



# 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

## WORKING CAPITAL LOANS

*Supplemental information regarding loans and commitments under Section 13b of the Federal Reserve Act, which authorizes the Reserve banks to aid in providing working capital for established industrial or commercial businesses for periods of not exceeding five years:*

### An Actual Case

In a medium-sized town in this district, a manufacturing concern, employing between 200 and 300 people, needed a substantial loan for a relatively long period in order to carry on. The desired maturity was not acceptable to the banks in its community, so the company consulted the Federal Reserve Bank of St. Louis.

Upon investigation, we found that the company had sufficient orders on hand from reputable customers to warrant the loan. We then suggested to the company that it again contact a commercial bank with the view of having it consider the application in connection with Section 13b.

After going into the case thoroughly, the bank satisfied itself that a sound loan could be made. It would have a reasonable maturity, and be secured by real estate, plant, equipment, and contracts. The bank offered to make the entire advance if we would issue a commitment, wherein we would agree to take over the loan at any time during the life of the commitment and assume an agreed percentage of the risk.

Our Industrial Advisory Committee and Discount Committee approved the application, and we gave the bank a commitment on the basis mentioned, charging the current rate of 1/2% flat for six months. The original commitment on this loan expired recently and was renewed.

A late statement submitted by the company shows that the loan has enabled it to go ahead with its production program, resulting in a profit for the past six months, whereas it had been operating at a loss. The arrangement furnished the bank a sound earning asset, improved the status of the company, permitted continued employment, and helped the general situation.

### Accommodations Extended

Assistance has been rendered to various wholesalers and retailers, as well as to manufacturers and other producers.

In addition to commitments, this bank has made some direct loans when it has appeared that the requisite financial assistance could not be obtained on a reasonable basis from the usual sources.

The commitments outstanding and the working capital loans held by the Federal Reserve Bank of St. Louis, as well as the rates thereon, are given on page 7 of this Review.

Additional information will be furnished gladly on request.

**G**ENERAL business in the Eighth District during June and the first half of July developed some spottiness and irregularity, but taking into consideration the usual seasonal factors, unfavorable weather throughout June and more or less serious flood conditions, the exhibit as a whole was decidedly good. Purchasing of commodities by merchants, both wholesale and retail, is on a more conservative scale than earlier in the year, this attitude being attributable to price uncertainties incident to abolishment of the NRA codes and the outcome of crops. Potential demand for goods of all descriptions, but more particularly consumer goods, continues in considerable volume, and apparently purchasing power exists for filling requirements. In wholesaling and jobbing lines, where June sales fell below those of the same month last year, the decreases were mainly in advance business. Orders for prompt shipment in June compared favorably with the preceding several months and the like period in 1934. Employment and payrolls of representative industries in the district declined in somewhat less than the usual seasonal amount during June. This was due partly to the well sustained activities at certain plants in the iron and steel category, notably farm implements, stoves and heating apparatus and household appliances, also to producers of building materials. Manufacturers of electrical supplies in June maintained the steady improvement noted during each preceding month this year.

Of the wholesaling and jobbing lines investigated by this bank, increases in June over a year ago were recorded by boots and shoes, clothing, electrical supplies, furniture, groceries and farm implements. With the exception of electrical supplies, all these lines showed decreases under the May volume, but aside from dry goods, and boots and shoes, the decreases were smaller than the average during the past decade. Retail sales of automobiles in June fell below the May total, but were about one-fourth greater than for the same month in 1934. Production of bituminous coal in all

fields of the district during June exceeded that of May and June, 1934. Industrial consumption of electric power in the principal cities declined moderately from May to June, but was larger than in June a year ago. The improvement in residential construction in the district continued during June, and the general trend of real estate values, both in the country and large urban centers, was toward higher levels.

Despite the unusually heavy precipitation during the spring and continuing through June, crop prospects in the Eighth District are considerably better than a year ago, and in the case of certain productions compares favorably with the average in recent seasons. The more auspicious weather since the last week of June has permitted of intensive cultivation, and the recovery of ground lost because of earlier delays. Belated winter wheat harvest has been pushed forward rapidly and planting of corn, tobacco and other spring crops completed. Prices of farm products continue to show substantial increases over a year and two years earlier. This fact, coupled with indicated heavy crop yields, and rental and benefit payments received from the Government, have made for increased purchasing power and optimism in the farming community.

June retail trade in the Eighth District, as reflected by department store sales in the principal cities, was 7.6 per cent less than in May, but 3.1 per cent greater than in June, 1934; cumulative total for the first half of this year fell 1.2 per cent below that of the comparable period a year ago. Combined sales of all wholesaleing and jobbing interests reporting to this bank in June were 0.9 per cent greater and 34.7 per cent smaller, respectively, than a month and a year earlier; for the first six months this year the cumulative total was 2.3 per cent less than for the first half of 1934. The dollar value of permits issued for new construction in the five largest cities of the district in June was slightly greater than in May, and exceeded the June, 1934, aggregate by 146.2 per cent; for the first six months the cumulative total was 60.8 per cent greater than for the first half of 1934. Debits to individual accounts in June were 6 per cent and 15 per cent larger, respectively, than a month and a year earlier, and cumulative total for the first half of 1935 exceeded that for the same period in 1934 by 10 per cent.

According to officials of railroads operating in this district, freight traffic handled during late June and early July showed more than the usual seasonal decrease, which was ascribed to the belated movement of grains and other farm products, including

livestock. There was a sharp tapering off in the movement of coal and coke, owing mainly to smaller orders by industrial consumers, as fear of a strike of miners in the bituminous fields was lessened. For the country as a whole, loadings of revenue freight for the first 27 weeks this year, or to July 6, totaled 15,648,478 cars, against 15,957,364 cars for the corresponding period in 1934 and 13,887,810 cars in 1933. The Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 77,999 loads in June, which compares with 73,378 loads in May and 78,468 loads in June, 1934. During the first nine days of July the interchange amounted to 19,918 loads, as against 22,336 loads during the same period in June and 19,993 loads during the first nine days of July, 1934. Passenger traffic of the reporting lines in June was 2.5 per cent greater than for the same month a year ago. Estimated traffic of the Federal Barge Line between St. Louis and New Orleans in June was 129,900 tons, against 151,530 tons in May and 100,374 tons in June, 1934.

Collections generally through the district during the past thirty days maintained the high rate noted earlier in the year. Questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
June, 1935.....	4.3%	40.0%	51.9%	3.8%
May, 1935.....	6.3	41.0	44.4	8.3
June, 1934.....	4.3	38.4	49.4	7.9

Commercial failures in the Eighth Federal Reserve District in June, according to Dun and Bradstreet, numbered 29, involving liabilities of \$224,216 against 45 failures in May with liabilities of \$272,085, and 22 defaults for a total of \$221,277 in June, 1934.

#### MANUFACTURING AND WHOLESALING

COMMODITY	NET SALES COMPARISON		STOCKS ON HAND
	June, 1935 compared to June '34	May '35 compared to May '34	
Boots and Shoes.....	+11.5%	-52.3%	+ 0.1%
Drugs and Chemicals.....	- 1.3	- 2.5	- 5.0
Dry Goods.....	-16.1	-22.7	-15.0
Electrical Supplies.....	+24.3	+ 1.4	+16.0
Furniture.....	+47.3	-11.3	+24.6
Groceries.....	+ 1.6	- 8.9	+ 5.4
Hardware.....	- 7.5	-16.4	+ 4.4
Total.....	+ 0.9	-34.7	- 2.3

**Boots and Shoes** — The decrease in sales of the reporting firms from May to June is explained by the unusually heavy volume of May, for which period an increase of more than 61 per cent over April was recorded. The increase in inventories was seasonal in character, and represents accumulation of goods for fall distribution. Salesmen who

departed for their several territories on or about July 1 report purchasing on a larger scale than a year ago, particularly in the rural areas.

**Clothing** — Unfavorable weather during June militated against the movement of seasonal apparel. Since July 1, however, the arrival of warm weather has stimulated business at retail, which in turn has been reflected in greater activity through wholesale and jobbing channels. June sales of the reporting clothiers were 35 per cent and 20 per cent smaller respectively, than a month and a year earlier. Stocks on July 1 were 17 per cent larger than on June 1, but smaller by 21 per cent than a year ago.

**Drugs and Chemicals** — Sales of seasonal merchandise, including soda fountain supplies, in June were restricted by the unusually cool wet weather. There was also a further recession in demand for heavy drugs and chemicals by the general manufacturing trade. Decreases in these lines were partly offset by unusually heavy sales of fertilizers, insecticides and certain specialties.

**Dry Goods** — The larger than seasonal declines in sales of the reporting firms were accounted for by lack of future buying, which in turn is ascribed to price uncertainties. Orders for fall distribution were reported in measurably smaller volume than a year and two years earlier. Reports covering the first half of July indicate decreases from the same period in 1934 about equal to those recorded in June.

**Electrical Supplies** — June sales were the largest for the month since these records began in 1924. Increases were general through all lines, but most notable in household appliances, building installations and small motors. The betterment has continued since July 1, according to preliminary reports, with the fan business being greatly stimulated by warmer weather.

**Flour** — Production at the twelve leading mills of the district in June totaled 169,519 barrels, against 185,595 barrels in May and 229,189 barrels in June, 1934. The past thirty days constituted a between-season period, and business was on a relatively small scale, purchasing being mainly on a hand-to-mouth basis. Prices followed closely fluctuations in cash wheat, advancing slightly in early July. Mill operations were at from 43 to 48 per cent of capacity.

**Furniture** — June sales of the reporting interests represented the largest total for any June since 1929. In the aggregate, the greater part of the increase was in household furniture, purchasing of which was on a more active scale than in a number

of years. Further betterment was also noted in purchasing of office furniture and equipment. Manufacturers in this district report a satisfactory volume of business booked at the Chicago and Grand Rapids exhibitions.

**Groceries** — While purchasing in this classification was largely on a necessity basis, there was a moderate expansion in June sales of the reporting interests over the same period a year ago. The decline in June sales was accounted for mainly by unfavorable weather and floods. The heavy movement and high quality of early fruits and vegetables have tended to hold down sales of canned foods and prepared foods, though serving to stimulate buying of preserving supplies.

**Hardware** — Purchasing was chiefly on a hand-to-mouth basis, with future business on books of the reporting firms in smaller volume than at the corresponding periods in 1934 and 1933. Some improvement in seasonal merchandise has taken place since the middle of June, and sales of sporting goods, tourists' supplies and kindred lines during the first half of July were in larger volume than earlier in the season.

**Iron and Steel Products** — Production and purchasing of iron and steel commodities in this district during the past thirty days showed considerably less than the ordinary seasonal contraction. Activities at foundries, mills, machine and specialty shops as a whole fell below the similar period immediately preceding, but were at a slightly higher rate than at the corresponding time a year and two years earlier. A number of plants which usually close for inventorying and repairs about July 1 have remained on full or part time operations through the first half of the month. Among these were tractor and farm implement plants, which have been working practically without interruption. Stove and range manufacturers have reduced their operations to a lesser extent than is ordinarily the case at mid-summer. The rate of operations at steel mills declined more noticeably than was the case at the gray iron and malleable plants. The outlet for a variety of iron and steel goods through the building industry held its recent gains. Fabricators of structural steel reported the placement of a fair volume of orders, and operations at fabricating plants in the second week of July were at 35 per cent of capacity as contrasted with 30 per cent thirty days earlier. Demand for sheets, bars, strip and other flat rolled products was somewhat spotty, with miscellaneous requirements accounting for the major part of the tonnage taken. Purchasing by the railroads, petroleum industry and other usually

large consumers failed to develop betterment. June shipments of pig iron to melters in the district were slightly larger than in May, though falling below the April total. The aggregate movement for the first six months this year, according to blast furnace interests purveying to this area, was the largest for any comparable period since 1930. Quietness prevailed in the market for scrap iron and steel, but prices were steady, due to small offerings. Dealers' stocks of scrap as of July 15 were 30 to 40 per cent less than a year ago, and in a number of instances the smallest in a decade. For the country as a whole, production of pig iron in June, according to the Magazine "Steel" totaled 1,558,463 tons, against 1,735,577 tons in May and 1,936,897 tons in June, 1934. Steel ingot production in the United States in June amounted to 2,230,893 tons, which compares with 2,635,857 tons in May and 3,059,483 tons in June, 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	
	June, 1935		June 30, '35		Jan. 1, to June 30,	
	compared to June 1934	May 1935	comp. to June 30, '34	June 30, '34	1935	1934
El Dorado, Ark.	+ 4.1%	- 20.1%	+ 4.7%	+ 6.5%	1.34	1.31
Evansville, Ind.	- 19.7	- 5.9	- 18.0	- 23.2	1.10	.96
Fort Smith, Ark.	- 1.1	- 13.5	+ 0.8	- 5.4	1.13	1.10
Little Rock, Ark.	+ 2.7	- 12.3	- 3.5	- 7.7	1.16	1.16
Louisville, Ky.	- 3.1	- 8.5	+ 1.5	+ 3.7	1.85	1.84
Memphis, Tenn.	+ 10.4	- 13.4	- 0.5	+ 4.2	1.43	1.53
St. Louis, Mo.	+ 3.0	- 5.2	- 1.7	- 6.4	1.89	1.81
Springfield, Mo.	+ 7.1	- 6.8	+ 1.8	- 19.5	1.17	.95
All Other Cities	+ 6.0	- 2.4	+ 4.3	+ 5.1	1.49	1.42
8th F. R. District	+ 3.1	- 7.6	- 1.2	- 4.2	1.70	1.66

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

#### PERCENTAGE OF COLLECTIONS BY CITIES

El Dorado, Ark.	48.1%	Memphis, Tenn.	42.3%
Fort Smith, Ark.	35.9	Springfield, Mo.	25.1
Little Rock, Ark.	33.4	St. Louis, Mo.	54.9
Louisville, Ky.	50.4	All Other Cities	35.8
8th F. R. District	48.7%		

#### Retail Stores

	Net Sales Comparison		Stocks on Hand		Stock Turnover	
	June, 1935		June 30, '35		Jan. 1, to June 30,	
	compared to June 1934	May 1935	comp. to June 30, '34	June 30, '34	1935	1934
Men's Furnishings	- 6.5%	+ 5.1%	- 1.8%	- 8.2%	1.27	1.23
Boots and Shoes	+ 3.1	- 15.8	+ 4.1	- 2.1	2.22	2.56

#### AUTOMOBILES

Combined passenger car, truck and taxicab production in the United States in June, was 361,320 against 364,727 (revised figure) in May, and 308,051 (revised figure) in June, 1934.

Volume of distribution of new automobiles in the Eighth District during June, according to dealers reporting to this bank, continued in measurably larger volume than a year ago, and declined in

somewhat less than the usual seasonal amount from May. The market for used cars was relatively more satisfactory than that for new vehicles, sales of secondhand cars showing increases in both comparisons. Demand for trucks developed decided declining tendencies, June sales being 14 and 11 per cent smaller, respectively, than a month and a year earlier. Business in parts and accessories was stimulated by the touring season.

June sales of new passenger cars by the reporting dealers were 5 per cent smaller than in May, but about one-fourth greater than the June, 1934, total. Stocks on dealers' floors as of July 1 were 5.5 per cent larger than on June 1, and 12 per cent less than on July 1, 1934. Sales of used cars in June were about one-third larger than a year ago and 8 per cent greater than in May this year. Stocks of salable secondhand cars declined slightly between June 1 and July 1, and on the latest date were 55.5 per cent larger than a year earlier. The ratio of deferred payment sales to total sales, in June, according to dealers, reporting on that item, was 46 per cent, against 43 per cent in May and 47 per cent in June, 1934.

#### CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district report consumption of electric current by selected industrial customers in June as being 3.7 per cent smaller than in May, and 1.2 per cent more than in June, 1934. Detailed figures follow:

No. of Custom- ers	June, 1935	May, 1935	June, 1935 comp. to May, 1935	June, 1934	June, 1935 comp. to June, 1934
	*K.W.H.	*K.W.H.		*K.W.H.	
Evansville ... 40	2,544	2,958	- 14.0%	2,535**	+ 0.4%
Little Rock ... 35	1,894	1,710	+ 10.8	1,933	- 2.0
Louisville ... 82**	7,679	7,745	- 0.9	7,318**	+ 4.9
Memphis ... 31	1,554	1,549	+ 0.3	1,588	- 2.1
St. Louis ... 196**	18,977	19,946**	- 4.9	18,892**	+ 0.4
Totals....384**	32,648	33,908**	- 3.7	32,266**	+ 1.2

\*In thousands (000 omitted).

\*\*Revised figures.

#### POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase of 8.5 per cent in combined postal receipts for the second quarter of this year, over the corresponding period in 1934, and an increase of 2.7 per cent as compared with the first three months this year. Detailed figures follow:

	For Quarter Ended			June, 1935 comp. to June, 1934
	June 30, 1935	Mar. 31, 1935	Dec. 31, 1934	
Evansville .....	\$ 141,852	\$ 143,020	\$ 142,938	\$ 133,937 + 5.9%
Little Rock.....	172,805	186,668	184,394	160,085 + 7.9
Louisville .....	669,314	648,588	665,248	598,938 + 11.7
Memphis .....	514,179	535,118	596,177	461,360 + 11.4
St. Louis.....	2,477,195	2,357,124	2,695,692	2,311,177 + 7.2
Totals.....	3,975,345	3,870,518	4,284,449	3,665,542 + 8.5

#### LIFE INSURANCE

Sales of new, paid-for, ordinary life insurance including the Eighth District during June, the preceding month, and a year ago, together with the cumulative totals for the first six months this year

and the comparable period in 1934 are shown in the following table:

(In thousands of dollars)	June, 1935	May, 1935	June, 1934	Jan.-June, Inc., 1935	Cumul. change
Arkansas.....	\$ 2,420	\$ 2,573	\$ 2,711	\$ 17,149	\$ 17,361
Illinois.....	40,192	40,539	45,214	274,252	275,799
Indiana.....	10,845	11,003	11,430	70,643	66,702
Kentucky.....	5,074	5,455	4,932	33,732	31,703
Mississippi.....	2,296	2,188	3,060	13,700	15,055
Missouri.....	14,641	15,396	17,953	98,120	109,888
Tennessee.....	5,066	5,627	6,478	35,312	36,642
Totals.....	80,524	82,781	91,778	542,898	553,150
United States..	490,268	500,380	556,379	3,255,494	3,240,360
					+ 1.9
					+ 0.5

## BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in June was .2 per cent larger than in May, and 14.6 per cent more than the June, 1934, total. Production of portland cement for the country as a whole in June totaled 8,730,000 barrels, against 8,813,000 barrels in June, 1934. Building figures for June, follow:

	New construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1935	1934	1935	1934	1935	1934	1935	1934
Evansville	26	9	\$ 39	\$ 27	73	166	\$ 25	\$ 32
Little Rock	20	10	45	5	124	92	45	15
Louisville ..	82	39	219	96	97	85	40	31
Memphis ...	128	118	114	68	202	113	86	50
St. Louis....	285	131	489	172	181	201	120	82
June Totals	541	307	906	368	677	657	316	210
May " "	519	362	904	512	725	790	340	386
April " "	529	378	957	1,585	745	761	317	323

\*In thousands (000 omitted).

## AGRICULTURE

Excessive rainfall continued generally through the Eighth District during June, causing a further delay in planting of spring crops and seriously interfering with cultivating the soil. In many localities the season to July 1 witnessed the heaviest precipitation in recent years. Floods in the bottom lands along the Mississippi River and its tributaries did considerable damage; due to the lateness of the season much of this rich land will not be workable this year. Conditions were unfavorable for cotton and corn; in both crops, weeds and grass made headway. The moisture, however, was beneficial for hay and pastures, and on the whole according to the U. S. Department of Agriculture and the agricultural departments of the several states, it is evident that the effects of the 1934 drouth are gradually disappearing. Subsoil moisture has been largely restored over considerable areas where shortage last spring threatened all crops. Delayed wheat harvest has been pushed forward rapidly, and numerous corn, tobacco, and cotton fields, except in the flooded areas, have been cleaned up. While still below the 12-year (1923-1934) average, July 1 prospects for all the principal crops of the district are for larger yields than in 1934. Prices of farm products continue to show substantial increases over both 1934 and 1933. Typical of the district as a whole, are conditions in Missouri as developed by a survey for June, made by the U. S.

Division of Crop and Livestock Estimates, which shows for 47 series of quotations 40 products higher, only 6 less and one product the same as a year ago. Corn, with a state average of 94c per bushel, against 55c last year, was 70.9 per cent higher. Wheat was 85c per bushel, against 83c for the June average. Hogs averaged \$8.75 per hundred weight against \$3.50 last year, or an increase of 150 per cent. Beef cattle was \$7.80 per hundred weight against \$5.00 in 1934, a gain of 56 per cent. Cows were \$44.00 per head against \$25.00 last year, or 76 per cent higher. Mules and horses show advancing prices.

**Corn** — Production of corn in the Eighth District, based on the July 1 condition, is estimated by the U. S. Department of Agriculture at 237,897,000 bushels, which compares with 167,923,000 bushels harvested in 1934, and the 12-year average (1923-1934) of 333,142,000 bushels. In Missouri, Illinois, Indiana and Arkansas considerable acreage intended for corn had not been planted at the middle of July because of weather interference. In Missouri as of July 6, less than three-fourths of the acreage had been planted, while normally the full acreage is planted by June 1. In that state the July 1 condition of corn, at 46 per cent of normal, was the lowest for the date since the Crop Reporting Service was started in 1866 and compares with 75 per cent a year ago.

**Cotton** — Despite abandonment from floods and other causes, there was an increase of 6 per cent over a year ago in the acreage of cotton under cultivation in states of the Eighth District on July 1. The Crop Reporting Board of the U. S. Department of Agriculture in its report as of that date estimates the combined acreage in Mississippi, Missouri, Arkansas and Tennessee at 6,114,000 acres, which compares with 5,767,000 acres for these states last year. Taken as a whole, June weather was unfavorable for progress of the crop. Since the end of June, however, there has been a marked change for the better in meteorological conditions and considerable progress has been made in clearing up of fields and replanting in sections where flood waters have receded. It appears that early reports of flood damage were somewhat exaggerated. Latest reports received by the Arkansas Cotton Trade Association indicate that 50 per cent or more of Arkansas River bottom over-flow cotton will be saved. Boll weevils have appeared, and in many sections farmers are planning intensive poisoning programs. In the St. Louis market the middling grade ranged from 11.50c to 11.85c per pound between June 16 and July 15, closing at 11.65c on the latest date, which compares with 11.55c on June 16, and 12.70c on July 16, 1934.

Receipts at Arkansas and Missouri compresses from August 1, 1934, to June 28, 1935, totaled 964,513 bales, against 1,146,885 bales for the corresponding period a year earlier. Stocks on hand as of June 28, totaled 524,189 bales against 326,545 bales on the same date in 1934.

**Fruits and Vegetables**—Prospects for fruits and vegetables generally through this district were well maintained during June, and on July 1 were more favorable than on any similar date in a number of years. The U. S. Department of Agriculture in its report as of July 1 estimates the yield of apples in states including the Eighth District at 18,614,000 bushels, which compares with the small crop of 9,519,000 bushels in 1934 and the 5-year average (1928-1932) of 14,937,000 bushels; peaches, 10,146,000 bushels, against 6,576,000 bushels harvested in 1934 and the 5-year average of 7,056,000 bushels; grapes 38,529 tons, the largest of record, and comparing with 35,101 tons in 1934 and the 5-year average of 32,065 tons; sweet potatoes, 18,257,000 bushels, against 18,692,000 bushels in 1934 and the 5-year average of 16,456,000 bushels. In the district proper the yield of white potatoes is estimated at 13,219,000 bushels, against 9,681,000 bushels produced in 1934 and the 12-year average (1923-1934) of 13,609,000 bushels. Acreage seeded to peanuts in 1935 is placed at 81,000 acres, a decrease of 5.8 per cent under a year ago.

**Live Stock**—Generally through the district the condition of live stock improved further during June and early July, being assisted by betterment in pastures and more seasonable temperatures. According to the U. S. Department of Agriculture, total milk production on July 1 reached record high levels for that season of the year. In states entirely or partly within the Eighth District, production per cow on that date was 9.8 per cent higher than a year earlier. Egg production, per hen, was also higher on July 1 than a year ago.

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

	Receipts			Shipments		
	June, 1935	May, 1935	June, 1934	June, 1935	May, 1935	June, 1934
Cattle and Calves.....	115,613	110,911	113,884	74,679	67,831	52,762
Hogs .....	134,915	165,903	235,966	82,901	116,300	140,052
Horses and Mules.....	4,034	4,265	3,354	3,873	4,198	3,547
Sheep .....	82,673	71,985	85,889	16,676	13,906	16,025

Prospects for feed crops show marked improvement over the poor conditions last year, occasioned by the drouth. In states including the Eighth District tame hay production is estimated by the U. S. Department of Agriculture in its July 1 report at 5,931,000 tons, which compares with 4,151,000 tons produced in 1934, and the 12-year average (1923-1934) of 6,609,000 tons.

**Tobacco**—As of June 20, the situation with respect to the tobacco crop in this district was regarded as critical because of continued heavy rains. However, hot, dry weather during the final days of June and the first half of July permitted of intensive cultivation; general improvement in prospects has taken place. Reports received by county agents, marketing associations, etc., indicate that full intended acreage of all types of tobacco had been planted by the second week of July. Exceptionally few complaints of damage from insect pests and hail have been received. In the one sucker and air cured districts, numerous fields which had been considered seriously damaged by the excessive precipitation have been recovered with relatively small loss. In the dark fired area, tributary to Clarksville, Springfield and Hopkinsville, the crop is in good condition. In the western fired district, certain low lands or basins that were flooded show losses, but not to the extent expected. The acreage of burley tobacco is not materially changed from that harvested last year. Based on conditions as of July 1, the U. S. Department of Agriculture estimates production of all types of tobacco in the Eighth District at 213,295,000 pounds, as against 205,861,000 pounds harvested in 1934 and the 12-year average (1923-1934) of 296,688,000 pounds.

### COMMODITY PRICES

Range of prices in the St. Louis market between June 15, 1935 and July 15, 1935, with closing quotations on the latest date and on July 16, 1934, follow:

	High	Low	July 15, 1935	Close	July 16, 1934
Wheat					
July .....	per bu.	\$ .8534	\$ .7676	\$ .81	\$ .96½
Sept. ....	"	.86½	.76½	.81¾	.97½
*Dec. ....	"	.88½	.79½	.82¾	.99½
No. 2 red winter	"	.92½	.84	.84½ @	.97½
No. 2 hard "	"	.96	.86	.89	1.01
Corn					
July .....	"	.84½	.80½	.84½	.60½
Sept. ....	"	.79½	.74½	.76½	.61½ @
*Dec. ....	"	.70½	.62½	.64½	.63½
*No. 2 mixed .....	"	.88½	.85	.88	.63½
*No. 2 white .....	"	.93	.86	.90¾	.66
Oats					
No. 2 white .....	"	.44	.35½	.35½	.46½
Flour					
Soft patent.....per bbl.	6.30	5.40	5.70	@ 6.10	6.50 @ 6.85
Spring .....	"	7.40	6.85	7.25 @ 7.40	6.75 @ 7.15
Middling Cotton.....per lb.	.1185	.1150	.1165		.1270
Hogs on hoof.....per cwt.	10.25	6.50	6.50	@ 10.15	3.00 @ 4.90
*Nominal quotations.					

**Winter Wheat**—Belated harvesting and threshing of the winter wheat crop have progressed rapidly under the improved weather conditions since July 1. Early threshing returns and receipts at primary markets are developing considerable variation in quality. The crop as a whole, but particularly in Missouri, Illinois and Indiana, was handicapped by too much rain, standing water on low ground, rust infection and lodging. Withal the July 1 estimate of production in the Eighth District is for 49,130,000 bushels against 47,197,000 bushels

harvested in 1934 and the 12-year average of 49,938,000 bushels.

## FINANCIAL

Demand for credit from all the principal groups of borrowers in the Eighth District showed further recessionary tendencies during the past thirty days. Needs of merchants and manufacturers for funds to purchase and prepare goods for fall and winter distribution were in less than the usual seasonal volume. Due to lateness of the wheat harvest, requirements of grain handling and flour milling interests were less in evidence than at this time a year and two years earlier. Borrowings of country banks from their city correspondents were negligible. Reflecting these conditions, interest and discount rates continued at the extremely low levels of recent months. Downtown banks in St. Louis reduced the rate paid on savings deposits from 2 to 1½ per cent, effective August 1, and similar action was under consideration by banks in other sections of the district.

**Member Banks** — Total loans and investments of the reporting member banks in the principal cities decreased 3.1 per cent between June 12 and July 10, and on the latest date were slightly larger than a year earlier. Both time and demand deposits increased, and at 597 million dollars on July 10, were 10 per cent in excess of the total on the corresponding date in 1934. Reserve balances increased sharply during the period, the total on July 10 being 50 per cent greater than at the same time 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:

	July 10, 1935	June 12, 1935	July 11, 1934
(In thousands of dollars)			
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations			
and other stocks and bonds....\$ 55,672	\$ 56,954	\$ 73,251	
All other loans and discounts.... 140,169	150,432	129,285	
Total loans and discounts.....	195,841	207,386	202,536
Investments			
U. S. Gov't securities..... 202,638	214,159	223,920	
Other securities..... 132,951	126,840	102,540	
Total investments.....	335,589	340,999	326,460
Reserve balances with F. R. Bank	104,825	92,550	69,907
Cash in vault.....	9,512	9,018	8,035
Deposits			
Net demand deposits..... 420,593	419,080	342,159	
Time deposits..... 169,159	167,706	164,727	
Government deposits..... 7,021	15,159	35,385	
Total deposits.....	596,773	601,945	542,271
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 July 3 was 0.7 per cent greater than on June 5, and 13.7 per cent in excess of the total on the corresponding date a year ago.

At downtown St. Louis banks as of the week ended July 15, interest rates were as follows: Customers' prime commercial paper, 1 to 5½ per cent; collateral loans, 2¾ to 6 per cent; loans secured by warehouse receipts, 2½ to 5 per cent and cattle loans 5 to 6 per cent.

**Federal Reserve Operations** — There was a further sharp increase in deposits of the Federal Reserve Bank between June 18 and July 18, reflecting the rise in member banks' reserve accounts. Volume of reserve credit outstanding during the period showed little change, but continued substantially greater than a year ago.

Changes in the principal assets and liabilities of the Federal Reserve Bank of St. Louis appear in the following table:

	July 18, 1935	June 18, 1935	July 18, 1934
(In thousands of dollars)			
Industrial advances under Sec. 13b.....\$ 472	\$ 518	\$.....	
Other advances and rediscounts..... 4	64	172	
Bills bought (including participations).. 89	81	121	
U. S. Securities..... 108,200	108,200	93,200	
Total earning assets..... 108,756	108,863	93,493	
Total Reserves .....	208,622	186,804	171,256
Total Deposits .....	168,909	150,481	125,268
F. R. Notes in circulation..... 140,929	138,985	132,936	
Industrial commitments under Sec. 13b 1,909	1,794	.....	
Ratio of reserves to deposit and and F. R. Note Liabilities..... 67.3%	64.5%	66.3%	

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 promises 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:

	June, 1935	May, 1935	June, 1934	June, 1935 comp. to May 1935	June 1934
East St. Louis and Natl.					
Stock Yards, Ill.\$ 26,713	\$ 26,529	\$ 21,174	+ 0.7%	+ 26.2%	
El Dorado, Ark.... 3,156	3,718	3,314	+ 15.1	— 4.8	
Evansville, Ind.... 20,762	20,638	18,824	+ 0.6	+ 10.3	
Fort Smith, Ark.... 7,122	8,058	7,348	+ 11.6	— 3.1	
Greenville, Miss.... 2,774	3,162	2,531	+ 12.3	+ 9.6	
Helena, Ark..... 1,233	1,341	1,693	— 8.1	— 23.1	
Little Rock, Ark.... 29,020	31,818	21,489	— 8.2	+ 35.0	
Louisville, Ky..... 139,964	138,844	135,913	+ 0.8	+ 3.0	
Memphis, Tenn.... 84,867	87,803	89,751	— 3.3	— 5.4	
Owensboro, Ky.... 4,212	4,207	3,234	+ 0.1	+ 30.2	
Pine Bluff, Ark.... 5,629	5,608	4,490	+ 0.4	+ 25.4	
Quincy, Ill..... 6,457	6,377	5,991	+ 1.3	+ 7.8	
St. Louis, Mo..... 608,257	547,852	500,112	+ 11.0	+ 21.6	
Sedalia, Mo..... 1,808	1,897	1,729	+ 4.7	+ 4.6	
Springfield, Mo.... 12,960	13,887	11,923	+ 6.7	+ 8.7	
*Texarkana, Ark.... 5,637	4,809	4,811	+ 17.2	+ 17.2	
Totals .....	960,571	906,548	834,237	+ 6.0	+ 15.1

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

**Note** — Above figures include total debits charged by banks to checking accounts, savings accounts, certificate 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 cashier's checks, charges to expense and miscellaneous accounts, corrections and similar charges, are not included.

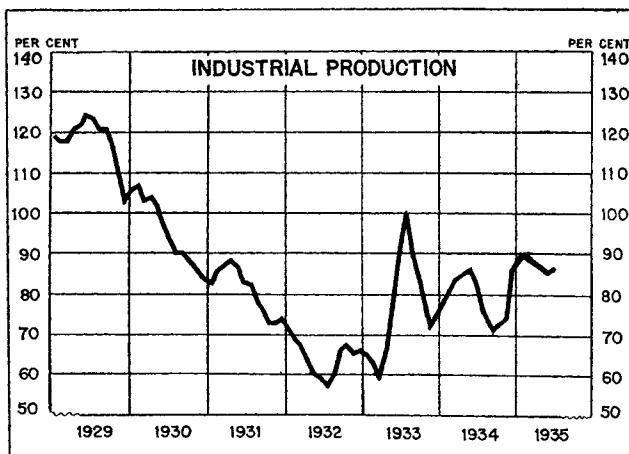
## NATIONAL SUMMARY OF BUSINESS CONDITIONS BY FEDERAL RESERVE BOARD

Factory production declined seasonally in June, while output of mines increased. Employment and payrolls at factories showed more than seasonal declines. There was little change in the average level of wholesale prices, and a decrease in retail food prices.

**PRODUCTION AND EMPLOYMENT**—Daily average output at factories, according to the Federal Reserve Board's production index, declined by about the usual seasonal amount during June. Output of mines increased, and the Board's com-

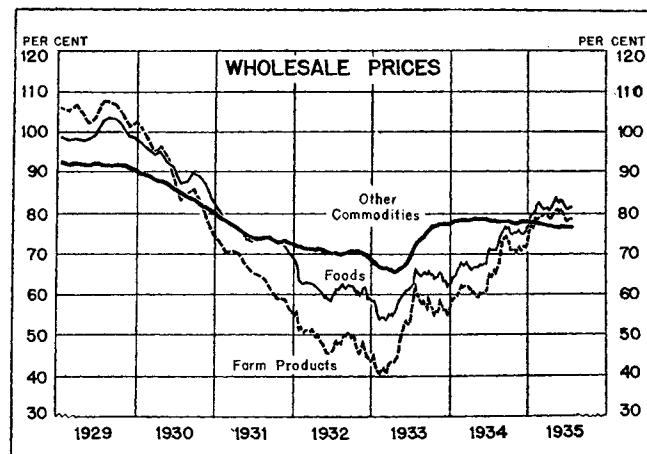
the five-year average for 1928-1932. Acreage of cotton in cultivation on July 1 was reported as about 5 per cent larger than at the same time last year.

**DISTRIBUTION**—Daily average loadings of freight on railroads increased during June, reflecting larger shipments of coal. Daily average value of department store sales showed little change from May to June, when a decline is usual, and the Board's seasonally adjusted index advanced from 76 per cent of the 1923-1925 average to 80 per cent.



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

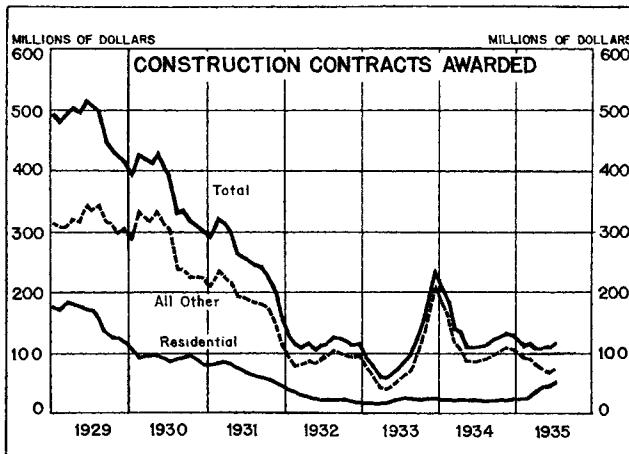
bined index of industrial production, which is adjusted for usual seasonal changes, advanced from 85 per cent of the 1923-1925 average in May to 86 per cent in June. Daily average output of automobiles and lumber increased in June, while activity at cotton mills, shoe factories, and meat packing establishments declined. Activity at steel mills declined seasonally during June, but according to trade reports, increased after the first week of July. There were sharp increases in the production of anthracite and bituminous coal during June and output of crude petroleum was also larger than in May. Factory employment and payrolls decreased between the middle of May and the middle of June. More than seasonal declines in employment were reported by producers of automobiles, clothing, shoes, and cotton fabrics, and employment at lumber mills also decreased while the number of workers at woolen mills increased. In most other manufacturing industries



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 July 20, farm products, 77.2; foods, 82.0; other commodities, 77.9.

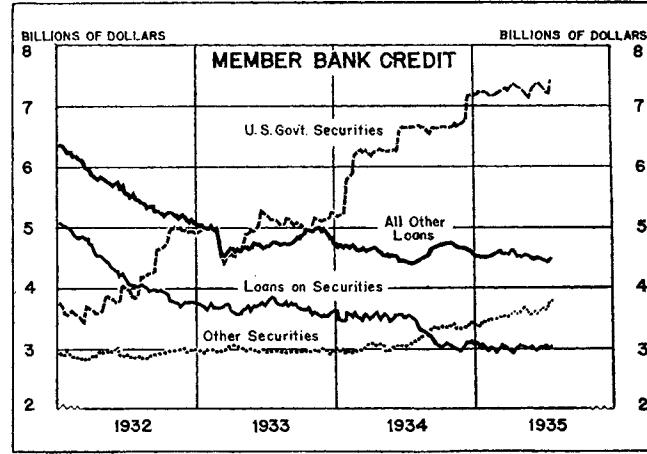
**COMMODITY PRICES**—Wholesale prices of farm products and foods declined during June, while the prices of other commodities as a group showed little change. Retail prices of food, which have increased sharply in the two years ending last April, according to the index of the Bureau of Labor Statistics, declined somewhat in May and June.

**BANK CREDIT**—Member bank reserve balances with the Federal Reserve banks and excess reserves showed declines for the four weeks ending July 17, reflecting in large measure an increase in the balance of the Treasury with the Federal Reserve banks following a sale of Treasury notes. Total loans and investments of reporting banks in leading cities increased by \$260,000,000 during the five-week period ended July 17. Subscriptions by re-



Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figures June, preliminary, total 117.8, residential 42.9, all other 74.9.

changes in employment from May to June were largely seasonal in character. Employment and payrolls at mines increased considerably. Daily average construction contracts awarded, according to reports of the F. W. Dodge Corporation, were larger in value in June and the first half of July than in May. Awards of residential building contracts were twice as large as a year ago, while contracts for public projects continued smaller than last year. The Department of Agriculture July 1 estimates forecast corn and wheat crops larger than a year ago, but smaller than



Wednesday figures for reporting member banks in 91 leading cities.  
Latest figures are for July 17, 1935.

porting banks to new security offerings by the Treasury exceeded retirement of bonds held by these banks, and consequently their holdings of direct obligations of the United States increased by \$200,000,000. Holdings of other securities increased by \$125,000,000, while loans declined by \$60,000,000. Government deposits with these banks were reduced by over \$200,000,000, while other deposits, exclusive of interbank balances, showed an increase of a similar amount. Yields on Government securities declined slightly during this period, while other short-term open-market money rates remained at low levels.