....	\$301,094	\$328,235	\$254,694
Reserve balance with F. R. Bank.....	\$ 77,186	\$ 64,020	\$ 41,709
Cash in vault.....	7,775	7,307	6,344
Deposits			
Net demand deposits.....	\$341,147	\$338,441	\$277,980
Time deposits.....	165,599	165,118	160,218
Government deposits.....	33,185	35,385	24,770
Total deposits.....	\$539,931	\$538,944	\$462,968
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 July, the Federal Reserve Bank of St. Louis discounted for 7 member banks against 11 in June, and 65 in July, 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:

	*Aug. 18, 1934	*July 18, 1934	*Aug. 18, 1933
Bills discounted	\$ 267	\$ 172	\$ 3,168
Bills bought			
U. S. Securities.....	93,200	93,200	77,082
Participation in Inv. Foreign Banks.....	122	121	198
Total Bills and Securities.....	\$ 93,589	\$ 93,493	\$ 80,448
Total Reserves	\$186,001	\$171,256	\$160,599
Total Deposits	139,359	125,268	93,380
F. R. Notes in circulation.....	134,379	132,935	135,303
F. R. Bank Notes in circulation.....			524
Ratio of reserve to deposits			
and F. R. Note Liabilities.....	67.9%	66.3%	70.2%

*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 included.

	*July, 1934	*June, 1934	*July, 1933	July, 1934 comp. to June 1934	July 1933
East St. Louis and Natl.					
Stock Yards, Ill.....	\$ 21,035	\$ 21,174	\$ 18,706	— 0.7%	+12.4%
El Dorado, Ark.....	3,720	3,314	2,925	+12.3	+27.2
Evansville, Ind.....	19,198	18,824	19,459	+ 2.0	+ 1.3
Fort Smith, Ark.....	7,235	7,348	7,247	+ 1.5	+ 0.2
Greenville, Miss.....	2,612	2,531	2,347	+ 3.2	+11.3
Helena, Ark.....	1,439	1,603	1,128	+10.2	+27.6
Little Rock, Ark.....	20,149	21,489	16,644	+ 6.2	+21.1
Louisville, Ky.....	125,841	135,913	120,339	+ 7.4	+ 4.6
Memphis, Tenn.....	87,428	89,751	77,682	+ 2.6	+12.5
Owensboro, Ky.....	3,408	3,234	2,335	+ 5.4	+46.0
Pine Bluff, Ark.....	4,404	4,490	4,518	+ 1.9	+ 2.5
Quincy, Ill.....	5,603	5,991	5,004	+ 6.5	+12.0
St. Louis, Mo.....	427,283	500,112	439,589	+14.6	+ 2.8
Sedalia, Mo.....	1,618	1,729	1,557	+ 6.4	+ 3.9
Springfield, Mo.....	11,610	11,923	9,446	+ 2.6	+22.9
**Texarkana.					
Ark.-Tex.....	4,683	4,811	5,107	+ 2.7	+ 8.3
Totals	\$747,265	\$834,237	\$734,033	+10.4	+ 1.8

*In thousands (000 omitted).

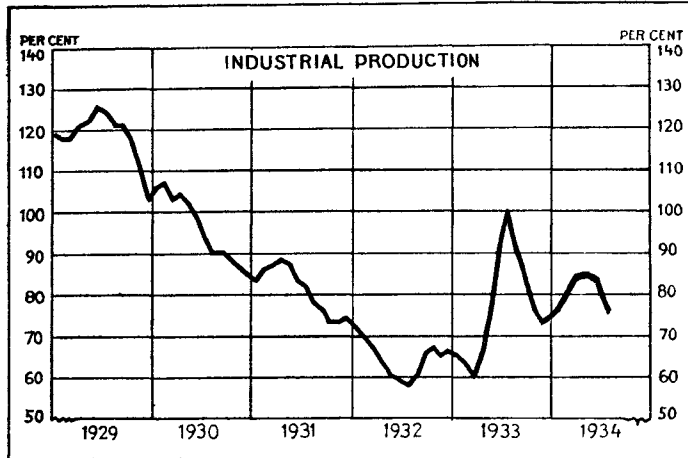
**Includes one bank in Texarkana, Texas not in Eighth District.

(Compiled August 22, 1934)

BUSINESS CONDITIONS IN THE UNITED STATES

Industrial production declined in July. Factory employment and payrolls also decreased. Diminished output of steel was the chief factor in the decline of industrial activity which was larger than is usual at this season. The general level of wholesale commodity prices showed little net change for July and advanced in the first three weeks of August.

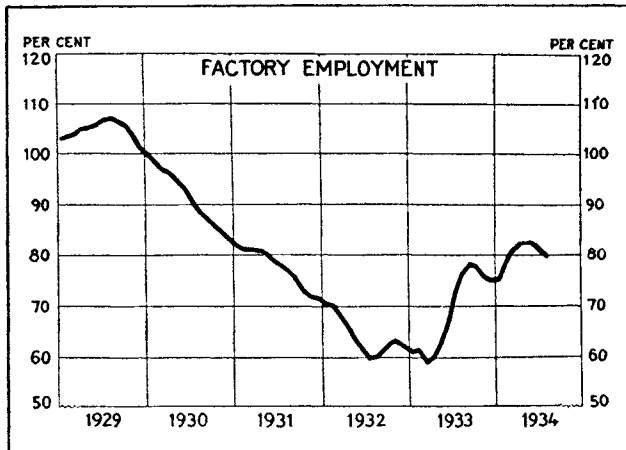
PRODUCTION AND EMPLOYMENT—Volume of industrial output, as measured by the Board's seasonally adjusted index, decreased from 83 per cent of the 1923-25 average in June to 76 per cent in July. This decline reflected chiefly a sharp reduction in the output of steel, due in part to previous accumulation



Index number of industrial production, adjusted for seasonal variation. (1923-1925) average=100. Latest figure July, preliminary, 76.

of stocks by consumers; and there was a further decline in steel operations during the first three weeks in August. Activity in the automobile industry decreased and there were considerable reductions in the output of pig iron and anthracite coal. At textile mills, where operations had been at a low level in June, activity showed little change in July. Output of shoes showed a seasonal increase. Accompanying heavy marketings of cattle from drought areas there was a considerable increase in activity at meat packing establishments.

Factory employment decreased between the middle of June and the middle of July by 3 per cent, an amount larger than is usual at this season. There were reductions in many industries producing durable manufactures, such as iron and steel products and building materials, and also at establishments producing knit goods and women's clothing. At canning establishments the



Federal Reserve Board's index of factory employment, adjusted for seasonal variation. (1923-1925) average=100. Latest figure July, preliminary 79.4.

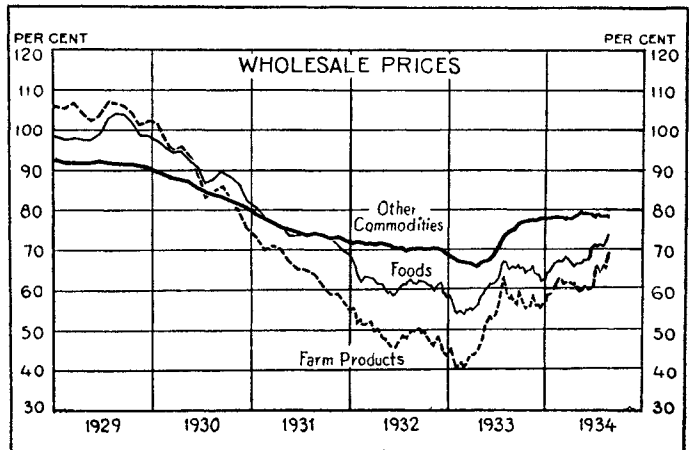
number of employees increased by less than the usual seasonal amount. Employment on public projects increased further in July. Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in July as in June.

Department of Agriculture's estimates, based on August 1 conditions, indicate that yields per acre for principal crops are 22 per cent smaller than the ten-year average, reflecting the effects of the drought. The wheat crop is estimated at 491,000,000 bushels, 37,000,000 bushels less than last year's small harvest, and the corn crop at 1,607,000,000 bushels, as compared with a five-year average of 2,516,000,000 bushels. The cotton crop estimate is 9,195,000

bales, about 4,000,000 bales less than last season, and smaller than in any other year since 1921.

DISTRIBUTION—Total volume of freight car loadings declined in July, reflecting chiefly a reduction in miscellaneous freight, including steel shipments, offset in part by an increase in shipments of livestock. Department store sales showed a decrease of somewhat more than the estimated seasonal amount.

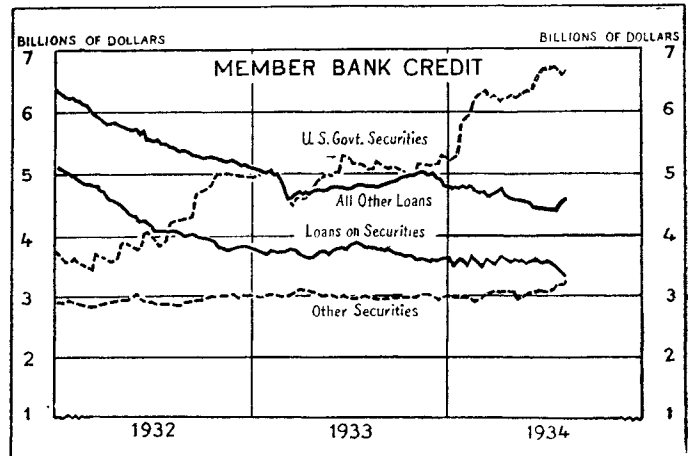
COMMODITY PRICES—Wholesale prices of farm products, after fluctuating widely in July, advanced considerably in the first three weeks of August. Between the beginning of July



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

and the third week of August cotton, wheat and hog prices showed substantial increases, while cattle prices declined somewhat. During this period prices of commodities other than farm products and foods as a group showed little change.

BANK CREDIT—Member bank reserve balances increased further between the middle of July and the middle of August and on August 15 were about \$1,900,000,000 in excess of legal requirements. The increase in reserve balances reflected principally a further growth in monetary gold stock offset in part during the first half of August by a seasonal increase in the total volume of money in circulation. The volume of Reserve bank credit showed little change. In the four weeks ending August 15, loans and investments of New York City banks decreased by \$141,000,000 while those of weekly reporting banks in other leading cities increased by \$116,000,000. The decrease at New York banks reflected a re-



Wednesday figures for reporting member banks in 90 leading cities. Latest figures are for August 15.

duction of nearly \$200,000,000 in loans to brokers and dealers in securities following a sharp decline in security prices in the latter part of July, and a decline of \$52,000,000 in holdings of United States Government securities. All other loans and holdings of securities other than United States Government obligations increased substantially at New York banks and at banks outside New York City. At outside banks holdings of United States Government securities also increased. Average rates of discount on United States Treasury bills issued rose from .07 per cent in July to .23 per cent on August 22. Other open market money rates remained unchanged at low levels.