



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:

Application Procedure

The following excerpts from recent article by W. K. Norris, Chairman, Industrial Advisory Committee of the Eighth Federal Reserve District, explains briefly the procedure of applying for accommodations under Section 13b:

"Now as to how to go about it! First go to your own banker and see whether he will give you the accommodation you need. His reason for not lending to you might be unwillingness to tie up his funds for as long a time as you need them, or he may not have sufficient funds available. Then ask him if he would be willing to participate with the Federal Reserve Bank of the district in making a 13b loan. If he does not know all about it, ask him to inquire of the Federal Reserve Bank. The participation arrangements are very flexible. The Reserve bank will make a commitment to take over any part or all of an approved loan from the participating bank on demand, and besides thus furnishing liquidity, it will assume an agreed percentage of any loss not exceeding 80%. It is really good business for the participating bank.

"But if the bank turns down your request, then make your application direct in person or by mail, to the Federal Reserve Bank of your district. Explain your needs fully and frankly. If you seem to be an eligible borrower, if what you want can be construed as working capital, if your past record is good, if there is a reasonable chance of your making money in the future with the help of this loan and of repaying the advance within a reasonable time, and within the limit of five years, then you will make out a regular application form.

"After all necessary information is secured, the case will be referred first to the Industrial Advisory Committee of business men. Under Section 13b such a committee of active business men, otherwise unconnected with the Federal Reserve Banks, must pass on all loan applications. Each borrower is thus dealing in the first instance, with fellow business men who consider his problems from the business man's standpoint. After this committee, the Reserve bank's Discount Committee and officers pass final judgment.

"There is very little red tape and everything is settled in the Reserve bank, with no reference to Washington. Procedure differs somewhat in the different Reserve banks, but, generally speaking, the entire process need not take more than, say, four weeks. Every case, no matter how small or how unusual, is given thorough and sympathetic consideration. Due attention is given to the element of moral risk and to the effect of the loan in promoting employment."

Rates

The rates of the Federal Reserve Bank of St. Louis on industrial loans and commitments, as well as the volume of such accommodations outstanding, are given on page 7 of this Review.

THE same general trends in Eighth District commercial and industrial activity noted during the similar period immediately preceding continued during July and the first half of August. While recessions were noted in certain directions, they were accounted for mainly by the usual seasonal influences. Elsewhere the slowing down which ordinarily takes place in midsummer was little in evidence or entirely absent and distinct improvement was recorded. Production and distribution of commodities, with the exception of a limited number of classifications, exceeded the volumes of the like period a year ago. More seasonable weather materially assisted the movement of merchandise through retail channels, and clearance of summer goods was much more thorough than was thought possible a month or six weeks earlier. In some instances wholesalers and jobbers reported a fair volume of reordering of goods in this category. While advance ordering in a majority of lines is still behind the volume a year ago, ordering for fall and winter distribution since the middle of July has been on a larger scale than earlier in the season. The July volume of all wholesaling and jobbing interests reporting to this bank was in excess of that of the preceding month this year and of July, 1934.

Durable goods, including iron and steel, lumber and the general run of building materials, made an exceptionally good showing for this time of year. In the case of certain specialty manufacturers, notably farm implements, stoves and ranges, household appliances and certain classes of machinery, the rate of operations was well sustained and higher than during any like period since 1930. There was a seasonal curtailment in operations of electrical supply makers, but their volume for the first seven months this year was the largest for any like interval during the past four years. Production of bituminous coal in fields of the district declined from June to July and was measurably smaller than in July, 1934. Distribution of automobiles in July exceeded the totals of a month and a year earlier by a considerable margin. Industrial consumption of electric cur-

rent in the principal cities increased 2.4 per cent over June but was slightly below a year ago.

Weather conditions during July and the first half of August were in the main auspicious for crops and agricultural activities of all descriptions. Yields of most of the important crops, according to the U. S. Department of Agriculture, will be above a year ago and compare favorably with the average of recent seasons. The harvest of winter wheat progressed rapidly. Early threshing returns, however, are disclosing considerable grain of inferior quality, and there are scattered reports of disappointing yields. Corn prospects in this district improved to the extent of about 25,000,000 bushels during July. Cotton made good growth and picking began in the lower tier of counties. Prices of farm products were well sustained and averaged well above levels prevailing at the corresponding period a year ago.

Eighth District retail trade, as reflected in sales of department stores in the principal cities during July, showed an increase of 16.5 per cent as compared with the same month in 1934, but the total was 19.9 per cent smaller than in June this year; cumulative total for the first seven months this year was 0.6 per cent greater than for the same period in 1934. Combined sales of all wholesaling and jobbing firms reporting to this bank in July were 21.5 per cent and 10 per cent greater, respectively, than a month and a year earlier; for the first seven months the total decreased 0.7 per cent under that of the like period in 1934. The value of contracts issued for new buildings in the five largest cities in July was 21.9 per cent and 129.5 per cent greater, respectively, than a month and a year earlier; for the first seven months the total was 69.4 per cent larger than for the same time a year ago. Construction contracts let in the Eighth District during July were 1.5 per cent less than in the preceding month and 0.2 per cent larger than in July, 1934; the cumulative total for the first seven months was 15.2 per cent less than for the same period in 1934. Debits to individual accounts in July decreased 10 per cent from June, but the July total exceeded that of the same month in 1934 by 15.7 per cent; for the first seven months the cumulative total exceeded that of the same period a year ago by 10.7 per cent.

Freight traffic of railroads operating in this district, according to officials of the reporting lines, fell below that of the preceding thirty days and the volume was somewhat below that of the corresponding periods a year and two years earlier. Decreases as compared with last year were most marked in the live stock, grain and grain products classification. For the country as a whole loadings of

revenue freight for the first 32 weeks this year, or to August 10 totaled 18,585,620 cars, against 19,004,226 cars for the same time in 1934 and 17,092,915 cars in 1933. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 73,097 loads in July, against 77,999 loads in June and 72,704 loads in July, 1934. During the first nine days of August the interchange amounted to 22,020 loads, which compares with 19,918 loads during the like interval in July and 22,077 loads during the first nine days of August, 1934. Passenger traffic of the reporting roads decreased 5.5 per cent in July as contrasted with the same month a year ago. Estimated tonnage handled by the Federal Barge Line between St. Louis and New Orleans in July was 141,800 tons, against 132,582 tons in June and 108,902 tons in July, 1934.

Reports relative to collections generally reflect the high degree of efficiency which has obtained in recent months. Relatively payments to wholesalers made a more favorable showing than was the case with the retail trade. This was accounted for partly by the absence of numerous customers on vacations, and in the rural areas to preoccupation of farmers with harvest. The winter wheat harvest is progressing rapidly, and the movement to market has been in large volume, resulting in considerable liquidation with both merchants and banks in sections where wheat is the main cash crop. Questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
July, 1935.....	2.3%	50.7%	40.0%	7.0%
June, 1935.....	4.3	40.0	51.9	3.8
July, 1934.....	2.4	30.2	55.4	12.0

Commercial failures in the Eighth Federal Reserve District, according to Dun and Bradstreet, numbered 29, involving liabilities of \$303,932, against 29 defaults in June with liabilities of \$224,216 and 18 insolvencies for a total of \$148,738 in July, 1934.

MANUFACTURING AND WHOLESALING

COMMODITY	NET SALES COMPARISON		STOCKS ON HAND	
	July, 1935 compared to July '34	7 months ending July 31, 1935 comp. to 1934	July 31, 1935 compared to July 31, 1934	
Boots and Shoes.....	+24.1%	+42.2%	+ 3.0%	+10.3%
Drugs and Chemicals..	+ 3.1	— 3.1	— 4.1	+76.4
Dry Goods.....	—15.5	+19.7	—15.1	— 9.5
Electrical Supplies.....	+12.3	—12.7	+15.8	+10.7
Furniture.....	+47.2	— 4.6	+26.8	— 5.7
Groceries.....	+11.5	+ 4.7	+ 6.2	— 0.6
Hardware.....	+12.2	+11.0	+ 5.8	+12.7
Total.....	+10.0	+21.5	— 0.7	+ 5.7

Boots and Shoes— The increase in sales from June to July was seasonal and of about the average

size. In both the month-to-month and the yearly comparisons increases were general through all lines of footwear, but most marked in women's and children's shoes. Orders booked since August 1 indicate a volume slightly in excess of the corresponding period last year. Prices advanced slightly between June 1 and July 1, and on the latest date were from 3 to 5 per cent higher than a year ago.

Clothing — Belated purchasing of apparel for late fall and winter distribution picked up markedly in July, sales of the reporting firms showing an increase of 47.5 per cent over June. The July total, however, was 4 per cent smaller than a year ago. The spell of hot weather stimulated the movement of lightweight apparel, and some reordering was reported. Inventories increased 36 per cent between July 1 and August 1, and on the latest date were 8 per cent smaller than a year ago.

Drugs and Chemicals — The movement of seasonal merchandise of all descriptions was reported active throughout July and the first half of August. The small contraseasonal decrease from June to July in sales of the reporting firms was ascribed to smaller advance orders. Sales of fertilizers, insecticides and kindred lines so far this season were reported the largest since 1930.

Dry Goods — The decrease of 15.5 per cent in July sales of the reporting interests under the same month last year is accounted for entirely by smaller volume of advance business booked. Uncertainty relative to the cotton processing tax and the outcome of the cotton crop tended to restrict purchasing of fabrics based on that staple.

Electrical Supplies — As has been the case during each preceding month this year, July sales of the reporting firms showed a substantial increase over the corresponding month a year ago. The decrease from June to July shown in the above table was considerably smaller than average. Improvement during the year has been spread over a wide field, but was most outstanding in household appliances and building installations.

Flour — Production at the twelve leading mills of the district in July totaled 172,581 barrels, against 169,519 barrels in June and 205,240 barrels in July, 1934. Business continued quiet during July and early August, buyers being disposed to await arrival of the new wheat crop before making extensive commitments. Prices advanced slightly, following the upturn in cash wheat. Mill operations were at from 45 to 48 per cent of capacity.

Furniture — While showing a slight decline in sales from June to July, business in this classifica-

tion, according to the reporting firms, continued active. Further expansion in household furniture and furnishings was noted. In point of volume of sales and prices, the July furniture markets at Chicago and Grand Rapids were the best in a number of years.

Groceries — Improvement in July sales over both the preceding month and a year ago was attributed in large part to favorable crop prospects and increased purchasing power in the rural areas. Advance ordering of canned goods was reported in somewhat larger volume than at this time a year ago. The trend of prices was upward, with the average measurably higher than a year ago.

Hardware — Demand for goods for consumption in the agricultural sections continued active and further expansion was noted in requirements of the building industry. The movement of cans, jars and other preserving equipment was reported in larger volume than during the preceding three or four years. Inventories declined further, and on August 1 were 2.2 per cent and 12.7 per cent smaller, respectively, than a month and a year earlier.

Iron and Steel Products — Activities in the iron and steel industry in this district during July developed much less than the usual seasonal contraction, and during the first half of August the pace set during the preceding month was well sustained, with moderate expansion in certain lines. The betterment was mainly in the form of heavier shipments and freer specifications on commodities previously acquired. As was the case earlier in the year, relatively the heaviest rate of operations was at plants producing specialties, notably farm implements, stoves and ranges, machinery and household appliances. Progress of the harvesting season has developed increasing need for new equipment, farmers in numerous instances finding it impossible to use their old machinery. Jobbing foundries report business spotty, those making castings for specific industries having heavy orders, while plants depending on miscellaneous work are less busy than heretofore. Automotive requirements continued in substantial volume, and steel plants specializing in railroad work have received some business. The outlet through the building industry shows further moderate expansion, and is measurably broader than at the corresponding period during the three preceding years. Reflecting this activity and heavier rural demands, the movement of sheets, galvanized roofing standard structural shapes, nails and other construction items is reported in considerable volume. July shipments of pig iron to melters in the district slightly exceeded the June total and repre-

sented the largest aggregate for the month since 1930. The movement of tin plate was well sustained, with producers and distributors reporting a fair volume of reordering from the canning industries. Bookings by the warehouse and jobbing interests during the first half of August, contrary to the seasonal precedent, exceeded those of the same period in July. Warehouse prices in the district were steady and unchanged. Scrap iron and steel prices advanced during late July and early in August, owing more to light offerings and sympathy with strength in the eastern markets than to increased consumer demand. For the country as a whole, production of pig iron in July, according to the magazine "Steel", was 1,520,016 tons, against 1,558,463 tons in June and 1,228,544 tons in July, 1934. Steel ingot production in the United States in July amounted to 2,270,224 tons, which compares with 2,230,893 tons in June and 1,489,453 tons in July a year ago.

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

Department Stores					Stocks on Hand	Stock Turnover
Net Sales Comparison						
7 mo. ended						
July, 1935 compared to					July 31,'35 comp. to	July 31,
July 1934					July 31,'34	1935
June 1935					period '34	1934
El Dorado, Ark.....	+14.5%	+11.5%	+5.8%	+4.8%	1.54	1.50
Evansville, Ind.....	+2.8	+20.4	+15.8	+23.8	1.26	1.09
Fort Smith, Ark.....	+20.5	+16.6	+2.8	+0.4	1.28	1.23
Little Rock, Ark.....	+10.0	+15.8	+1.9	+8.2	1.35	1.32
Louisville, Ky.....	+23.5	+17.9	+3.8	+1.8	2.15	2.09
Memphis, Tenn.....	+7.1	+22.0	+0.4	+2.9	1.65	1.74
St. Louis, Mo.....	+18.6	+20.5	+0.3	+7.0	2.16	2.02
Springfield, Mo.....	+27.7	+16.0	+4.8	+23.6	1.37	1.07
All Other Cities.....	+17.0	+22.3	+5.7	+0.7	1.71	1.60
8th F. R. District....	+16.5	+19.9	+0.6	+5.2	1.95	1.87

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

PERCENTAGE OF COLLECTIONS BY CITIES

El Dorado, Ark.....	53.1%	Memphis, Tenn.....	40.5%
Fort Smith, Ark.....	33.1	Springfield, Mo.....	22.7
Little Rock, Ark.....	37.3	St. Louis, Mo.....	52.3
Louisville, Ky.....	50.5	All Other Cities.....	32.9
8th F. R. District.....	47.4%		

Retail Stores

	Net Sales Comparison			Stocks on Hand	Stock Turnover	
	7 mo. ended					
	July, 1935 compared to July 1934	July 31,'35 to same period '34	July 31,'35 comp. to July 31,'34	July 31,'35 comp. to July 31,'34	Jan. 1, to July, 31, 1935 1934	
	July 1934	June 1935	period '34	July 31,'34	1935 1934	
Men's Furnishings	+27.5%	-27.4%	+ 1.0%	-11.4%	1.46	1.36
Boots and Shoes	+21.9	-37.9	+ 5.5	-16.2	2.54	2.77

AUTOMOBILES

Combined passenger car, truck and taxicab production in the United States in July, was 337,049, against 361,320 in June, and 266,575 in July, 1934.

Contrary to the usual seasonal trend, sales of automobiles in the Eighth District, according to dealers reporting to this bank, were larger in July than during the preceding month. As has been the

case in every preceding month this year, the total was in excess of that of the corresponding period a year earlier. The increase in the month-to-month comparison was attributed partly to intensive selling effort by both dealers and manufacturers and to increased purchasing power in the rural areas. Demand for trucks was more active than in a number of months, July sales being 55.6 per cent and 68 per cent larger, respectively, than a month and a year earlier. The increases in both comparisons were about equally divided between vehicles for light and heavy hauling service.

July sales of new passenger cars by the reporting dealers were 18 per cent larger than in June and more than one-third in excess of the July, 1934 total. Stocks of new passenger cars on August 1 were 4 per cent smaller than a month earlier and 8 per cent less than a year ago. Sales of used cars in July were larger by 8.5 per cent than in June and 30 per cent greater than in July, 1934. Stocks of salable second-hand cars continued to increase, stocks on August 1 being 11 per cent larger than on July 1, and more than twice as large as a year ago. According to dealers reporting on that item, deferred payment sales in July constituted 46 per cent of their total sales, the same as in June, and comparing with 51 per cent in July, 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 July as being 2.4 per cent larger than in June, and 1 per cent smaller than in July, 1934. Detailed figures follow:

	No. of Custom- ers	July, 1935	June, 1935	July, 1935 comp. to June, 1935	July, 1934	July, 1935 comp. to July, 1934
		*K.W.H.	*K.W.H.		*K.W.H.	
Evansville	40	1,883	2,544	+26.0%	2,354**	+20.0%
Little Rock	35	2,296	1,894	+21.2	2,125	+8.0
Louisville	81**	8,097	7,679	+5.4	7,492	+8.1
Memphis	31	1,517	1,554	+2.4	2,032	+25.3
St. Louis.....	193**	19,615	18,950**	+3.5	19,744**	+0.7
Totals.....	380**	33,408	32,621**	+2.4	33,747**	+1.0

*In thousands (000 omitted).

**Revised figures.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in July was 21.9 per cent greater than in June, and 129.5 per cent more than in July, 1934. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in July, amounted to \$9,762,589 which compares with \$9,907,682 in June and \$9,738,809 in July, 1934. Production of portland cement for the country as a whole in July, totaled 8,021,000 barrels, against 8,725,000 (revised figure) barrels in June,

and 8,144,000 barrels in July, 1934. Building figures for July, follow:

	New construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1935	1934	1935	1934	1935	1934	1935	1934
Evansville ..	46	18	\$ 71	\$ 34	79	220	\$ 61	\$ 37
Little Rock ..	17	10	17	2	116	98	28	20
Louisville ..	68	39	387	219	79	46	35	27
Memphis ...	120	89	145	29	182	108	97	55
St. Louis....	278	125	484	197	188	176	135	89
July Totals	529	281	1,104	481	644	648	356	228
June "	541	307	906	368	677	657	316	210
May "	519	362	904	512	725	790	340	386

*In thousands (000 omitted).

LIFE INSURANCE

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

(In thousands of dollars)	July, 1935	June, 1935	July, 1934	Jan.-July, Inc., 1935	1934	Cumul. change
Arkansas.....	\$ 2,085	\$ 2,420	\$ 2,277	\$ 18,542	\$ 19,638	- 5.6%
Illinois.....	38,749	40,192	42,173	308,785	317,972	- 2.9
Indiana.....	11,563	10,845	11,128	81,429	77,830	+ 4.6
Kentucky.....	4,993	5,074	4,890	39,263	36,593	+ 7.3
Mississippi.....	2,178	2,296	1,998	15,783	17,053	- 7.4
Missouri.....	13,929	14,641	16,244	109,823	126,132	-12.9
Tennessee.....	5,077	5,066	5,604	39,396	42,246	- 6.7
Totals.....	78,574	80,534	84,314	613,021	637,464	- 3.8
United States..	483,491	490,268	498,097	3,738,987	3,738,455	+ 0.01

AGRICULTURE

Eighth District crop conditions during July and the early weeks of August underwent some marked changes as a result of existing weather conditions. Taken as a whole, however, earlier favorable prospects were well maintained, and yields of the principal productions will for the most part be measurably above a year ago and compare favorably with the average during the past decade. High temperatures and lack of rain in some localities resulted in damage to certain crops, but the clear weather was ideal for harvesting wheat and haying. According to the August 1 report of the Department of Agriculture, corn, which was so late as to arouse apprehension that early frost might overtake it, grew vigorously during July and is now expected to produce a yield about equal to the 5-year average. For the country as a whole this improvement during July increased the prospective corn crop by 228,000,000 bushels, or 11 per cent. Little of last year's grain remains on farms, but with a record output of grain sorghums, a large hay crop in prospect and with oats and barley together, about equal to the pre-drouth average, the supply of feed is expected to be sufficient to permit of the limited numbers of livestock and poultry on farms to be fed as liberally as during the half dozen years prior to 1933 and still leave an average carryover for next summer. Estimates for other crops show less important changes.

Farm prices in the main continued above last year at the same time, though some items were

lower for the reason that the drouth became very severe last July, with resultant scarcity and a strong upward trend in values of hay, feeds, etc. All live stock prices and quotations on poultry are higher than a year ago. As of July 1, the general level of farm wage rates averaged 99 per cent of pre-war, according to the index constructed by the Crop Reporting Board. This represented an advance of 5 points during the second quarter of the year to a new high July wage index for the 4-year period since 1931.

Corn—Corn prospects in the Eighth District improved to the extent of 23,474,000 bushels during July, according to the estimate of the U. S. Department of Agriculture based on conditions as of August 1. On the latest date the yield was estimated at 251,371,000 bushels, which compares with 167,923,000 bushels harvested in 1934, and the 12-year average (1923-1934) of 333,142,000 bushels. Timely rains and high temperatures during the past thirty days promoted growth and color. However, due to lateness of the planting season, favorable weather will be required to harvest in order to obtain best results.

Cotton—Weather generally during July and the first half of August has been auspicious for progress of the cotton crop in states of this district, and the plant is growing and fruiting rapidly. Picking has begun in the southernmost counties; because of the exceedingly wet, late spring and unusual moisture remaining in the soil, grass and weeds necessitated more than the ordinary amount of farm work. However, with exception of isolated cases, fields have been well cleared. Sales of fertilizer tags in states of this district, for the January-July period this year, were 17 per cent greater than for the like interval in 1934 and 83 per cent in excess of the same seven months in 1933. Prices moved within a narrow range. In the St. Louis market the middling grade fluctuated from 11.00c to 11.60c per pound between July 16 and August 15, closing at 11.25c on the latest date, which compares with 11.55c on July 16 and 13.10c on August 15, 1934. Based on conditions as of August 1 the U. S. Department of Agriculture estimates the Eighth District crop at 2,262,000 bales, against 2,323,000 bales harvested in 1934, and a 12-year average (1923-1934) of 2,738,000 bales. Total receipts at Arkansas and Missouri compresses for the year ended July 26 were 976,535 bales, against 1,167,566 bales for the same period a year ago; shipments were 745,888 bales against 1,109,876 bales a year earlier; stocks on hand as of July 26 totaled 512,218 bales against 302,537 bales on the same date in 1934.

Fruits and Vegetables—The apple crop in states entirely or partly within the Eighth District is substantially larger than a year ago and the 5-year (1928-1932) average. The indicated yield in these states as of August 1 is estimated by the U. S. Department of Agriculture at 18,946,000 bushels, of which 9,667,000 bushels represent commercial crop, against 9,519,000 bushels in 1934, with 4,080,000 bushels commercial crop and a 5-year average of 14,937,000 bushels of which 6,512,000 bushels represent commercial crop. The peach crop in these states is estimated at 9,581,000 bushels, a decrease of 5.5 per cent from the July 1 forecast, and comparing with 6,576,000 bushels harvested in 1934 and a 5-year average of 7,056,000 bushels; pears, 1,918,000 bushels, against 2,067,000 bushels in 1934 and a 5-year average of 1,624,000 bushels; grapes, 35,469 tons against 35,101 tons in 1934, and a 5-year average of 32,065 tons; sweet potatoes, 18,493,000 bushels against 18,692,000 bushels in 1934 and a 5-year average of 16,456,000 bushels. In certain localities truck crops for canning and commercial manufacture were damaged by the extremely high temperatures, and the same was true of home gardens. This injury was not general, and with the heavily increased acreages, supplies are expected to be ample for all purposes. In the district proper the yield of potatoes is estimated at 13,437,000 bushels, which compares with 9,681,000 bushels harvested in 1934, and the 12-year average (1923-1934) of 13,609,000 bushels.

Live Stock—The general condition of live stock in the district underwent further improvement during the past thirty days. Milk production per cow on August 1, according to the U. S. Department of Agriculture, was nearly 11 per cent heavier than on that date during the drouth year and heavier than in any August of the preceding four seasons, all years of poor pastures. Even though the number of milch cows was between 5 and 6 per cent lower than at that time last year, total milk production was fully 5 per cent greater than a year ago and as heavy as at any similar season in recent years. At the same time egg production per 100 hens was reported about 14 per cent heavier than a year ago and 3 per cent greater than the average; fewer hens are being disposed of than last year.

The estimate of hay production in the Eighth District on August 1, was 6,005,000 tons which compares with the small crop of 4,151,000 tons in 1934, and a 12-year average (1923-1934) of 6,609,000 tons. While the condition of pastures on August 1 was slightly below a month earlier, it continued above

the past five years and definitely above the 10-year average. Production of oats in the district is estimated at 42,947,000 bushels, against 18,141,000 bushels harvested in 1934, and the 12-year average of 50,669,000 bushels.

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

	Receipts			Shipments		
	July, 1935	June, 1935	July, 1934	July, 1935	June, 1935	July, 1934
Cattle and Calves.....	133,497	115,613	215,455	77,723	74,679	110,178
Hogs	126,609	134,915	238,076	82,086	82,901	148,846
Horses and Mules.....	3,866	4,034	4,432	3,582	3,873	4,075
Sheep	97,530	82,673	79,867	13,684	16,676	15,308

Tobacco—Eighth District tobacco crop for 1935 is estimated by the U. S. Department of Agriculture at 216,516,000 pounds, an increase of 3,221,000 pounds over the July 1 forecast and comparing with 206,861,000 pounds produced in 1934 and a 12-year average of 296,688,000 pounds. Generally through the district the crop is progressing favorably and indications are for high quality, particularly in the burley sections. Much of the early tobacco has been topped; the late crop is growing slowly.

COMMODITY PRICES

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

	High	Low	Close	
			Aug. 15, 1935	Aug. 15, 1934
Wheat				
Sept. ....per bu..	.96½	\$.80½	\$.87¾	\$.98¾
*Dec. ....	.97½	.82	.89¾	1.01¾
*May ....	.98¾	.90½	.91½	1.04
No. 2 red winter ..	1.00	.84½	.91½	.99
No. 2 hard ..	1.06½	.90	.99½	1.05¾
Corn				
Sept. ....	.80¾	.75¾	.78¾	.75¾
*Dec. ....	.66¾	.56¾	.58¾	.78¾
*May ....	.66¾	.57½	.59¾	.83¾
*No. 2 mixed .....	.89½	.82¾	.84½	.78
*No. 2 white .....	.92¾	.85½	.87¾	.78 @ .80
Oats				
*No. 2 white .....	.38	.31	.32	.50 @ .51
Flour				
Soft patent.....per bbl.	6.75	5.70	6.10 @ 6.40	6.70 @ 7.00
Spring	8.30	7.25	8.15 @ 8.30	7.85 @ 8.05
Middling Cotton.....per lb.	.1160	.1100	.1125	.1310
Hogs on hoof.....per cwt.	12.10	6.50	8.00 @ 12.10	3.00 @ 6.15

*Nominal quotations.

Winter Wheat—Prospects for winter wheat declined slightly during July, the August 1 estimate of the U. S. Department of Agriculture being 45,870,000 bushels, which is 1,367,000 bushels less than the July 1 forecast, and compares with 47,197,000 bushels harvested in 1934 and a 12-year average of 49,938,000 bushels. The decline in production from that indicated on July 1 was due largely to harvesting difficulties and premature ripening, caused by the high temperatures. Threshing is backward, and early returns are disclosing much light weight, poor quality wheat. With the exception of three years, the yield per acre in Illinois is the lowest since 1909.

FINANCIAL

Quite generally through the Eighth District demand for credit continued at the low ebb which has characterized the past several months. Liquidation by commercial and industrial interests has been in about equal volume with new borrowings, with the result that the only negligible change has taken place in loans granted by commercial banks. However, in the immediate past there has been a moderate expansion, seasonal in nature, in requirements of grain handling and flour milling interests, also, for financing live stock conditioning and wool growing operations. Borrowings of country banks from their city correspondents and the Federal Reserve bank were considerably below levels obtaining at the corresponding period in past years. Financing of the cotton movement to the middle of August has been taken care of largely by local banks and other loaning agencies, little recourse upon banks in the large cities for this purpose having been noted.

Member Banks—In the four week period ended August 14, total loans and investments of reporting member banks in the chief cities remained practically unchanged, and on the latest date were about 6 per cent larger than a year ago. Total deposits during the interval declined moderately, and there was a decrease of 12 per cent in reserve balances, which item, nevertheless, on August 14 was approximately one-fourth greater than on the corresponding report date in 1934.

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)	Aug. 14, 1935	July 17, 1935	Aug. 15, 1934
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations and other stocks and bonds.....	\$ 56,782	\$ 55,713	\$ 76,198
All other loans and discounts.....	139,488	140,446	132,788
Total loans and discounts.....	196,270	196,159	208,986
Investments			
U. S. Gov't securities.....	212,422	214,848	193,961
Other securities.....	132,899	130,815	107,133
Total investments.....	345,321	345,663	301,094
Reserve balances with F. R. Bank	95,610	108,515	77,186
Cash in vault.....	9,294	9,051	7,775
Deposits			
Net demand deposits.....	417,605	428,178	341,147
Time deposits.....	169,153	168,984	165,599
Government deposits.....	14,053	13,526	33,185
Total deposits.....	600,811	610,688	539,931
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.

Despite reductions in rates paid on savings accounts, the total amount of such accounts in selected banks on August 7 was practically unchanged from a month earlier, and 12.8 per cent greater than on August 1, 1934.

At downtown St. Louis banks as of the week ended August 15, interest rates were as follows: Customers' prime commercial paper, 1 to 5½ per cent; collateral loans, 2½ to 5½ per cent; loans secured by warehouse receipts, 2 to 5 per cent and cattle loans, 5 to 6 per cent.

Federal Reserve Operations—Total Reserve bank credit outstanding remained practically stationary between July 17 and August 17, but throughout that period the volume was substantially greater than a year ago. There was a sharp decrease in deposits of this bank, but at 157 million dollars as of August 17 the total represented an increase of 13.5 per cent over the same date in 1934.

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

(In thousands of dollars)	Aug. 17, 1935	July 17, 1935	Aug. 17, 1934
Industrial advances under Sec. 13b.....	\$ 449	\$ 472	\$ 2
Other advances and rediscounts.....	64	4	265
Bills bought (Including participations).....	80	80	122
U. S. Securities.....	108,200	108,200	93,200
Total earning assets.....	108,793	108,756	93,589
Total Reserves	198,198	208,766	185,648
Total Deposits	157,143	169,286	138,455
F. R. Notes in circulation.....	143,309	141,084	134,487
Industrial commitments under Sec. 13b	1,929	1,903	.....
Ratio of reserves to deposit and F. R. Note Liabilities.....	66.0%	67.3%	68.0%

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.

5¼ 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)	July, 1935	June, 1935	July, 1934	July, 1935 comp. to June 1935	July 1934
East St. Louis and Natl. Stock Yards, Ill..	\$ 26,340	\$ 26,713	\$ 21,034	— 1.4%	+25.2%
El Dorado, Ark.....	3,909	3,156	3,720	+23.9	+ 5.1
Evansville, Ind.....	23,122	20,762	19,198	+11.4	+20.4
Fort Smith, Ark.....	8,231	7,122	7,235	+15.6	+13.8
Greenville, Miss.....	3,315	2,774	2,612	+19.5	+26.9
Helena, Ark.....	1,212	1,233	1,439	— 1.7	—15.8
Little Rock, Ark.....	27,659	29,020	20,149	— 4.7	+37.3
Louisville, Ky.....	143,766	139,964	125,841	+ 2.7	+14.2
Memphis, Tenn.....	85,734	84,867	87,428	+ 1.0	— 1.9
Owensboro, Ky.....	4,243	4,212	3,408	+ 0.7	+24.5
Pine Bluff, Ark.....	6,043	5,629	4,404	+ 7.4	+37.2
Quincy, Ill.....	5,988	6,457	5,603	— 7.3	+ 6.9
St. Louis, Mo.....	505,600	608,257	427,283	—16.9	+18.3
Sedalia, Mo.....	1,665	1,808	1,618	— 7.9	+ 2.9
Springfield, Mo.....	11,931	12,960	11,610	— 7.9	+ 2.8
*Texarkana, Ark..	5,734	5,637	4,683	+ 1.7	+22.4
Totals.....	864,492	960,571	747,265	—10.0	+15.7

*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 cashiers' checks, charges to expense and miscellaneous accounts, corrections and similar charges, are not included.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

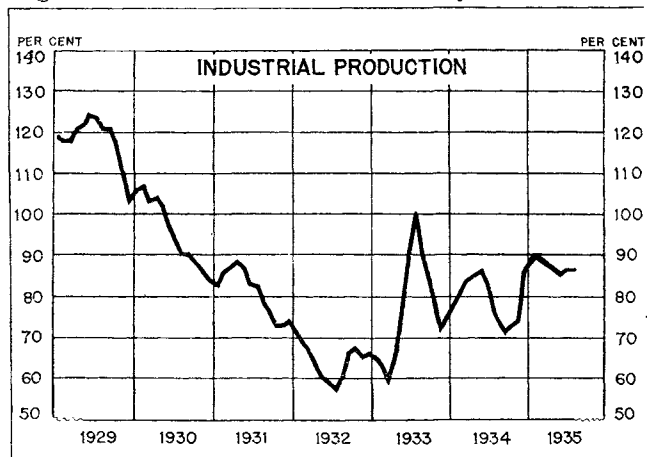
BY FEDERAL RESERVE BOARD

Factory employment and output were maintained in July at the June level though usually there is a considerable decline at this season. Activity at mines showed a substantial decrease, reflecting a sharp reduction in output of coal.

PRODUCTION AND EMPLOYMENT—The Federal Reserve Board's seasonally adjusted index of manufactures showed an increase in July, while the index of mineral production showed a marked decline, with the consequence that the index of industrial production remained unchanged at 86 per cent of the 1923-25 average. For the first seven months of the year industrial output

volume than a year ago, with increases from last year reported for most sections of the country. Department of Agriculture estimates as of August 1 indicated cotton crop of 11,800,000 bales, about 2,200,000 bales larger than the unusually small crop last year. The indicated wheat crop, while larger than a year ago, is considerably smaller than the five-year average for 1928-32. Crops of corn and other feed stuffs are substantially larger than last season.

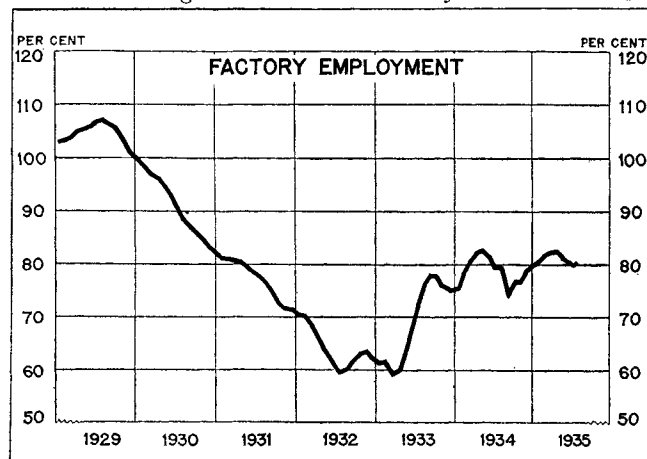
DISTRIBUTION—Daily average volume of freight-car loadings declined in July, reflecting a marked decrease in ship-



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

was six per cent larger than a year ago. Activity at steel mills, which had declined during June, advanced considerably during July and the first three weeks of August and there was also a substantial increase in the output of lumber. Automobile production showed a decrease from the high level prevailing earlier in the year, reflecting in part seasonal developments. Output of textiles increased somewhat in July, owing chiefly to increased activity at silk mills. In the woolen industry the recent high rate of activity continued, while at cotton mills daily average output declined by about the usual seasonal amount. Meat packing remained at an unusually low level. At mines, output of bituminous coal decreased sharply in July, following an advance in the preceding month, and there was also a sharp reduction in output of anthracite.

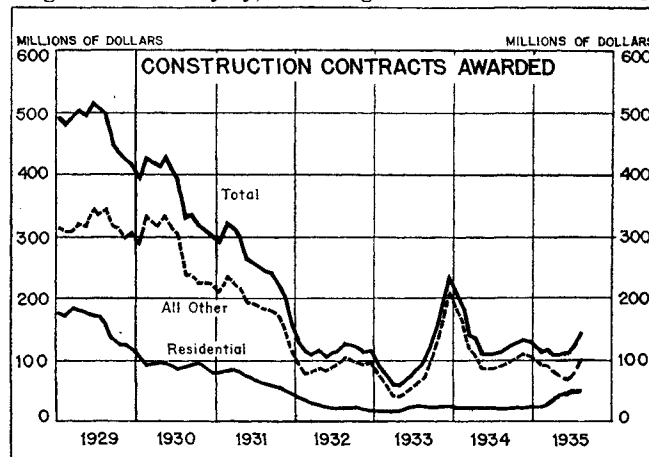
Factory employment, which usually declines at this season, showed little change from the middle of June to the middle of



Index of factory employment, adjusted for seasonal variation. (1923-1925 average=100.) Latest figures July 80.4, June, revised, 79.9.

July. Employment increased somewhat in the machinery, lumber, furniture, and silk industries and there was a large seasonal increase in the canning industry. Decreases of a seasonal character were reported for establishments producing cotton goods and women's clothing, while in the automobile industry employment declined by more than the usual seasonal amount. At coal mines employment showed a marked decrease in July.

The total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased further in July and the first half of August, reflecting an increase in non-residential projects. Residential building continued in considerably larger

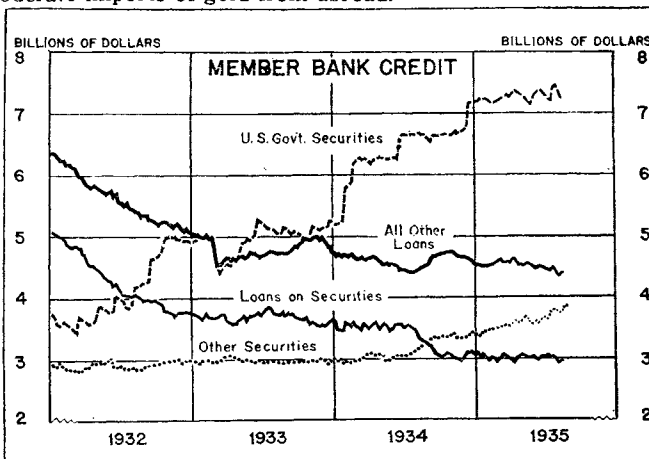


Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figures July, preliminary, total 148.8; residential 45.9; all other 102.9.

ments of coal. Department store sales showed a seasonal decline and the Board's adjusted index remained unchanged at 80 per cent of the 1923-25 average.

PRICES—The general level of wholesale commodity prices showed little change during July and advanced slightly in the first three weeks of August. For the seven-week period as a whole there were substantial increases in the prices of hogs, lard, silk, and scrap steel, while cotton declined. Wheat, after advancing considerably during the latter part of July, declined somewhat in the early part of August.

BANK CREDIT—Excess reserves of member banks increased by \$340,000,000 in the five-week period ended August 21 as a consequence principally of a reduction in the balances held by the Treasury with Federal Reserve banks. There were also moderate imports of gold from abroad.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for August 14.

Total loans and investments of reporting member banks in leading cities showed a net decline of \$290,000,000 during the four weeks ended August 14. Holdings of direct obligations of the United States Government decreased by \$220,000,000 following a substantial increase in the middle of July. Loans declined by \$180,000,000 in the latter part of July but subsequently advanced by \$40,000,000, while holdings of Government guaranteed and other securities increased by \$70,000,000 in the four-week period.

Yields on Government securities rose slightly during this period, while other short-term open-market money rates remained at low levels.