



MONTHLY REVIEW

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

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INDUSTRIAL LOANS AND COMMITMENTS

In the April issue of this review, attention was called to the provisions of Section 13b of the Federal Reserve Act which authorize the Federal Reserve banks to aid in providing working capital for established industrial or commercial businesses for periods of not exceeding five years.

Shortly after enactment of the new section, the Federal Reserve Board stated in its announcement:

"Recognizing the need of many small and medium sized industrial and commercial businesses for additional working capital to enable them to continue or resume normal operations and to maintain employment or provide additional employment, Congress has granted the Federal Reserve banks very broad powers to enable them to provide such working capital, either through the medium of other banks, trust companies and other financing institutions or, in exceptional circumstances, directly to such commercial and industrial businesses. It is believed that the facilities thus afforded will aid in the recovery of business, the increase of employment, and the general betterment of conditions throughout the country."

The following explanation of how this bank may assist under the amendment was given in its circular of March 4, 1935, to all banks in the district:

"Assume that a certain business several years ago had adequate working capital, but, as a result of conditions during the past few years, it has depleted its working capital to such an extent that it is handicapped in taking care of prospective business. The enterprise has sufficient assets and profitable business in prospect to justify a loan for the purpose of replenishing its working capital. It is conceded that payment of the loan can not be made in ninety days or six months, but, if the business is to continue normal operations, it will require a longer period for payment . . .

"In such a case, the Federal Reserve bank is ready and willing to cooperate with a bank or other financing institution by reviewing the loan and, if found satisfactory, by executing a commitment agreeing to purchase or discount the loan at any time during the life of the commitment. The commitment stipulates the percentage of loss on the loan which may be sustained by the financing institution (not less than 20 per cent) and the Federal Reserve bank (up to 80 per cent), if acquired by the latter . . .

"In exceptional circumstances, when it appears to the satisfaction of the Federal Reserve bank that an established industrial or commercial business is unable to obtain the requisite financial assistance on a reasonable basis from the usual sources, the Federal Reserve bank may make direct loans to, or purchase obligations of, such business, or make commitments with respect thereto, on a reasonable and sound basis, for the purpose of providing it with working capital . . ."

The volume of industrial commitments outstanding and the amount of working capital loans held by this bank, as well as the rates thereon, are given on page 7 of this review.

Additional information and application blanks will be furnished gladly by the Federal Reserve Bank of St. Louis.

IN the Eighth District industry and commerce through April and the first half of May was marked by a considerable degree of unevenness. In the main, changes from the similar period immediately preceding were influenced by seasonal considerations, with the principal factor making for decreased activities being the long spell of unseasonably cold and wet weather. The movement of all descriptions of spring merchandise through retail channels was greatly restricted by the almost continuous rains, and this reacted adversely on the wholesaling and jobbing trade and certain phases of productive activities. In practically all manufacturing lines investigated by this bank operations receded from March to April, and production as a whole for the latest month was below that of the corresponding period a year ago. Owing to lateness of the season and price uncertainties, merchants generally were disposed to purchase with more caution and conservatism than was the case during the past several months. In numerous instances manufacturers were following the policy of using up inventories of raw materials and acquiring only such additional amounts as required for immediate needs.

Of the wholesale lines investigated, April sales of electrical supplies, packing and hardware showed increases both as compared with the preceding month and a year ago. Boots and shoes increased contra-seasonally from March to April, but decreased slightly below a year ago, and decreases in both the month-to-month and yearly comparisons were recorded in dry goods and drugs and chemicals. Substantial gains were recorded in April sales of furniture and groceries over that month in 1934, but decreases under March this year. Sales of automobiles increased sharply over the April, 1934, total and also showed a moderate increase over the preceding month. While receding somewhat from its peak for the year, the iron and steel industry in this district continued at a high rate of activity. As has been the case for the past several months, relatively the best showing was made by specialty makers, notably of farm implements, stoves, house-

hold appliances, etc. Production of bituminous coal in fields of the district decreased in somewhat larger than the seasonal amount from March to April. Activities in the lead and zinc mining fields in early May were greatly curtailed by labor troubles.

Effects of the wet weather on distribution were most acutely felt in the rural areas, and more particularly flooded sections. Purchasing of farm supplies of all descriptions was deferred, sales of seeds, plants, insecticides, and kindred commodities being in measurably smaller volume than during the same period a year ago. Planting of spring crops is from two to three weeks behind the seasonal schedule, and in many localities these operations will be further held back by wet soggy fields. At mid-May indications were that an unusually large amount of replanting of tobacco, cotton and some other crops would be necessary. As an offset to these conditions, however, has been the beneficial effect on soil conditions from the abundant moisture, following four years of deficient rainfall. The condition of the growing wheat crop is high, with indications for a yield in states of this district approximately 16 per cent above the five-year (1928-1932) average. Pastures and the condition of livestock have also undergone marked improvement.

According to officials of railroads operating in this district, all classifications of freight handled, with the exception of forest products, ore and miscellaneous, continued the downward tendencies noted during the preceding thirty days. Decline in the movement of coal and coke was somewhat greater than the seasonal average. For the year to date, total volume is slightly below that for the like period in 1934, but measurably larger than in 1933. For the country as a whole loadings of revenue freight for the first 18 weeks this year, or to May 4, totaled 10,382,849 cars, against 10,510,874 cars for the like period in 1934 and 8,801,977 cars in 1933. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 75,298 loads in April, which compares with 75,939 loads in March and 73,693 loads in April, 1934. For the first nine days of May the interchange amounted to 20,954 loads, against 21,720 loads during the corresponding period in April, and 21,979 loads during the first nine days of May, 1934. Passenger traffic of the reporting lines in April was 9 per cent smaller than for the same month last year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in April was 153,900 tons, against 108,468 tons in March, and 90,489 tons in April, 1934.

The general status of collections in the district during April and the first half of May was some-

what less favorable than during the preceding several months. In the main, April settlements with wholesaling and jobbing interests compared favorably with recent records and a year ago, the recessionary tendencies being manifest principally in payments to retailers in the rural areas. This was ascribed in large part to the continuous rains and lateness of the planting season, also preoccupation of farmers with spring work. Backwardness of the season for early fruits and vegetables has militated against collections in areas where these crops are important. In the tobacco sections liquidations has been in considerable volume, following completion of marketing of the 1934 crop. Considerable spottiness is reported in their collections by retail merchants in the chief urban centers. Questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
April, 1935.....	2.3%	36.8%	55.2%	5.7%
March, 1935.....	2.4	36.8	52.8	8.0
April, 1934.....	3.1	44.3	50.6	2.0

Commercial failures in the Eighth Federal Reserve District in April, according to Dun and Bradstreet, numbered 42, with liabilities of \$460,527, against 44 defaults in March, with liabilities of \$590,762, and 24 failures for a total of \$305,505 in April, 1934.

MANUFACTURING AND WHOLESALING

COMMODITY	NET SALES COMPARISON			STOCKS ON HAND
	April, 1935 compared to Apr. 1934	Mar. 1935	4 months ending April 30, 1935 compared to 1934	Apr. 30, 1935 compared to Apr. 30, 1934
Boots and Shoes.....	- 3.8%	+ 6.7%	-12.4%	+60.5%
Drugs and Chemicals..	- 5.4	- 3.3	- 6.5	+49.7
Dry Goods.....	- 6.5	- 7.3	-15.3	-13.9
Electrical Supplies....	+10.9	+10.3	+ 9.4	+11.1
Furniture.....	+23.7	- 8.6	+18.4	-14.1
Groceries.....	+11.9	- 2.6	+ 4.6	- 3.3
Hardware.....	+15.3	+ 2.9	+ 5.7	- 2.9
Total.....	- 0.2	+ 0.9	- 8.4	+11.2

Boots and Shoes — April sales of the reporting interests increased from March contrary to the usual seasonal experience, expectations being for a decrease of approximately 4 per cent. For the fourth successive month the April total fell below that of the corresponding month a year earlier. Inventories decreased slightly during the month, but continued substantially larger than last year. Factory operations declined in April, both as contrasted with the preceding month and a year ago. There was little change in the ratio of accounts outstanding to net sales between March and April.

Clothing — Adverse weather conditions prevailing generally through the district have tended to hold down the movement of apparel through retail channels, and this has reacted upon the business of

producers, wholesalers and jobbers. April sales of the reporting clothiers fell 4.5 per cent below the preceding month and 11 per cent below a year ago. Inventories decreased 11 per cent between April 1 and May 1 and on the latest date were 7 per cent less than a year earlier. Manufacturers of certain lines of women's and children's clothing report advance ordering in slightly smaller volume than at this time in 1934.

Drugs and Chemicals — A decrease in sales of the reporting firms of 3.0 per cent from March to April, was of about the usual seasonal proportions. The late spring and continuous rains have had a tendency to hold down the movement of a number of lines, notably fertilizers and insecticides. Demand for heavy drugs and chemicals from the general manufacturing trade showed further slight contraction. Prices showed no appreciable change as compared with the preceding sixty days.

Dry Goods — Price uncertainties and unfavorable weather were the principal influences in declines in April sales in this classification, both as compared with the preceding month and a year ago. Retailers generally are unwilling to augment their commitments until a more definite estimate of probable future values is possible. Reports covering the first half of May indicate sales volume running behind that of the comparable period in 1934.

Electrical Supplies — Demand for practically all lines of electrical supplies continues the steady expansion of the past several months. The increase in sales of the reporting firms from March to April, of 10 per cent was approximately double the usual seasonal expectations. Some betterment in the movement of pole and line hardware was noted, also moderate gain in demand for electrical installations.

Flour — Production at the 12 leading mills of the district in April totaled 200,569 barrels, against 203,764 barrels in March, and 224,482 barrels in April, 1934. The market as a whole developed no important changes as contrasted with the preceding month. Prices fluctuated in a narrow range, and purchasing by all classes of consumers was on a hand-to-mouth basis. Mill operations were at from 45 to 50 per cent of capacity.

Furniture — New orders booked during April by the reporting interests registered a decrease of about the usual extent. Shipments continued the steady expansion noted since January. Inventories increased slightly between April 1 and May 1, and on the latest date were 14 per cent smaller than a year ago. There was no change in prices as compared with the preceding three months.

Groceries — Lateness of the spring has adversely affected sales of farm supplies and other merchandise consumed chiefly in the rural areas. Generally though the district purchasing of seeds and kindred lines has been in smaller volume than a year ago. Demand for canned goods has been stimulated by the backward movement of early fruits and truck crops. The trend of prices continued upward.

Hardware — A contraseasonal increase of 3 per cent in sales of the reporting interests from March to April took place which contrasts with a decrease of 15 per cent in the comparison a year earlier. Despite the unfavorable weather, sales of hand implements, repair materials and other farm supplies were reported in considerable volume. Further moderate betterment was noted in builders' tools and hardware.

Iron and Steel Products — Lessened new demands from important consuming interests and a tapering off of seasonal requirements were reflected in a slight recession in activities in the iron and steel industry in this district as contrasted with the year's high levels of February and March. The slowing down was by no means general, some branches having maintained the progress achieved earlier in the year, and in the case of a number of establishments, further progress was recorded. Effects of labor disturbances in the automotive industry had only a moderately restraining effect, releases on castings and other commodities continuing in considerable volume. Operations at structural iron and steel fabricating plants during April were at approximately 30 per cent of capacity, a decrease of about 2 per cent from the March average. Purchasing by the railroads continued on a necessity basis, material taken being chiefly for repair work. Orders for new equipment were negligible. Jobbing and warehouse interests reported April volume slightly in excess of the March total, despite the retarded movement of certain materials due to unseasonably cool and wet weather. Demand for wire products in the rural areas showed less than the ordinary seasonal expansion. In the face of a noticeable slowing down in shipments of pig iron during the final week of April, the total for the month was measurably larger than during March and the heaviest since last summer. The movement was stimulated by a desire on the part of melters to get in their material prior to the effective date of the advance in freight rates, April 18. Aside from the halting in the decline in scrap iron and steel, prices showed no change worthy of mention. For the country as a whole, production of pig iron in April, according

to the magazine "Steel," totaled 1,671,556 tons, against 1,770,990 tons in March, and 1,736,217 tons in April, 1934. Steel ingot production in the United States in April was 2,606,311 tons, against 2,830,700 tons in March, and 2,897,808 tons in April, 1934.

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	
	Apr. 1935 comp. to Apr. 1934	4 months ended Apr. 30, 1935 to same period 1934	Apr. 30, 1935 comp. to Apr. 30, 1934	Jan. 1, to Apr. 30, 1935	1934
El Dorado, Ark.....	- 0.4%	+ 8.4%	+ 4.3%	.86	.81
Evansville, Ind.....	+ 9.0	-16.0	-29.2	.65	.58
Fort Smith, Ark.....	+ 6.5	+ 3.7	- 7.1	.75	.72
Little Rock, Ark.....	+ 8.7	- 5.1	- 2.7	.72	.74
Louisville, Ky.....	+ 2.4	+ 5.1	+ 6.4	1.20	1.13
Memphis, Tenn.....	+ 9.2	- 0.2	+ 7.4	.98	1.03
St. Louis, Mo.....	- 3.7	- 0.7	- 4.1	1.25	1.19
Springfield, Mo.....	+ 2.3	+ 0.2	-18.7	.71	.59
All Other Cities.....	+10.4	+ 6.0	- 0.6	.97	.89
8th F. R. District..	+ 0.1	- 0.3	- 1.8	1.11	1.07

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

PERCENTAGE OF COLLECTIONS BY CITIES

El Dorado, Ark.....	52.7%	Memphis, Tenn.....	44.2%
Fort Smith, Ark.....	38.7	Springfield, Mo.....	24.7
Little Rock, Ark.....	37.6	St. Louis, Mo.....	54.9
Louisville, Ky.....	47.4	All Other Cities.....	34.1
8th F. R. District.....	49.2%		

Retail Stores

	Net sales comparison		Stocks on hand	Stock turnover	
	Apr. 1935 comp. to Apr. 1934	4 months ended Apr. 30, 1935 to same period 1934	Apr. 30, 1935 comp. to Apr. 30, 1934	Jan. 1, to Apr. 30, 1935	1934
Men's Furnishings	+46.8%	+ 3.2+	- 6.6%	.82	.76
Boots and Shoes	+ 7.8	- 4.0	+ 0.9	.92	.96

AUTOMOBILES

Combined passenger car, truck and taxicab production in the United States in April was 477,716, against 429,830 in March, and 354,745, revised figure, in April, 1934.

Following the usual seasonal trend, distribution of automobiles in this district in April, according to dealers reporting to this bank, increased slightly over the preceding month, and the total was substantially greater than a year ago, and incidentally the largest for any April since 1930. The increase from March to April was considerably less than the average in recent years, which fact is ascribable in large measure to the unusually heavy sales earlier in the year. As has been the case for a number of months, interest centered mainly in cheap priced cars, sales of dealers handling vehicles of the two leading manufacturers in this field representing 62 per cent of the entire April business. Demand for trucks was less active than heretofore, April sales showing a decrease of 22 per cent and 8 per cent, respectively, as compared with a month and a year earlier.

April sales of new passenger cars by the reporting dealers were 1.2 per cent larger than during the preceding month and approximately 60 per cent in excess of the April, 1934, total. In response to the broadening demand, dealers were purchasing somewhat more freely from the factories, their stocks as of May 1, being 22 per cent and 18 per cent larger, respectively, than a month and a year earlier. Sales of secondhand cars in April showed a moderate gain over March, and an increase of 36 per cent over the April, 1934, volume. Owing to the marked expansion of new vehicle sales, dealers' stocks of trade-in cars have shown considerable rise. Inventories of salable secondhand cars held on May 1 were greater by one-third than on April 1, and more than double those a year ago. According to dealers reporting on that item, deferred payment sales in April constituted 46 per cent of their total sales, the same as in March, and comparing with 48 per cent in April, 1934.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in April was 29.9 per cent smaller than in March, and 39.6 per cent less than in April, 1934. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in April, amounted to \$8,689,387, which compares with \$8,587,110 in March, and \$7,983,325 in April, 1934. Production of portland cement for the country as a whole in April, totaled 6,136,000 barrels, against 4,299,000 barrels in March, and 6,544,000 barrels in April, 1934. Building figures follow:

	New construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1935	1934	1935	1934	1935	1934	1935	1934
Evansville	46	3	\$ 196	\$ 12	115	188	\$ 44	\$ 34
Little Rock	7	12	8	70	106	96	19	23
Louisville	58	38	168	320	77	73	51	116
Memphis	193	160	127	69	252	176	90	58
St. Louis	225	165	458	1,114	195	228	113	92
April Totals	529	378	957	1,585	745	761	317	323
March	506	353	1,365	338	734	557	352	222
Feb.	369	227	510	251	475	404	301	302

*In thousands (000 omitted).

LIFE INSURANCE

Sales of new, paid-for, ordinary life insurance in states including the Eighth District during April, the preceding month, and a year ago, together with the cumulative totals for the first four months this year and the comparable period in 1934 are shown in the following table:

(In thousands of dollars)	Apr., 1935	Mar., 1935	Apr., 1934	Jan.-Apr., 1935	Jan.-Apr., 1934	Cumul. change
Indiana.....	\$ 12,561	\$ 11,258	\$ 12,508	\$ 48,795	\$ 43,215	+12.9%
Illinois.....	44,255	45,829	49,050	193,521	181,890	+ 6.4
Missouri.....	14,949	16,718	18,560	68,083	70,975	- 4.1
Kentucky.....	6,390	5,895	5,549	23,203	21,234	+ 9.3
Tennessee.....	5,526	5,390	6,130	24,619	23,674	+ 4.0
Mississippi.....	2,228	2,466	2,624	9,216	9,203	+ 0.1
Arkansas.....	3,022	2,418	2,705	12,156	11,632	+ 4.5
Totals.....	88,931	89,974	97,126	379,593	361,823	+ 4.9
United States...	540,280	545,450	581,433	2,264,846	2,095,560	+ 8.1

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district report consumption of electric current by selected industrial customers in April, as being 3.7 per cent larger than in March, and 9.0 per cent more than in April, 1934. Detailed figures follow:

	No. of Custom- ers	Apr., 1935 *K.W.H.	Mar., 1935 *K.W.H.	Apr. 1935 comp. to Mar. 1935	Apr., 1934 *K.W.H.	Apr. 1935 comp. to Apr. 1934
Evansville	40	2,673	2,975	-10.2%	2,400	+11.4%
Little Rock..	35	1,523	1,370	+11.2	1,375	+10.8
Louisville	83	7,679	7,312	+ 5.0	6,757	+13.6
Memphis	31	1,728	1,829	- 5.5	1,761	- 1.9
St. Louis.....	192**	17,625	16,629**	+ 6.0	16,363	+ 7.7
Totals.....	381**	31,228	30,115**	+ 3.7	28,656	+ 9.0

*In thousands (000 omitted).
**Revised figures.

AGRICULTURE

Spring weather conditions generally throughout the Eighth District have been adverse to progress of agricultural operations, preparations for and planting of crops are much behind the seasonal schedule. In practically all states, precipitation during April and the first half of May was excessive and temperatures below normal. In certain areas, according to the U. S. Weather Bureau, April was the coolest since 1928, and reports covering the first half of May indicate a continuance of this condition. In addition to delays occasioned by almost steady rains, an appreciable amount of damage has been wrought by overflowing of rivers and streams. At mid-May indications were that an unusually large amount of replanting of cotton, potatoes and certain other crops would be necessary. On the other hand the moisture has proved beneficial to fall planted grains and pastures. Sub-soil conditions are the best in a number of years, and wells, water holes, creeks, and other sources of water supply have been replenished after the cumulative deficiency of several years of drouth. In the main the condition of winter wheat is favorable, though since the second week of May there has been an increasing number of complaints of rank growth and yellowing fields, due to lack of sunshine and excessive precipitation.

Pastures and meadow conditions are considerably better than a year ago, but as an offset to this favorable development, the shortage of feeds, occasioned by last year's severe drouth, is still being acutely felt in many sections. Stocks of all hay on farms in states of the district as of May 1, were 19 per cent smaller than on the same date in 1934, and 43 per cent below the 5-year (1928-1932) average. Eighth District farm prices continued to hold the gains achieved during recent months. Typical of the entire area is Missouri, where out of 50 commodities surveyed in April, 42 were higher than last

year, and only 7 less. Comparing prices in April, 1935, with April, 1933, every one of the 50 commodities covered was higher, increases ranging from 25 to 200 per cent. Farm labor conditions showed little change as contrasted with a month and a year earlier. Demand for farms and farm values continues upward, particularly in the southern sections of the district.

The following information relative to specific crops is based on latest reports of the U. S. Department of Agriculture, State agricultural departments, trade associations, etc.

Winter Wheat — Based on the May 1 condition, the U. S. Department of Agriculture estimates the winter wheat yield in states entirely or partly within the Eighth District at 96,086,000 bushels, a decrease of 3.5 per cent from the April 1 forecast, and comparing with 90,493,000 bushels harvested in 1934, and the 5-year (1928-1932) average of 82,742,000 bushels. Quite generally the crop is well rooted and stands are good, though lack of sunshine, low temperatures and too much rain have caused appearance of rust and yellowing in many fields. While for the country as a whole abandonment of acreage is heavy, present Eighth District indications are that relatively little of the acreage planted last fall will not be harvested.

Corn — Wet fields have seriously handicapped seasonal farm work, with the result that relatively little corn has been planted, which condition contrasts with a year ago when from 50 to 75 per cent of the district corn acreage had been put in at mid-May. In many sections, particularly in fertile river and creek bottoms, standing water will further delay breaking of the soil and seeding of the crop. Stocks of old corn are light, particularly prime seed.

Fruits and Vegetables — The general condition of fruits and vegetables in this district at the middle of May was considerably more promising than at the same time a year earlier, and somewhat above the 10-year average. The outlook for apples is in the main favorable, with a minimum of winter damage reported. Excessive rains have caused a heavy drop, and interfered with pollination. Peach prospects are spotty, but in the main auspicious, practically all orchards having shown heavy bloom, with injury from spring freezes unusually light. Curculio infestation is reported present in many orchards and threatens material damage unless favorable weather intervenes for its eradication. The condition of the early potato crop as of May 1, was above average in the south, but definite condition reports on the northern tiers of the district were lacking, and planting has been delayed by rains. The straw-

berry yield will be below that of a year ago, plants generally showing the effects of the drouth conditions prevailing during the past several years. Farm and home gardens are backward, due to the wet, cold spring, but are being planted on a more extensive scale than in the past.

Live Stock — Lateness of the spring has more or less complicated the general shortage of feed. On many farms in last year's drouth area, hay supplies were practically exhausted at the end of April. In states of this district, according to the U. S. Department of Agriculture, reserves of hay on farms as of May 1 were 1,098,000 tons, the smallest in recent years, and comparing with 1,353,000 tons on that date in 1934, and the 5-year (1928-1932) average of 1,941,000 tons. The recent improvement in the condition of pastures, however, has materially helped the situation.

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

	Receipts			Shipments		
	Apr., 1935	Mar., 1935	Apr., 1934	Apr., 1935	Mar., 1935	Apr., 1934
Cattle and Calves.....	100,804	84,619	90,891	58,976	46,221	41,374
Hogs	187,207	190,808	257,196	117,875	107,711	133,380
Horses and Mules.....	6,295	8,666	6,160	6,977	7,704	5,444
Sheep	61,935	54,480	36,825	17,798	5,446	5,297

Cotton — Frequent rains, accompanied by unseasonably low temperatures through April and the first half of May have greatly interfered with soil preparation and planting, and generally the crop is from two to three weeks late. In sections where cotton is up, the cool weather has retarded germination. There are numerous reports of soil packing and erosion caused by the heavy rains. In the northern sections planting was hardly 50 per cent completed at mid-May and in Arkansas and Mississippi considerable replanting will be necessary. Indications are that acreage will be largely governed by Bankhead controlled law restrictions. According to statistics compiled by the National Fertilizer Association, fertilizer tag sales in states including the Eighth District in April were 34 per cent and 60 per cent larger, respectively, than for that month a year and two years earlier; sales for the January-April period this year were 17 per cent larger than for the comparable period in 1934, and more than double those for the period in 1933. The trend of prices was upward during the first half of May. In the St. Louis market the middling grade ranged from 11.40c to 12.05c per pound between April 16 and May 15, closing at 12.00c on the latest date, which compares with 11.55c on April 16, and 11.20c on May 15, 1934. Receipts at Arkansas compresses from August 1, 1934, to May 3, 1935, totaled 813,507 bales, against 997,734 bales during the comparable

period a year earlier. Stocks on hand as of May 4, totaled 493,628 bales, against 514,580 bales on April 5, and 376,233 bales on the corresponding date in 1934.

Tobacco — Continuous heavy rains not only seriously interfered with farm work, but in many sections soil which had been cultivated has been badly washed and packed so that further attention will be necessary before the transplanting can be accomplished. In parts of the burley district the ground is too wet to work, while elsewhere some progress has been made in cultivating, however, not more than 25 per cent of the burley crop had been planted as of May 18. In the air-cured section planting has barely started and only a small percentage of the intended acreage has been put in. Recent weather has been more favorable in the eastern fired district, and it is estimated that from 25 to 30 per cent of the intended acreage has been planted in the Springfield section. In the Clarksville area 40 to 50 per cent of intended acreage has been planted and in the Hopkinsville section from 50 to 60 per cent; whereas in the western fired district rains have retarded work and according to estimates not more than 15 to 20 per cent of the intended acreage has been set. Plants are mainly in good condition for transplanting.

There is but little trading in burley tobacco of any description. Stocks of air-cured leaf in dealers' hands are limited. Demands are steadily increasing for dark-fired lugs both in old and new crops. Old stocks of lugs and common leaf in independent dealers' hands are smaller than in a number of years. Accumulation of old crops, plus receipts of the 1934 crop are giving the Marketing Association in both the eastern and western districts a large stock of dark-fired tobacco, which is held at firm prices.

COMMODITY PRICES

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

	High	Low	Close	
			May 15, 1935	May 15, 1934
Wheat				
May	per bu. \$1.00½	\$.83¾	\$.88¾	\$.86¾
July	"	.97½	.89¾	.90½
*Sept.	"	1.00¾	.90¾	.84½
No. 2 red winter	"	1.01	.92¾	.85¾
No. 2 hard	"	1.09½	1.03½	.92¾
No. 2 white	"			1.03¾
Corn				
May	"	.93¾	.86¾	.88¾
July	"	.87¾	.81	.83
*Sept.	"	.83	.75½	.77¾
No. 2 mixed	"	.92½	.88	.88
No. 2 white	"	.96½	.91½	.90½ @ .91½
Oats				
No. 2 white	"	.53¾	.45¾	.45½ @ .35½
Flour				
Soft patent.....	per bbl.	6.45	5.95	5.95 @ 6.45
Spring	"	7.75	7.55	7.55 @ 7.70
Middling Cotton...	per lb.	.1205	.1140	.1200 @ 1.200
Hogs on hoof.....	per cwt.	9.40	5.00	5.00 @ 9.35
				1.75 @ 3.55

*Nominal quotations.

FINANCIAL

The banking and financial situation in the Eighth District, insofar as reflected by figures of the reporting member banks, underwent no changes of moment during the past thirty days as contrasted with the similar period immediately preceding. Demand for credit from commercial and industrial groups remained quiet, and the late spring has held back borrowing in the rural areas. Liquidation by mercantile customers of the large city banks was in considerable volume, the total of settlements being in excess of new loans and renewals.

Deposits continued the upward trend of recent months, reaching a new high for the year in the second week of May. Borrowings of country banks from their city correspondents receded further. In rural sections of the south there are continued evidences of banks reducing or discontinuing the payment of interest on time deposits. Investments of individuals in Government and other high grade securities have materially increased.

Commercial Banking — Between April 10 and May 8, total loans and investments of reporting banks in the leading cities increased 5 per cent, the expansion being due entirely to heavier holdings of securities, loans having decreased by 4.6 per cent. Deposits increased 3.2 per cent during the period, and at \$610,357,000 on May 8 were 15.3 per cent larger than a year ago.

A composite statement of the principal resource and liability items of the reporting member banks is given in the following comparative table:

(In thousands of dollars)	May 8, 1935	April 10, 1935	May 9, 1934
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations and other stocks and bonds.....	\$ 58,801	\$ 64,047	\$ 73,615
All other loans and discounts....	149,575	154,264	135,151
Total loans and discounts.....	208,376	218,311	208,766
Investments			
U. S. Gov't securities.....	251,924	219,901	193,991
Other securities.....	128,505	122,402	94,452
Total investments.....	380,429	342,303	288,443
Reserve balance with F. R. Bank..	62,307	72,561	85,585
Cash in vault.....	8,856	8,435	8,049
Deposits			
Net demand deposits.....	424,276	403,190	340,860
Time deposits.....	167,481	166,227	163,864
Government deposits.....	18,600	21,746	24,821
Total deposits.....	610,357	591,163	529,545
Bills payable and rediscounts with Federal Reserve Bank.....			
Number of banks reporting.....	19	19	19

The total resources of these banks comprise approximately 60.0% of all member banks in this district.

The amount of savings deposits held by selected banks on May 1, was 1.5 per cent greater than on April 3, and 14.4 per cent in excess of the total on May 2, 1934.

Interest rates continued at or about the low levels prevailing in recent months. At St. Louis as

of the week ended May 15, quotations were as follows: Customers' prime commercial paper, 1½ to 5½ per cent; collateral loans, 2 to 6 per cent; loans secured by warehouse receipts, 2 to 5 per cent, and cattle loans, 4 to 6 per cent.

Federal Reserve Operations — The volume of credit outstanding at the Federal Reserve Bank of St. Louis, as of May 18, was practically unchanged from a month earlier, but continued approximately 16 per cent greater than on the corresponding date in 1934.

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

(In thousands of dollars)	May 18, 1935	Apr. 18, 1935	May 18, 1934
Industrial advances under Sec. 13b.....	\$ 558	\$ 543	\$ 131
Other advances and rediscounts.....	14	7	121
Bills bought (including participations)..	81	99	93,200
U. S. Securities.....	108,200	108,200	93,200
Total earning assets.....	108,853	108,849	93,452
Total Reserves	162,391	184,517	196,109
Total deposits	126,063	145,244	148,115
F. R. Notes in circulation.....	138,683	140,448	134,362
F. R. Bank Notes—liability.....			269
Industrial commitments under Sec. 13b	1,650	1,492
Ratio of total reserves to deposit and F. R. note liabilities.....	61.3%	64.6%	69.4%

Rates charged by the Federal Reserve Bank of St. Louis 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 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.

Debits to Individual Accounts — The following comparative table of debits to individual accounts reflects spending trends in this district:

(In thousands of dollars)	Apr., 1935	Mar., 1935	Apr., 1934	Apr. 1935 comp. to Mar. 1935	Apr. 1934
East St. Louis and Natl.					
Stock Yards, Ill. \$	24,712	\$ 23,698	\$ 18,833	+ 4.3%	+ 31.2%
El Dorado, Ark.....	3,962	3,709	3,847	+ 6.8	+ 3.0
Evansville, Ind.....	19,594	19,180	15,728	+ 2.2	+ 24.6
Fort Smith, Ark....	8,287	8,361	7,092	- 0.9	+ 16.8
Greenville, Miss....	3,489	4,044	2,521	- 13.7	+ 38.4
Helena, Ark.....	1,531	1,474	1,386	+ 3.9	+ 10.5
Little Rock, Ark....	27,901	28,423	20,683	- 1.8	+ 34.9
Louisville, Ky.....	140,802	139,467	128,939	+ 1.0	+ 9.2
Memphis, Tenn.....	94,187	100,643	93,086	- 6.4	+ 1.2
Owensboro, Ky.....	3,929	4,532	3,006	- 13.3	+ 30.7
Pine Bluff, Ark....	5,023	5,886	4,509	- 14.7	+ 11.4
Quincy, Ill.....	6,676	5,641	6,067	+ 18.3	+ 10.0
St. Louis, Mo.....	474,828	497,981	429,966	- 4.6	+ 10.4
Sedalia, Mo.....	1,808	1,756	1,495	+ 3.0	+ 20.9
Springfield, Mo....	12,235	11,610	10,444	+ 5.4	+ 17.1
*Texarkana, Ark.-Tex.	5,252	4,700	5,122	+ 11.7	+ 2.5
Totals	834,216	861,105	752,724	- 3.1	+ 10.8

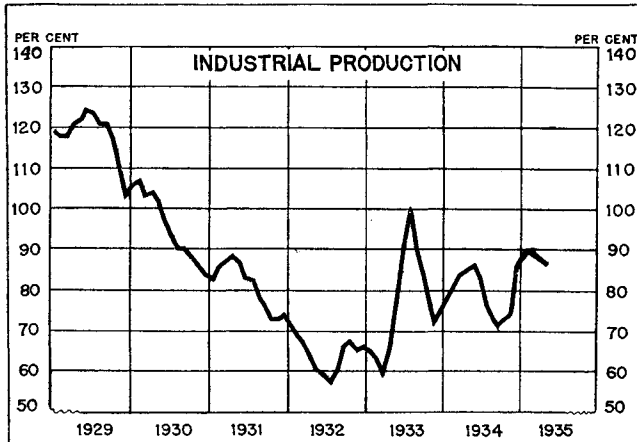
*Includes on bank in Texarkana, Texas, not in Eighth District.

Note — Above figures include 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. Charges to accounts of banks, debits in settlement of clearing house balances, payments of cashiers' checks, charges to expense and miscellaneous accounts, corrections and similar charges, are not included.

BUSINESS CONDITIONS IN THE UNITED STATES

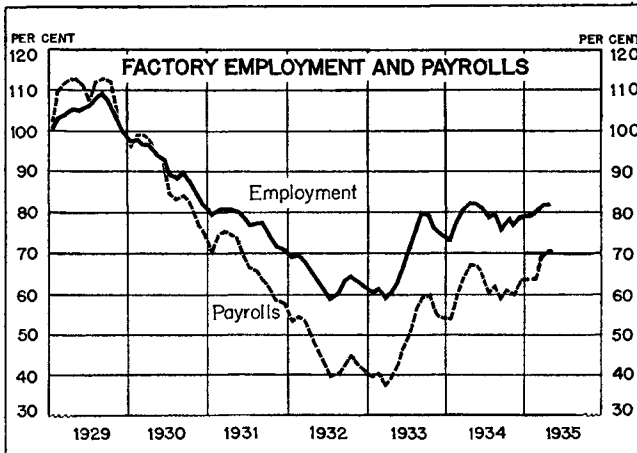
Factory production and employment showed little change in April, while output at mines declined. Residential construction showed a further increase.

PRODUCTION AND EMPLOYMENT—Combined output of factories and mines, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, declined from 88 per cent of the 1923-25 average in March to 86 per cent in April. This downward movement reflected chiefly decreases in the output of steel, cotton and silk textiles, and bituminous coal, offset in part by increased mill consumption of



Index number of industrial production, adjusted for seasonal variation. (1923-1925 average=100.) Latest figure, April, preliminary 86.

wool, and larger output of anthracite. At steel mills output declined from 49 per cent of capacity in March to 45 per cent in April and, according to trade reports, showed a further slight decline in the first three weeks of May. In the automobile industry there was a further increase in production during April, followed by a decline in the early part of May, partly as a consequence of labor disputes. In the tobacco industry activity was maintained at recent high levels. Output of bituminous coal declined sharply at the beginning of April, following a period of relatively high production earlier in the year. The total number employed in factories was about the same in the middle of April as a month earlier and factory payrolls also showed little change.



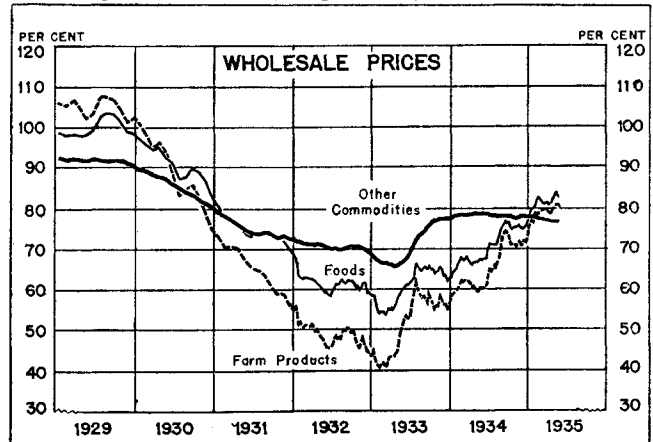
Indexes of factory employment and payrolls, without adjustment for seasonal variation. (1923-1925 average=100.) Latest figures April, factory employment, 82.4, payrolls, 70.7, March, revised, 70.7.

Declines in employment were reported for railroad repair shops and textile mills, while in the machinery industries employment continued to increase and in the men's clothing industry it showed none of the usual seasonal decline. In agriculture and in the building industry employment increased seasonally. Total value of construction contracts of all kinds, as reported by the F. W. Dodge Corporation, showed little change from March to April. A further increase in residential projects was offset in the total by a decline in contracts for other types of construction.

DISTRIBUTION—Total freight-car loadings declined in April, contrary to seasonal tendency, chiefly as a consequence

of a large decrease in shipments of bituminous coal. Department store sales, which had shown a sharp increase in March, increased by considerably less than the estimated seasonal amount in April.

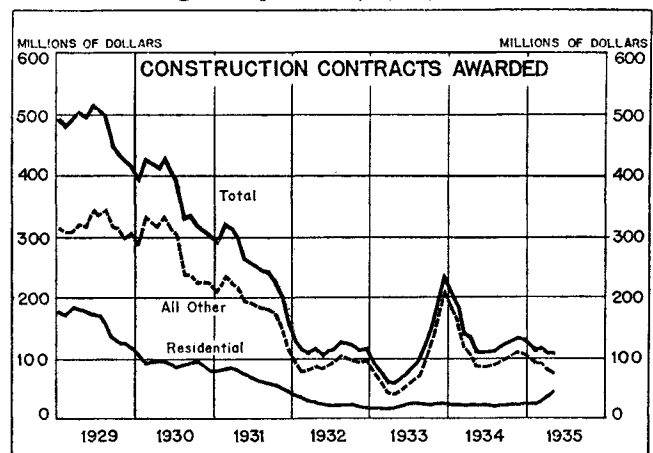
COMMODITY PRICES—The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, has shown little change since the middle of April, following an increase in the early part of the month, and in the week ending May 18 was at 80.0 per cent of the average as compared with 79.9 per cent in the week ending April 13. For this period the prices of cotton, hogs, hides, and non-ferrous metals



Indexes of the United States Bureau of Labor Statistics. (1926=100.) By months 1929 to 1931; by weeks 1932 to date. Latest figures for week ended May 18, farm products, 80.9; foods, 83.8; other commodities, 77.6.

increased somewhat, while grains and butter declined. In the following week there were further increases in the prices of hogs and of lead, while prices of wheat decreased further.

BANK CREDIT—During the five weeks ended May 22 member bank balances with the Federal Reserve banks increased to \$4,820,000,000, the highest figure on record, and excess reserves rose to a new high level of over \$2,350,000,000. The principal factors in the increase of member bank reserve balances were the disbursement by the Treasury of \$240,000,000 of funds previously held in the form of cash or on deposit with the Federal Reserve banks and further gold imports of \$90,000,000.



Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figures April, preliminary total, 107.8; residential, 32.6; all other, 75.2.

Deposits of reporting banks in leading cities increased further during the four-week period ended May 15, reflecting chiefly disbursements by the United States Treasury. Yields on short-term Government securities declined slightly further during this period, while other short-term open-market money rates remained at low levels. The discount rate was reduced from 2 per cent to 1-1/2 per cent at the Federal Reserve Bank of Cleveland and from 2-1/2 per cent to 2 per cent at the Richmond, Minneapolis, Kansas City and Dallas banks. Rates are now 1-1/2 per cent at New York and Cleveland, and 2 per cent at all the other Reserve banks.