



# MONTHLY REVIEW

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

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FEDERAL RESERVE BANK OF ST. LOUIS

GENERAL business conditions in the Eighth District during the closing weeks of February and the first half of March continued to reflect the spottiness and unevenness noted during the similar period immediately preceding. Taken as a whole, a relatively better exhibit was made by production than distribution of commodities, which fact was accounted for partly by seasonal considerations, an important factor being the very late Easter date. In merchandising, retail trade was in comparatively larger volume than was the case with wholesaling and jobbing lines, despite unfavorable weather conditions prevailing in virtually all parts of the area. Quite generally there is a disposition on the part of merchants and the public to purchase with more conservatism and caution than was the case during the preceding several months. Advance business on books of wholesaling firms as of March 1 was for the most part less than at the corresponding time last year. Since that date there has been some improvement in ordering, but the betterment was confined chiefly to goods for prompt shipment, and merchandise for the Easter trade. The trend of wholesale prices in February was upward, the average on March 2, according to the weekly index of the United States Bureau of Labor Statistics, being 8 per cent and 33.6 per cent higher, respectively, than a month and a year earlier. Since that date there have been rather sharp declines in certain farm products, notably cotton and grains.

Production at manufacturing plants as a whole increased slightly during February over the January level, and reports covering the first half of March indicate a continuance of the improvement in a number of important lines. Activities in the iron and steel industry made a favorable showing, particularly in the case of specialty makers, such as stoves, ranges, heating apparatus, machinery and farm implements. Several implement manufacturers report the volume of business done so far this year the largest for any similar period since 1928. There has been a slight slowing down in operations at textile mills, occasioned partly by uncertainties relative to prices of raw materials. There was little

change worthy of note in output of lumber, quarry products, cement and the general run of building materials. Production of bituminous coal in fields of the district in February showed less than the usual seasonal decline from January, and the total tonnage lifted was above that of a year ago. In the five principal cities industrial consumption of electrical power recorded gains in February over a month and a year earlier. Activities in the lead and zinc mining districts were hampered by heavy rains.

Agricultural operations generally through the district were held up by excessive precipitation, and soil preparations for seeding spring crops were somewhat behind the seasonal schedule at mid-March. Flood conditions of a more or less severe nature prevailed in Missouri, Arkansas, Mississippi and southern Illinois. The most critical situation occurred in the basin of the St. Francis River, where breaking levees resulted in the inundation of farms and damage to highways. The total area affected by the overflows was estimated at from 200,000 to 250,000 acres. Owing to the fact that crops had not yet been planted, the actual damage sustained by agriculturists was much less than might have been expected. Tobacco markets for the 1934 crop were closed, and results obtained by producers, particularly of burley tobacco, were satisfactory. Though the crop was smaller than in 1933, total cash returns were considerably more, due to the higher prices prevailing. In all sections, the supply of farm labor continues in excess of requirements.

As reflected in sales of department stores in the principal cities, retail trade in February was 2.2 per cent greater than for the same month in 1934, and slightly greater than the January total this year; cumulative total for the first two months this year was 1.6 per cent greater than for the comparable period in 1934. Combined sales of all wholesaling and jobbing firms reporting to this bank in February were 18 per cent and 10 per cent smaller, respectively, than a year and a month earlier; for the first two months the aggregate was 11.5 per cent below that of the like period a year ago. The dollar

value of permits issued for new construction in the five largest cities in February was 35 per cent less than in January, but 103 per cent greater than in February, 1934; cumulative total for the first two months was greater by 127 per cent than for the same period last year. Construction contracts let in the Eighth District in February were 12.2 per cent greater than in January and 15.9 per cent larger than in February, 1934; for the first two months this year the aggregate was 29.1 per cent smaller than for the corresponding period a year ago. Debits to checking accounts in February were 14.5 per cent smaller than in January, and 1 per cent greater than a year earlier; for the first two months the total was 4.5 per cent in excess of that for the like period in 1934.

According to officials of railroads operating in this district, the volume of freight traffic handled during the past thirty days and for the year to date closely approximates that for the same periods a year ago. Totals in both comparisons, however, showed increases over the like periods in 1933. Miscellaneous freight, coal, coke and forest products make relatively the best showings, while sharp decreases were noted in grain, grain products, and livestock. The smaller movement of livestock is attributable to results of the 1934 drouth and the Government's curtailment program. For the country as a whole, loadings of revenue freight for the first nine weeks this year, or to March 2, totaled 5,100,714 cars, against 5,103,273 cars for the like period in 1934, and 4,375,982 cars in 1933. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 66,318 loads in February, against 70,949 loads in January and 68,837 loads in February, 1934. For the first nine days of March the interchange amounted to 22,143 loads, as against 21,828 loads during the corresponding period in February and 23,012 loads during the first nine days of March, 1934. Passenger traffic of the reporting lines decreased 2.5 per cent in February as compared with the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in February was 77,700 tons, against 87,690 tons in January and 65,978 tons in February, 1934.

While reflecting some spottiness, reports relative to collections during late February and the first half of March indicate, as a whole, continuance of the satisfactory conditions which have existed in this general area for the past eighteen months. In some rural sections heavy rains and muddy roads have prevented farmers from going to town, with resultant slowing down in payments to retail merchants. In the large urban centers retail collections

are in the main at a high rate, and compare favorably with the corresponding period a year ago. Liquidation at country banks continues in considerable volume, particularly in the tobacco districts, where the major portion of the crop has been marketed. Virtually all wholesaling and jobbing lines in the chief distributing centers report customers settling their bills promptly with results especially good in the case of boots and shoes, dry goods, hardware and groceries. Manufacturers of durable goods, including building materials, note a slight slowing down in collections as contrasted with earlier in the year. 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>
February, 1935.....	4.2%	39.2%	51.8%	4.8%
January, 1935.....	6.5	42.6	45.1	5.8
February, 1934.....	5.2	36.0	55.7	3.1

Commercial failures in the Eighth Federal Reserve District in February, according to Dun and Bradstreet, numbered 40, involving liabilities of \$634,767, against 26 defaults in January with liabilities of \$180,499 and 32 insolvencies for a total of \$289,371 in February, 1934.

#### MANUFACTURING AND WHOLESALING

**Boots and Shoes** — February sales of the reporting interests were 20 per cent smaller than for the preceding month and 27.5 per cent below the February, 1934, total. Inventories increased moderately between February 1 and March 1, and on the latest date were 37 per cent larger than a year ago. The decrease in the month-to-month sales comparison is seasonal in character, but somewhat greater than the average during the past fifteen years, due in a measure to the later Easter date. There was no change in prices of finished products, but the trend of raw materials, notably hides and leather, was upward.

**Clothing** — Business in this classification in February showed rather sharp recessionary trends, both as contrasted with the preceding month and a year ago. Purchasing is on a more cautious and conservative scale, particularly for advance requirements. Demand for work clothing was reported less active than during the closing months of 1934. On the other hand, ordering of sport clothes, for both men and women, was maintained at the high levels obtaining in recent months. Some betterment in buying as a whole has developed during the first half of March. February sales of the reporting clothiers were 45 and 57 per cent smaller, respectively, than a month and a year earlier.

**Drugs and Chemicals** — Reversing the usual seasonal trend, sales of the reporting interests

showed a gain of 5 per cent in February over those of January, but the total was slightly smaller than in February, 1934. In the month-to-month comparison the increase was accounted for by larger sales of remedial drugs, proprietary preparations and miscellaneous items. Some recession was noted in demand for heavy drugs and chemicals from the general manufacturing trade. Inventories continued to increase, stocks on March 1 being 1.3 per cent and 12 per cent larger than a month and a year earlier.

**Dry Goods** — Reflecting the later Easter date, greater caution on the part of retail merchants, and price uncertainties, February sales of the reporting firms decreased 7 per cent under the preceding month and 24 per cent below the February total last year. Inventories decreased slightly from February 1 to March 1, and on the latter date were 7 per cent larger than last year. Advance business is reported slightly below the corresponding period in 1934. Since March 1 there has been some improvement in both spot and future sales extending through practically all lines, but particularly noticeable in ready-to-wear garments and piece goods.

**Electrical Supplies**—Notable improvement took place in this classification, both as compared with the preceding month and a year ago. Demands from the automotive, refrigeration, radio and household appliance industries were accountable for a considerable part of the betterment in both comparisons. Moderate expansion was also noted in sales of line and pole hardware and other supplies for public utilities companies. Demand for motors of all descriptions holds up well. February sales of the reporting firms were 12 per cent greater than in January and 18 per cent above the February, 1934, total. Stocks on March 1 were 3 per cent smaller than a month earlier, and 10 per cent in excess of those carried on March 1, 1934.

**Flour**—Production at the twelve leading mills of the district in February was 200,755 barrels, against 185,737 barrels in January and 252,789 barrels in February, 1934. During the closing weeks of February and the first half of March the general status of the trade showed no change from the quiet conditions existing during the preceding several months. Consumers, including the large baking interests, were buying largely on a necessity basis. Wholesalers and jobbers were not disposed to expand their inventories, due mainly to the lower trend in wheat values. Production was at from 40 to 45 per cent of capacity.

**Furniture** — February sales of the reporting firms were 8 per cent larger than for the same month in 1934, and 37 per cent in excess of the January total this year. Stocks on March 1 were

smaller by 9 per cent and 21 per cent, respectively, than a month and a year earlier. The increase in the month-to-month sales comparison was of a seasonal nature and about equal to the average during the past several years. Through the south quite general improvement is reported in demand for household furniture and furnishings. Moderate betterment is also reported in the movement of office furniture and equipment.

**Groceries** — Purchasing in this classification is confined largely to immediate requirements, there being little disposition on the part of retailers to augment their inventories. Demand for staples is relatively more active than for luxuries and specialties, reversing conditions existing during the closing months of last year. Prices of packinghouse products and some canned vegetables and fruits advanced, the rise in the latter products being attributable to injury to early truck and fruit crops occasioned by the February freezes. February sales of the reporting firms were 2 per cent smaller than in January, and 2 per cent greater than a year ago. Inventories showed practically no change from February 1 to March 1, and on the latest date were 15 per cent larger than a year earlier.

**Hardware** — Heavier purchasing of a broad diversity of goods for consumption in the farming areas was the principal influence in an increase of 4.5 per cent in February sales of the reporting firms over the same month in 1934. As compared with January this year, however, the February total showed a contraseasonal decline of 6 per cent. Stocks on March 1 were 4.5 per cent greater than a month earlier and 5.6 per cent smaller than a year ago. Prices showed no appreciable change during the past thirty days, but were slightly lower than the average as contrasted with the corresponding period in 1934.

**Iron and Steel Products** — All industries considered, activities in the iron and steel industry in this district during the past thirty days increased moderately over the similar period immediately preceding. An outstanding indication of the betterment was the heavy deliveries of pig iron to melters in the area during February, the total for that month exceeding that of its predecessor and a year ago by a substantial margin. Incidentally February was the seventh consecutive month of rising shipments. During the first half of March the daily average rate was approximately the same as for the like period in February. As has been the case for the past several months, demand for iron and steel finished and semi-finished products is widely diversified, miscellaneous wants accounting for the major portion of the tonnage moving. The higher prices for farm

products and heavy accumulation of replacement requirements have stimulated demand for agricultural implements, manufacturers of which are experiencing the best operations since 1930. Demand for fencing, repair materials and other commodities consumed largely in the rural areas also continues brisk. With the approach of spring, inquiries for structural steel are more numerous than heretofore, but business actually placed is still in moderate volume. Operations at plants of fabricators of iron and steel building materials showed no appreciable change from the preceding thirty days. Releases on automotive castings increased somewhat, and there was also a moderate gain in orders placed by builders of automobiles and tractors. New orders for and shipments of steel sheets underwent further expansion, with interest centering chiefly in the lighter descriptions. Requirements of can manufacturers are unusually large for this time of year, and are reflected in an active movement of tin plate, both from mills and warehouses. Plates remain relatively quiet, purchasing by the oil industry and other important consumers having failed to develop. There was a moderate expansion in operations at steel mills in early March, occasioned almost entirely by augmented demands from miscellaneous sources. Railroad requirements continue at a low ebb, particularly for new equipment. Stove and heating apparatus interests report operations at a considerably higher rate than at the corresponding period a year and two years earlier. With but few exceptions, current prices of raw and finished materials have been reaffirmed for second quarter. Iron and steel warehouse and jobbing interests report February sales about one-fourth greater than a year ago and approximately 8 per cent in excess of the January total this year. For the country as a whole, pig iron production in February, according to the magazine "Steel", totaled 1,614,905 gross tons, against 1,478,443 tons in January, and 1,270,792 tons (revised figures) in February, 1934. Steel ingot production in the United States in February amounted to 2,742,125 tons, against 2,834,170 tons in January, and 2,183,160 tons in February, 1934.

### **AUTOMOBILES**

Combined passenger car, truck and taxicab production in the United States in February was 340,544 against 292,765 in January, and 231,707 in February, 1934.

Following the unvarying trend of the past decade, distribution of automobiles in this district in February showed a substantial increase over the preceding month, according to dealers reporting to this bank, and the total was also largely in excess of that of February, 1934. The number of new pas-

senger cars sold was the largest for any single month since 1930. Aggregate sales for the first two months this year were also the highest for any like period since 1930. In the month-to-month comparison the increase was due partly to freer deliveries of cars to dealers by the manufacturers. At the middle of February dealers generally reported sufficient supplies to meet all customer requirements. Replacement demands still predominate in classes of makes, but the proportion of sales to persons not previously owners was somewhat larger than heretofore. As has been the case in recent months, interest centered chiefly in low priced vehicles, February sales in that category representing about 78 per cent of the business done, with the two leading manufacturers accounting for about 56 per cent of the total. Universally dealers report unusually good response to the new models. Sales of dealers in the country and small towns were in relatively larger volume than during the past several years. Demand for trucks continues active, particularly for vehicles for light service purposes. Sales of trucks of all descriptions in February fell slightly below the month before, but were more than two-thirds greater than a year ago.

Sales of new passenger cars by the reporting dealers in February were 24 per cent larger than in January and 120 per cent in excess of the February, 1934, total. While a number of dealers report accretions to floor stocks, a large majority of cars received from producers are for delivery on sales made. Inventories of new cars on March 1 were 19 per cent larger than on February 1 and 36 per cent greater than a year ago. Larger numbers and better assortments of used cars in dealers' hands, as a result of trade-ins for new machines, had a stimulating effect on the market, sales of second-hand cars in February being 18 per cent and 9.5 per cent greater, respectively, than a month and a year earlier. Stocks of salable secondhand cars increased 12 per cent between February 1 and March 1, and on the latest date were about one-third larger than a year ago. According to dealers reporting on that item, deferred payment sales in February constituted 51 per cent of their total sales, against 46 per cent in January and 49 per cent in February, 1934.

### **BUILDING**

The dollar value of permits issued for new construction in the five largest cities of the district in February was 34.9 per cent less than in January, and 103.2 per cent more than in February, 1934. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in February amounted to \$6,794,335 which compares with \$6,054,924 in

January, and \$5,864,233 in February, 1934. Production of Portland cement for the country as a whole in February totaled 3,053,000 barrels, against 3,202,000 barrels in January, and 4,168,000 barrels in February, 1934. Building figures for February, follow:

	New construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1935	1934	1935	1934	1935	1934	1935	1934
Evansville ..	21	6	\$ 16	\$ 4	36	113	\$ 15	\$ 80
Little Rock ..	8	4	3	5	90	44	22	14
Louisville ..	30	18	105	64	60	16	43	88
Memphis ....	161	105	82	62	138	105	123	39
St. Louis....	149	94	304	116	151	126	98	81
Feb. Totals	369	227	\$ 510	\$ 251	475	404	\$ 301	\$ 302
Jan. "	243	206	784	320	569	352	267	177

\*In thousands (000 omitted).

## 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	
	Feb. 1935	2 months ended	Feb. 28, 1935	Jan. 1, to	Feb. 28,
	comp. to	Feb. 28, 1935 to	comp. to	Feb. 28,	1935
	Feb. 1934	same period 1934	Feb. 28, 1934	1935	1934
El Dorado, Ark....	+14.0%	+13.3%	+ 1.7%	.44	.38
Evansville, Ind....	-25.1	-21.2	-27.0	.24	.23
Fort Smith, Ark....	+16.3	+ 8.2	- 0.3	.35	.34
Little Rock, Ark....	- 0.4	- 9.5	- 2.3	.33	.35
Louisville, Ky.....	+ 5.1	+ 6.5	-15.3	.46	.39
Memphis, Tenn.....	+ 1.6	- 0.3	+ 3.7	.46	.49
St. Louis, Mo.....	+ 1.9	+ 2.0	- 5.1	.59	.54
Springfield, Mo....	- 3.2	+ 4.2	-21.0	.30	.25
All Other Cities....	+ 8.7	+10.0	- 2.9	.43	.38
8th F. R. District..	+ 2.2	+ 1.6	- 5.1	.51	.48

Percentage of collections in February to accounts and notes receivable first day of February, 1935.

### PERCENTAGE OF COLLECTIONS BY CITIES

El Dorado, Ark.....	58.4%	Memphis, Tenn.....	40.0%
Fort Smith, Ark.....	36.4	Springfield, Mo.....	22.6
Little Rock, Ark.....	35.2	St. Louis, Mo.....	49.7
Louisville, Ky.....	46.4	All Other Cities.....	32.6
8th F. R. District.....	45.3%		

### Retail Stores

	Net sales comparison		Stocks on hand	Stock turnover	
	Feb. 1935	2 months ended	Feb. 28, 1935	Jan. 1, to	Feb. 28,
	comp. to	Feb. 28, 1935 to	comp. to	Feb. 28,	1935
	Feb. 1934	same period 1934	Feb. 28, 1934	1935	1934
Men's					
Furnishings .....	+ 6.0%	+ 5.0%	-15.9%	.38	.35
Boots and					
Shoes .....	+ 2.4	+ 0.5	+12.9	.40	.40

## CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district report consumption of electric current by selected industrial customers in February as being 1.4 per cent larger than in January, and 13.8 per cent more than in February, 1934. Detailed figures follow:

	No. of	Feb.,	Jan.,	Feb. 1935	Feb.,	Feb. 1935
	Custom-ers	1935	1935	comp. to	1934	comp. to
		*K.W.H.	*K.W.H.	Jan. 1935	*K.W.H.	Feb. 1934
Evansville ....	40	2,521	2,440	+ 3.3%	1,984	+27.1%
Little Rock..	35	1,323	1,425	- 7.2	1,191	+11.1
Louisville ....	83	7,264	7,344	- 1.1	6,339	+14.6
Memphis ....	31	1,810	1,951	- 7.2	1,534	+18.0
St. Louis.....	192**	15,004	14,368**	+ 4.4	13,487	+11.2

Total.....381\*\* 27,922 27,528\*\* + 1.4% 24,535 +13.8%  
 \*In thousands (000 omitted).  
 \*\*Revised figures.

## AGRICULTURE

Weather conditions during the past six weeks have been less favorable for agricultural operations

than was the case earlier in the season. Excessive rains generally, and severe floods have retarded plowing and preparation for planting of spring crops. This is true particularly of the cotton producing areas, where the amount of work done since February 1 is considerably in arrears of that accomplished during the same period last year. Seeding of oats, plowing and disking for corn at the middle of March was behind the seasonal schedule, due to water-soaked fields and muddy roads. Except in areas directly affected by overflows, the abundant precipitation will be beneficial rather than otherwise. Cumulative moisture deficiency of the preceding three years will be largely made up. Wells, creeks and water holes have been replenished, and soil and subsoil conditions greatly improved. Injury to early fruits and vegetables, also to fruit trees from the February freezes is now found to be less extensive than earlier reports would indicate. Damage to the growing wheat crop, according to scattered reports, was immaterial, and since the return of moderate temperatures the plant has achieved good growth, with color and stands exceptionally good in many important producing sections. With ample labor available, delays in preparation for and planting of crops can be easily overcome with a return of reasonably favorable weather conditions. Quite generally through the district farmers are devoting more attention than heretofore to farm improvement, farm equipment, repairing homes and barns, and the building up of soil by use of fertilizers and measures taken against erosion.

**Live Stock**—Taken as a whole, live stock in this district came through the winter in good shape, despite the shortage of feed and fodder crops as a result of last year's severe drouth. Greatly reduced numbers of herds permitted farmers to take unusually good care of the animals they were carrying, and losses from disease and other causes were relatively light. Prices continued to advance, farmers receiving the highest prices for hogs since 1930. In the St. Louis market in early March a top of \$9.85 per cwt. was paid for hogs on the hoof, the highest figure since October, 1930. But as there was a processing tax of \$2.25 per cwt. to be paid by the packer, his top purchase price was actually \$12.10 or higher than at any time since August, 1929, when the peak was about \$12.25.

According to the U. S. Department of Agriculture, the early lamb crop of 1935 in the principal early lamb areas is a little smaller, probably 1 to 2 per cent, than the early crop of 1934. Condition of early lambs as of March 1 this year averaged somewhat better than in 1934 on the corresponding date. The winter has been on the whole favorable in this

district, but supplies of feed were very short. In Missouri conditions are less favorable than some other states, due to lack of feed crops and poor pastures.

Demand for mules for use in producing cotton is reported unusually active, with prices the highest in recent years.

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

	Receipts			Shipments		
	Feb., 1935	Jan., 1935	Feb., 1934	Feb., 1935	Jan., 1935	Feb., 1934
Cattle and Calves.....	78,874	128,042	81,028	45,167	74,661	36,749
Hogs .....	188,627	247,970	201,857	131,741	160,147	142,897
Horses and Mules.....	8,838	8,956	8,270	9,201	10,016	8,546
Sheep .....	28,264	34,411	27,112	2,228	6,601	7,977

**Cotton**—Prior to the recent heavy rainfall, accompanied by disastrous floods in lowlands bordering the Mississippi River and certain of its tributaries in Missouri, Arkansas, Mississippi and southern Illinois, soil preparations for the 1935 cotton crop had made unusually good progress under favorable fall and winter weather. Since the spell of wet weather commenced, field work over a wide area has been almost at a standstill. High winds and warmer days have dried out the soil in the uplands and permitted of a fair amount of plowing. This delay, however, does not necessarily mean late planting of the crop. Weather conditions during the next few weeks will be the determining factor, as planting does not become generally active until the first two or three weeks in April, and labor in all sections is abundant. Demand for mules has been active, but most of the purchasing by farmers has been for replacements. There is well defined evidence in interest in traction farming. Fertilizer sales have picked up. According to the American Fertilizer Association, sales of tags in February were 4 per cent larger than for the same month last year, and 132 per cent greater than in 1933; cumulative total for January and February was larger by 13 per cent and 112 per cent, respectively, than for the like periods a year and two years earlier. Prices of raw cotton declined sharply during the first half of March, being affected by lower dollar quotations in foreign markets and declines in securities and other commodities. In the St. Louis market the middling grade ranged from 11c to 12.60c per pound between February 15 and March 15, closing at 11.10c on the latest date, which compares with 12.60c on February 15, and 12c on March 15, 1934. Receipts at Arkansas compresses from August 1, 1934 to March 22, 1935 totaled 802,528 bales against 976,027 bales for the corresponding period a year earlier. Stocks on March 22 were 530,276 bales against 571,214 bales on February 15, and 463,697 bales on the corresponding date in 1934.

**Tobacco**—The burley tobacco markets for sale of the 1934 crop have closed, and estimated sales as of March 2, were 257,565,633 pounds, at an average of \$16.96 per cwt., yielding a total of \$43,687,947. On the corresponding date last year sales of the 1933 crop were 372,898,055 pounds at an average of \$10.57 per cwt., yielding \$39,386,606.

Practically all of the one sucker, or air-cured crop has moved to market. This crop exceeded estimates as to volume, but prices averaged somewhat lower than the 1933 crop. Recent sales of Green River tobacco at Owensboro, Ky., have been light. Dark-fired tobacco, both in the eastern and western districts, is being rapidly marketed. Good types offered on the Clarksville, Springfield and Hopkinsville markets continue to sell at high prices, \$36.00 per cwt. not being unusual for the choicest grades. Prices of select leaf in the western district also remain firm.

There has been fair progress made in preparation of plant beds for the 1935 crop in both burley and dark tobacco districts. Recent weather conditions have retarded these operations to some extent, and relatively little plowing has been accomplished.

### COMMODITY PRICES

Range of prices in the St. Louis market between February 15, 1935, and March 15, 1935, with closing quotations on the latter date and on March 15, 1934, follow:

	High	Low	Close	
			Mar. 15, 1935	Mar. 15, 1934
<b>Wheat</b>				
May .....per bu..	\$.97¾	\$.89½	\$.90¾	\$.85
July .....	.91½	.86	.87¾	.85¼
*Sept. ....	.90¾	.85½	.87¾	.88½
No. 2 red winter "	1.00	.92	.92@	.89½@ .90
No. 2 hard "	1.05¼	.98¾	.98¾	.87
<b>Corn</b>				
May .....	.90¾	.80	.81	.50¼@ .50¾
July .....	.85¾	.76¾	.77½	.52½@ .52¾
*Sept. ....	.82½	.74¼	.74¾	.54¾
<b>Oats</b>				
No. 2 white .....	.61½	.51½	.51½	.37
<b>Flour</b>				
Soft patent.....per bbl.	6.60	5.85	5.85@6.35	6.40 @6.90
Spring " .....	7.60	7.20	7.20@7.35	6.40 @6.90
Middling Cotton...per lb.	.1260	.11	.1110	.12
Hogs on hoof.....per cwt.	9.85	4.50	5.00@9.30	2.30 @4.65

\*Nominal quotations.

### FINANCIAL

The same general trends which have obtained in Eighth District banking and financial conditions during the past several months continued in effect through February and early March. Credit requirements of virtually all borrowing groups, as indicated by commitments at commercial banks, failed to develop expansion. Liquidation of earlier loans by commercial and industrial interests about balanced new borrowings. To a considerable extent this was accounted for by the continued high rate of collections and the rapid turnover in a majority of mercantile lines. Flour milling and grain handling

interests further reduced their commitments, and there was a substantial volume of liquidation by field seed interests, seasonal at this time of year. In certain sections of the south there has been some call for funds to finance early crop preparations, purchases of mules, etc. Marketing of the 1934 tobacco crop had been about completed at mid-March, and producers have used their proceeds to a considerable extent in meeting their obligations at banks and to merchants. Balances of country banks with city correspondents are at the highest peak and loans to country banks at the lowest levels recorded in a number of years.

Between February 13, and March 13, loans and investments of reporting member banks in the principal cities recorded a slight increase, ascribable entirely to larger holdings of investments, the total loan item showing a small decrease. There was a moderate increase in both time and demand deposits, resulting in a gain of 2.1 per cent in total deposits. Reflecting the larger deposits, reserve balances increased 5.2 per cent, and on March 13, were approximately one-half larger than a year ago.

Borrowings of all member banks from the Federal Reserve bank continued at the low levels of recent months. The volume of reserve credit outstanding at this bank on March 18, showed no appreciable change from a month earlier.

The amount of savings deposits held by selected banks on March 6 was 1 per cent larger than on February 6, and 12.8 per cent greater than on March 7, 1934.

At St. Louis banks, as of the week ended March 15, interest rates were as follows: Customers' prime commercial paper, 2 to 5 per cent; collateral loans, 3 to 6 per cent; loans secured by warehouse receipts, 2 to 6 per cent, and cattle loans, 4½ to 6 per cent.

**Federal Reserve Operations** — During February, the Federal Reserve Bank of St. Louis discounted for 3 member banks, against 4 in January, and 29 in February, 1934.

Changes in the principal assets and liabilities of this institution appear in the following table:

	*Mar. 19, 1935	*Feb. 19, 1935	*Mar. 19, 1934
Bills discounted .....	\$ 513	\$ 511	\$ 245
Bills bought .....	.....	.....	993
U. S. Securities .....	108,200	108,200	93,200
Participation in Inv. Foreign Banks.....	105	105	128
<b>Total Bills and Securities.....</b>	<b>\$108,818</b>	<b>\$108,816</b>	<b>\$ 94,566</b>
<b>Total Reserves .....</b>	<b>\$202,036</b>	<b>\$208,181</b>	<b>\$175,903</b>
<b>Total Deposits .....</b>	<b>164,865</b>	<b>170,462</b>	<b>116,096</b>
<b>F. R. Notes in circulation.....</b>	<b>139,874</b>	<b>138,646</b>	<b>136,620</b>
<b>F. R. Bank Notes in circulation.....</b>	<b>.....</b>	<b>.....</b>	<b>10,274</b>
Ratio of reserve to deposits and F. R. Note Liabilities.....	66.3%	67.3%	69.6%

\*In thousands (000 omitted).

Discount rates charged by this bank remain unchanged as follows:

2 per cent on advances to member banks on eligible paper and/or collateral, whether rediscounts or member bank promissory notes, under Sections 13 and 13a.

4½ per cent on advances to member banks on their promissory notes secured by ineligible paper and/or collateral, under Section 10b.

4½ per cent on advances to banks and other financing institutions on obligations of established industrial or commercial businesses, for working capital, under Section 13b.

½ per cent flat for commitments not exceeding six months on obligations of established industrial or commercial businesses, for working capital, under Section 13b.

5½ per cent on direct advances to established industrial or commercial businesses, for working capital, under Section 13b.

4 per cent on direct advances to individuals, firms or corporations (including nonmember banks), secured by direct obligations of the United States, under Section 13.

5½ per cent on direct advances to individuals, partnerships and corporations (excluding nonmember banks) on eligible paper, under Section 13.

**Condition of Banks** — Loans and discounts of the reporting member banks on March 13, 1935, showed a decrease of 0.6 per cent as contrasted with February 13, 1935. Deposits increased 2.1 per cent between February 13, 1935 and March 13, 1935 and on the latter date were 9.1 per cent greater than on March 14, 1934. Composite statement follows:

	*Mar. 13, 1935	*Feb. 13, 1935	*Mar. 14, 1934
Number of banks reporting.....	19	19	19
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations and other stocks and bonds....	\$ 66,664	\$ 66,373	\$ 96,906
All other loans and discounts....	153,745	155,255	133,452
<b>Total loans and discounts.....</b>	<b>\$220,409</b>	<b>\$221,628</b>	<b>\$220,358</b>
Investments			
U. S. Govt. securities.....	\$199,250	\$192,706	\$204,711
Other securities.....	118,982	120,197	96,876
<b>Total investments.....</b>	<b>\$318,232</b>	<b>\$312,903</b>	<b>\$301,587</b>
Reserve balance with F. R. Bank..	\$105,294	\$100,066	\$ 71,620
Cash in vault.....	8,300	8,380	7,992
Deposits			
Net demand deposits.....	\$404,055	\$392,469	\$342,179
Time deposits.....	165,739	165,213	162,352
Government deposits.....	21,786	22,210	37,720
<b>Total deposits.....</b>	<b>\$591,580</b>	<b>\$579,892</b>	<b>\$542,251</b>
Bills payable and rediscounts with Federal Reserve Bank.....	.....	.....	.....

\*In thousands (000 omitted).

The total resources of these banks comprise approximately 60.0% 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.

	*Feb., 1935	*Jan., 1935	*Feb., 1934	Feb., 1935 comp. to Jan. 1935	Feb. 1934
East St. Louis and Natl.					
Stock Yards, Ill..	\$ 20,452	\$ 22,388	\$ 15,846	— 8.6%	+29.1%
El Dorado, Ark.....	3,571	4,012	3,160	—11.0	+13.0
Evansville, Ind.....	16,834	19,848	13,255	—15.2	+27.0
Fort Smith, Ark.....	7,923	8,507	7,896	— 6.9	+ 0.3
Greenville, Miss....	3,912	3,954	3,289	— 1.1	+18.9
Helena, Ark.....	1,316	1,491	1,413	—11.7	— 6.9
Little Rock, Ark....	22,488	26,118	18,460	—13.9	+21.8
Louisville, Ky.....	117,229	141,434	135,004	—17.1	—13.2
Memphis, Tenn.....	90,223	104,801	92,362	—13.9	— 2.3
Owensboro, Ky.....	4,619	5,214	3,611	—11.4	+27.9
Pine Bluff, Ark....	4,588	5,056	5,418	— 9.3	—15.3
Quincy, Ill.....	4,675	5,093	4,513	— 8.2	+ 3.6
St. Louis, Mo.....	397,804	465,434	387,747	—14.6	+ 2.6
Sedalia, Mo.....	1,506	1,854	1,235	—18.8	+21.9
Springfield, Mo....	9,753	11,532	8,501	—15.4	+14.7
**Texarkana, Ark.-Tex.....	4,846	5,637	4,749	—14.0	+ 2.0
<b>Totals .....</b>	<b>\$711,739</b>	<b>\$832,483</b>	<b>\$706,459</b>	<b>—14.5%</b>	<b>+ 0.7%</b>

\*In thousands (000 omitted).

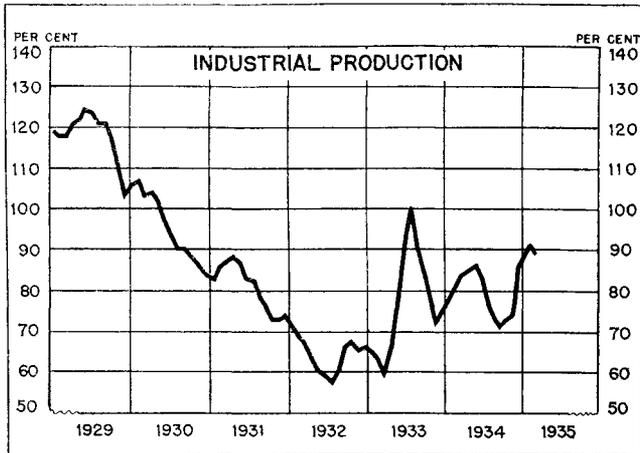
\*\*Includes one bank in Texarkana, Texas not in Eighth District.

(Compiled March 22, 1935)

## BUSINESS CONDITIONS IN THE UNITED STATES

In February industrial production increased by less than the usual seasonal amount, following sharp advances in December and January. Wholesale prices of many leading commodities showed little change in February and declined in the early part of March; prices of live stock and meats, however, advanced further in February and continued at relatively high levels during the first three weeks of March.

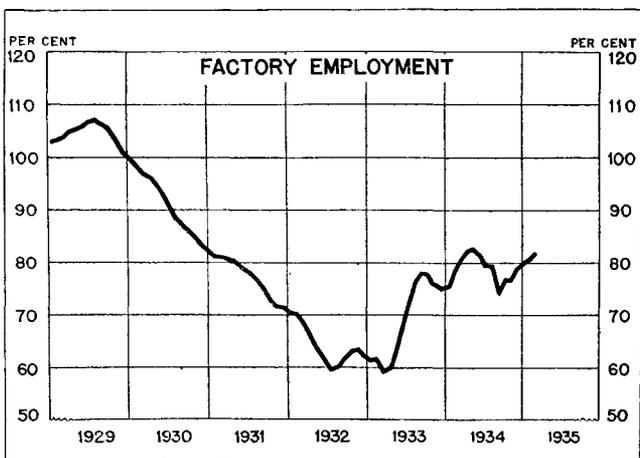
**PRODUCTION AND EMPLOYMENT**—Daily average output of basic industrial commodities increased in February by an amount smaller than is usual at this season and the Federal Reserve Board's index, which makes allowance for seasonal variations, declined from 91 per cent of the 1923-25 average in



Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100.)  
Latest figures January, 91; February, adjusted preliminary, 89.

January to 89 per cent in February. At steel mills activity increased further during the early part of February; later in the month and in the first three weeks of March, however, activity declined, contrary to seasonal tendency. In the automobile industry production continued to increase and the output indicated for the first quarter is larger than in the corresponding period of any other year since 1929. Lumber production remained at a low level. At textile mills activity in February declined somewhat from the relatively high rate of the preceding month. In the meat packing industry output continued to decline.

Factory employment increased between the middle of January and the middle of February by more than the usual seasonal amount, reflecting substantial increases in working forces in the automobile, machinery, iron and steel, and wearing apparel industries. There were smaller increases in many other lines. At



Index of factory employment, adjusted for seasonal variation. (1923-1925 average=100.)  
Latest figures January, revised, 80.5; February, adjusted preliminary 81.9.

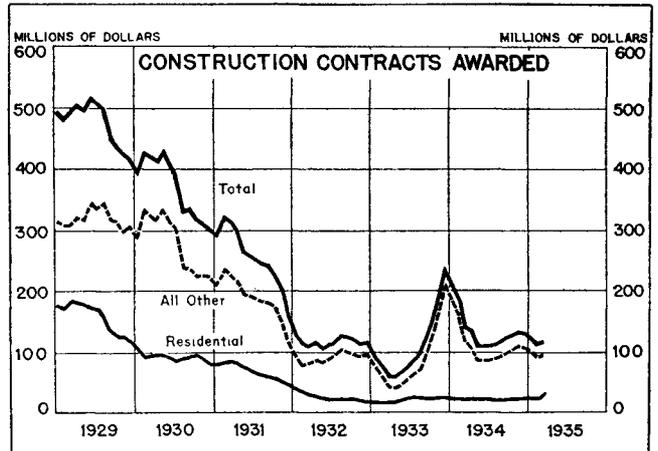
meat packing establishments employment continued to decline and at tobacco factories it showed less than the usual seasonal growth. Payrolls at manufacturing establishments also increased considerably in February. In non-manufacturing industries employment and payrolls showed little change.

Total value of construction contracts awarded in the period from January 1 to March 15, as reported by the F. W. Dodge Corporation, was smaller than in the corresponding period last

year, reflecting a reduction in the volume of public projects. The value of contracts awarded for residential building during this period showed a slight increase over the low level of a year ago.

**DISTRIBUTION**—Daily average volume of revenue freight-car loadings showed a seasonal increase in February and little change in the first half of March. Department store sales increased in February, a month when there is usually little change, and the combined total for the first two months of the year was larger than a year ago by 5 per cent.

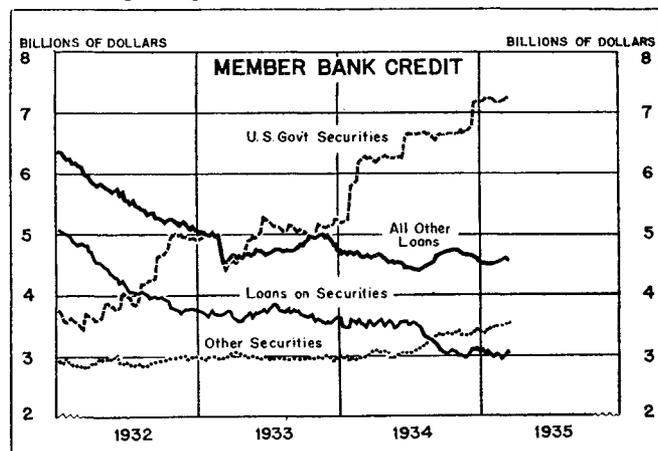
**WHOLESALE COMMODITY PRICES**—During the period from the beginning of February to the middle of March there were wide movements in prices of many individual com-



Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figures February, adjusted preliminary total 114.2, residential 24.2, all other 90.

modities, while the general level of wholesale prices, as measured by the Bureau of Labor Statistics Index, showed little change. In the third week of March prices of cotton and other textiles, grains other than wheat, coffee, rubber and tires, scrap steel and tin were considerably lower than at the beginning of February, while prices of live stock, meats and sugar were higher.

**BANK CREDIT**—During the four weeks ended March 20 member bank reserve balances declined by \$280,000,000, principally in consequence of an increase in Treasury deposits with Federal Reserve banks, built up in connection with March 15 fiscal operations. Excess reserves of member banks declined to about \$1,950,000,000. Demand deposits (net) of weekly reporting member banks in leading cities increased further by \$380,000,000 during the four weeks ended March 13. The balances of other banks with reporting banks increased by \$100,000,000 while Gov-



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for March 13.

ernment deposits declined, reflecting the withdrawal of funds from depository banks. Loans and investments of reporting banks increased by \$275,000,000. There was a further growth of \$85,000,000 in holdings of direct obligations of the United States Government, and a smaller increase in obligations guaranteed by the Government. Loans to brokers and dealers in securities increased by \$130,000,000, while other loans showed little change. Yields on United States Government obligations declined slightly further, and open-market money rates continued at a low level.