



MONTHLY REVIEW

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

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LOANS TO INDUSTRY

Excerpts from address by Hon. M. S. Szymczak, of the Board of Governors of the Federal Reserve System, over nation-wide radio hookup on September 5, 1935, 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:

Typical Case

"Let me describe a typical loan. A varnish manufacturer with a plant in a medium sized industrial city needed \$25,000 working capital. He needed it for a longer time than his local bank cared to lend without provision for liquidity. Accordingly, an application was made by the local bank, to the Federal Reserve Bank for a commitment. After investigation of the business and the security offered, the application for the commitment was approved.

"A loan of \$25,000 was made by the local bank repayable in equal semi-annual installments . . . The security comprised a lien on plant and equipment, assignment of stock in another corporation and assignment of two life insurance policies. Covering this loan the Federal Reserve Bank gave the local bank a commitment to take over the loan at the local bank's request . . . The local bank is thus enabled to hold a loan of which the liquidity is assured and on which its proportion of loss, if any, will not exceed 20 percent.

Assistance Rendered

"The provisions of Section 13b of the Federal Reserve Act have been in actual operation for more than a year. In that time the Federal Reserve banks have approved nearly 1800 applications, aggregating about \$107,000,000.

"As of June 30, the automobile industry was using over \$7,000,000 of this credit. Manufacturers of metals were using over \$5,000,000. The machinery and machine tool industry was using over \$3,000,000. Textiles were using \$2,500,000. Food products, furniture, hardware, grain, feed, and seeds, paper, rubber, stone, clay, and glass products, hides and leather, chemicals, jewelry, clothing, among many others, are also represented.

"Loans have been made in all amounts. The smallest so far is a loan of \$250., the largest a loan of \$6,000,000. It should be clear, therefore, that the program is one which is open to all business men, large or small, whose businesses are established and whose prospects are such that loans can be justified.

"The measure I have described, Section 13b of the Federal Reserve Act, is a simple one . . . Its purpose is to aid business and industry and to maintain and increase employment. For further information and for application forms, ask your banker, or write to the Federal Reserve Bank of your district."

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.

R EPORTS and statistics covering August and the first half of September indicate that industry and commerce in the Eighth District have continued at an accelerated rate the upward trends noted in the two or three months immediately preceding. Expected seasonal improvement began earlier and was more pronounced in business as a whole than has been the case in any recent year. The betterment extended to sentiment as well as to concrete developments. Both merchants and the public were purchasing more freely and with more apparent confidence than heretofore; according to interests reporting to this bank, buying embraced a broader variety and higher grade of goods. These conditions prevailed in equal measure in the large urban centers and the country. In the rural areas favorable crop prospects and high prices for farm products have had a stimulating effect on trade, while in the large cities the pick-up in industrial and other activities has reacted favorably upon distribution of merchandise.

August sales of all wholesaling and jobbing lines reporting to this bank were slightly lower than a year ago, but substantially larger than the July total this year. In a number of lines contra-seasonal increases were recorded from July to August. While inventories of merchandise held by retailers continue generally light, there was more of a disposition to replenish. The August wholesale volume was augmented by reordering of seasonal goods by retailers who had under-estimated their requirements. Purchasing of raw materials by manufacturers was on a noticeably more liberal scale than earlier in the year. In a number of lines producers were making up stocks of goods in anticipation of demands later on, thus deviating from their recent policy of turning out only enough materials to apply on actual orders.

Taken as a whole, earlier favorable prospects for agriculture in the district were well maintained during the past thirty days. Weather conditions were in the main favorable during the period for harvesting and maturing late crops. Indications are for larger than average yields for the principal

productions. Considerable progress has been made in preparation of the soil for planting of fall grains.

Gauged by sales of department stores in the principal cities, the volume of retail trade in the Eighth District during August was larger by 16.2 per cent than in July and by 1.4 per cent than in August, 1934; cumulative total for the first eight months was 0.7 per cent greater than for the comparable period a year ago. Combined sales of all wholesaling and jobbing interests reporting to this bank in August were 11.5 per cent larger than in July and 0.8 per cent less than in August last year; for the first eight months this year the aggregate fell 0.7 per cent below that of the same interval in 1934. The value of permits issued for new construction in the five largest cities in August was 41 per cent and 126 per cent greater, respectively, than a month and a year earlier, and cumulative total for the first eight months showed an increase of 78 per cent over the same period in 1934. Construction contracts let in the Eighth District in August were 21.7 per cent larger than in the preceding month and 46.5 per cent above a year ago; for the first eight months the cumulative total was 8.6 per cent less than that for the like period in 1934. Debits to individual accounts in August fell 2.8 per cent below July, but were 21.3 per cent larger than in August last year; an increase of 11.9 per cent was recorded in the cumulative total for the first eight months this year as compared with the same period in 1934.

According to officials of railroads operating in this district, freight traffic during August was slightly greater than in that month a year ago and showed a somewhat larger than seasonal increase over the July volume. A particularly favorable exhibit was made in the miscellaneous freight, ore and forest products classifications. Lateness of the season was reflected in a reduced movement of grain and grain products as contrasted with the same time in 1934. The movement of live stock continues in measurably smaller volume than a year and two years earlier.

The status of collections generally throughout the district during the past thirty days showed little change from the trends noted earlier in the year. While some spottiness and irregularity were noted in certain sections, the average in all lines investigated continued high and compared favorably with the same period a year ago. Payments to retail merchants and banks in the winter wheat sections have picked up in noticeable degree since marketing of the crop began. In the large distributing centers wholesaling and jobbing interests report prompt

settlements by a majority of customers, with many taking advantage of discounts. August collections of the department stores in the principal cities showed about the usual seasonal improvement over July. Questionnaires addressed to representative interests in the several lines distributed through the district showed the following results:

	Excellent	Good	Fair	Poor
August, 1935.....	4.7%	37.2%	53.4%	4.7%
July, 1935.....	2.3	50.7	40.0	7.0
August, 1934.....	3.4	30.7	56.8	9.1

Commercial failures in the Eighth Federal Reserve District in August, according to Dun and Bradstreet, numbered 32, involving liabilities of \$216,665 against 29 defaults in July with liabilities of \$303,932 and 25 insolvencies for a total of \$336,146 in August, 1934.

MANUFACTURING AND WHOLESALING

COMMODITY	NET SALES COMPARISON		STOCKS ON HAND	
	Aug. 1935 compared to July, '35	Aug. '34 compared to Aug. 31, 1935	8 months ending Aug. 31, 1935 comp. to 1934	Aug. 31, 1935 compared to Aug. 31, 1934
Boots and Shoes.....	-14.8%	-9.9%	+1.4%	+6.2%
Drugs and Chemicals..	+7.0	+3.0	-6.7	+29.6
Dry Goods.....	+81.8	-0.5	-12.6	-16.1
Electrical Supplies.....	-6.6	+32.3	+18.2	+1.5
Furniture.....	+45.8	+27.5	+26.2	-41.0
Groceries.....	+7.1	-1.4	+5.1	+1.6
Hardware.....	+8.8	+16.2	+7.0	-8.3
Total.....	+11.5	-0.8	-0.7	-5.2

Automobiles — Combined passenger car, truck and taxicab production in the United States in August was 240,051, against 337,044 (revised figure) in July and 234,809 in August, 1934.

Boots and Shoes — The decrease in sales from July to August, as shown in the above table, was contrary to the normal experience, August being usually the month of heaviest sales of the year. While no change in prices was announced, the trend was slightly upward in sympathy with the advance in certain raw materials, including hides and leather. Average prices as of September 1 were from 3 to 5 per cent higher than a year ago. The rate of factory operations showed about the usual seasonal increase in August over the preceding month.

Clothing — August sales of the reporting clothiers were 4.4 per cent larger than for the same month in 1934 and approximately twice as large as the July total this year. The increase in the month-to-month comparison is seasonal in character, but its extent was somewhat greater than the average in recent years. Purchasing of apparel for consumption in the late fall and winter was on a more active scale than earlier in the season, numerous retailers who had postponed filling commitments having entered the market in late August. Inventories as of Sep-

tember 1 were slightly higher than a month earlier and 17 per cent in excess of September 1, 1934.

Drugs and Chemicals — For the second successive month, August sales in this classification showed an increase over the corresponding period in 1934. A fair gain in volume over July was also recorded. In both comparisons the major part of the increases was accounted for by expansion in demands for heavy drugs and chemicals from the general manufacturing trade. A number of firms report advance ordering of holiday goods is beginning earlier than in the past several years. Sales of merchandise in the luxury category are reported in considerable volume.

Dry Goods—August in this line was marked by unusually heavy spot buying, retail merchants purchasing goods which ordinarily they would have acquired earlier in the year through future orders. Favorable crop prospects and high prices for farm products have had a stimulating effect on the trade, and generally through the district, but more particularly in the south, retailers are covering their requirements more freely than has been the case in a number of months.

Electrical Supplies — A seasonal decline of about the average size took place in this classification from July to August. The total for the latest month, however, was substantially larger than a year ago, following the precedent of each preceding month since January. In the comparison with a year ago, a considerable part of the increase was occasioned by broader demands from the building industry and public utilities.

Flour — Production at the twelve leading mills of the district in August totaled 174,991 barrels against 172,581 barrels in July and 248,471 barrels in August, 1934. Business during the last half of August and early in September developed considerable improvement as contrasted with the quiet conditions of the past several months. With more definite knowledge as to the outcome of the wheat crop, jobbers and ultimate consumers were disposed to fill their requirements. Throughout the south, particularly, purchasing was on a more liberal scale. Betterment in export inquiries was noted, but bids were still too far out of line to result in heavy workings. Prices showed little change as compared with the preceding month. Mill operations were at from 45 to 50 per cent of capacity.

Furniture—Expansion in building of new dwellings generally through the district has been an important factor in the steadily increasing sales of the furniture interests reporting to this bank which have marked the past several months. During every

month this year since January the volume of sales has exceeded that of the like period in 1934. Retailers are filling their requirements more freely than heretofore and according to the reporting firms, are purchasing broader assortments and a higher grade of goods in numerous instances.

Groceries — Demand for groceries in the rural areas was reported more active than at any similar period since the depression began. Due to larger fruit and vegetable crops sales of cans, sugar and preserving supplies generally were in larger volume than a year and two years earlier. The recent price advance in certain packinghouse products, notably bacon, hams, lard, etc., has had a tendency to curtail purchasing of these commodities.

Hardware — Builders' tools and hardware were more active during August than in that month during the past several years. Demands for paints, varnishes and kindred lines were also reported in considerable volume. Prices during August and the first half of September showed little change as compared with the similar period immediately preceding. According to a number of important firms, a higher grade of goods is being purchased in the rural areas than has been the case in a number of years.

Iron and Steel Products — Generally in the iron and steel industry in this district, the last half of August and first weeks of September were marked by a pick-up in activities of somewhat greater than the usual seasonal proportions. As has been the case for a number of months, relatively the highest rate of production was maintained at plants of specialty makers, notably of stoves and ranges, household appliances, farm implements and machinery. However, expansion took place in other sections of the industry. Operations at steel casting plants since the Labor Day holiday have increased moderately and schedules at the rolling mills have been advanced to a rate above that obtaining at the end of August. Demands of the automotive industry were seasonally larger and broadening tendencies were reported in requirements of iron and steel for public works and private construction projects. Less than the usual contraction in specifications and purchasing of tin plate was reported and the season to date for that material has been the most satisfactory since 1932. Warehouse and jobbing interests report a better demand for wire and wire products, also for tubular goods, notably boiler tubes. Business of the reporting warehouses in August was 10 per cent larger than in July and about one-fourth in excess of the August, 1934, volume. At mid-September a number

of leading stove manufacturers increased their operations sharply, some plants running two shifts in order to catch up with orders booked.

Shipments of pig iron to district melters continued in large volume; total tonnage in August exceeded that of July by 12 per cent and represents the highest August level in five years. Current pig iron prices have been continued through the fourth quarter and since books were opened for the later delivery, consumers have been more disposed to anticipate their needs than earlier in the year. For the country as a whole, production of pig iron in August, according to the magazine "Steel", totaled 1,759,782 tons, against 1,520,340 tons in July and 1,060,187 tons in August, 1934. Steel ingot production in the United States in August amounted to 2,919,326 tons, against 2,270,224 tons in July and 1,381,350 tons in August, 1934.

RETAIL TRADE

Automobiles — According to the group of dealers reporting to this bank, Eighth District distribution of automobiles in August declined from July but, as during all earlier months this year, the total was substantially greater than for the corresponding period a year earlier. Incidentally the August volume was the largest for that particular month since 1930. Following sharp increases over both a month and a year earlier in July, August sales of trucks showed a decrease of 21 per cent under the preceding month and of 5 per cent under the August, 1934 total. Business in parts and accessories showed no change worthy of note as contrasted with the past several months.

August sales of new passenger cars by the reporting dealers were 15 per cent smaller than in July and 39 per cent greater than in August, 1934. Dealer purchasing policy generally continues on a conservative basis. As of September 1 stocks on hand were 2.5 per cent larger than a month earlier and approximately 10 per cent smaller than a year ago. Business in used cars continued active, being stimulated by auspicious weather conditions and intensive selling campaigns by dealers and manufacturers. August sales of secondhand cars were 6 per cent larger than in June and about one-fourth greater than in August, 1934. Stocks of salable secondhand cars on September 1 decreased slightly as compared with a month earlier, but were approximately 40 per cent larger than a year ago. According to dealers reporting on that item, the ratio of deferred payment sales to total sales in August was 49 per cent, against 46 per cent in July and 51.5 per cent in August, 1934.

Department Stores — The condition of retail trade is reflected in the following comparative statements showing activities in the leading cities of the district:

	Net Sales Comparison			Stocks on Hand	Stock Turnover
	Aug. 1935 compared to July, 1935		8 mo. ended Aug. 31, '35 to same period '34	Aug. 31, '35 comp. to Aug. 31, '34	Jan. 1, to Aug. 31, 1935
	July, 1935	Aug. 1934	period '34	Aug. 31, '34	1935
El Dorado, Ark.....	4.4%	+ 6.5%	+ 5.9%	+ 9.1%	1.71
Evansville, Ind.....	0.3	-11.9	-15.4	-23.3	1.43
For Smith, Ark.....	+ 3.4	+ 1.6	+ 2.6	- 5.5	1.44
Little Rock, Ark.....	+10.8	+11.9	- 0.4	- 4.1	1.54
Louisville, Ky.....	+ 6.6	+ 0.9	+ 3.4	+ 0.1	2.45
Memphis, Tenn.....	+ 8.7	+ 0.8	+ 0.4	+ 0.9	1.87
St. Louis, Mo.....	+21.4	+ 0.1	+ 0.3	- 5.4	2.47
Springfield, Mo.....	+ 8.6	+23.3	+ 7.0	-19.1	1.59
All Other Cities.....	+13.6	+ 2.8	+ 5.4	+ 1.9	1.94
8th F. R. District.....	+16.2	+ 1.4	+ 0.7	- 4.0	2.22

Percentage of collections in August to accounts and notes receivable first day of August, 1935, at the reporting department stores in each city, is given below:

El Dorado, Ark.....	45.1%	Memphis, Tenn.....	40.3%
Fort Smith, Ark.....	33.1	Springfield, Mo.....	23.8
Little Rock, Ark.....	32.5	St. Louis, Mo.....	48.7
Louisville, Ky.....	50.6	All Other Cities.....	27.8
8th F. R. District.....	44.6%		

Other Stores — August results in men's furnishing and boot and shoe lines are shown in the following table:

	Net Sales Comparison			Stocks on Hand	Stock Turnover
	Aug. 1935 compared to July, 1935		8 mo. ended Aug. 31, '35 to same period '34	Aug. 31, '35 comp. to Aug. 31, '34	Jan. 1, to Aug. 31, 1935
	July, 1935	Aug. 1934	period '34	Aug. 31, '34	1935
Men's Furnishings	5.8%	+ 8.9%	+ 1.9%	- 3.3%	1.62
Boots and Shoes	+13.0	+ 8.7	+ 8.7	+ 5.4	3.74
					4.08

CONSUMPTION OF ELECTRICITY

Public utilities companies in the five largest cities of the district report consumption of electric current by selected industrial customers in August, as being about 10.5 per cent greater than in July and 10.8 per cent more than in August, 1934. Detailed figures follow:

	No. of Customers	Aug., 1935 *K.W.H.	July, 1935 *K.W.H.	Aug. 1935 comp. to July, 1935	Aug. 1934 comp. to Aug. 1934	Aug. 1935 comp. to Aug. 1934
Evansville	40	2,458	1,883	+30.5%	2,485**	- 1.1%
Little Rock.....	35	2,412	2,296	+ 5.1	2,339	+ 3.1
Louisville	82	8,391	8,097	+ 3.6	7,834**	+ 7.1
Memphis	31	1,488	1,517	- 1.9	1,798	-17.2
St. Louis.....	195**	22,213	19,669**	+12.9	18,899**	+17.5
Totals.....	383**	36,962	33,462**	+10.5	33,355**	+10.8

*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 August was 41.2 per cent greater than in July and 125.9 per cent more than the August, 1934, total. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in August amounted to \$11,880,762, which compares with \$9,762,589 in July

and \$8,110,610 in August, 1934. Building figures for August follow:

	New construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1935	1934	1935	1934	1935	1934	1935	1934
Evansville ..	33	26	\$ 112	\$ 15	98	347	\$ 117	\$ 56
Little Rock ..	17	2	36	1	107	105	35	21
Louisville ..	58	41	563	221	70	46	29	28
Memphis ...	151	76	264	100	173	114	114	27
St. Louis....	264	173	584	353	173	195	77	78
Aug. totals	523	318	1,559	690	621	807	372	210
July ..	529	281	1,104	481	644	648	356	228
June ..	541	307	906	368	677	657	316	210

*In thousands (000 omitted).

AGRICULTURE

Taken as a whole, crop prospects in the Eighth District underwent no very important changes during August and the first half of September. Indications, according to the U. S. Department of Agriculture and the agricultural departments of the several states, still are for heavy production, generally exceeding that of a year ago and in the case of certain crops and localities, ahead of the average in recent years. Weather in the main was auspicious for growth and development of crops, also for harvest and preparation of the soil for planting fall grains. In some sections extremely hot, dry weather during early August caused deterioration, mainly to corn, grain sorghums, broom corn and certain fruits and vegetables. On the other hand improvement from July to August was noted in cotton, tobacco, rice and a number of less important productions. Rains in late August and early September, while temporarily retarding the garnering of some crops, materially assisted pastures, commercial vegetables, truck gardens and tilth of the soil. Harvesting and threshing of small grains were virtually completed at mid-September, but late returns indicated no improvement in yields and quality.

The reduction in prospects for corn and sorghums in some areas, due to the drouthy conditions in early August is not believed to be sufficiently great to markedly change the district feed status. Barring unusually early frost, the supply of feed, grain, hay, etc., on farms is expected to be sufficient to permit farmers to feed the customary ration per head to the reduced numbers of live stock and poultry and still have about the usual carry-over at the end of the season.

Prices of farm products were well sustained, an exception being cotton, which declined rather sharply during the past thirty days. The index of the Bureau of Labor Statistics showed the farm products group of commodities to be 79.3 per cent of the 1926 average in August, which compares with 77.1 per cent in July and 69.8 per cent in August, 1934. Reports of Federal Land banks and other agencies indicate an increasing demand for farm lands, with the trend of values moderately upward.

Corn—Prospects for corn in the Eighth District decreased about 4,000,000 bushels during August, according to the estimate of the U. S. Department of Agriculture in its report based on conditions as of September 1. Total output on that date was placed at 247,477,000 bushels, which compares with 167,923,000 bushels harvested in 1934 and the 12-year average (1923-1934) of 333,142,000 bushels. Except in the dry areas, early August was favorable for the corn crop, but too cool weather toward the close tended to delay maturity. Rains and higher temperatures since the third week in August were very beneficial; numerous fields which three weeks previous seemed to promise little, now bid fair to make moderate to good yields. Generally through the district considerable corn has been cut for silos.

Cotton—Whereas the cotton crop for the country as a whole deteriorated slightly during August, prospects in this area improved. In its report based on September 1 conditions, the U. S. Department of Agriculture estimates Eighth District production at 2,395,000 bales, an increase of 133,000 bales over the August 1 forecast and comparing with 2,323,000 bales harvested in 1934 and a 12-year average (1923-1934) of 2,738,000 bales. Picking has become general and reports from scattered sections indicate much high quality staple. Leaf worms appeared earlier than usual and were widespread through the district. The infestation has been largely checked by poisoning, and actual damage done was less than indicated in early August. Following the announcement of the Government's loan rate, there was a rather sharp break in prices of raw cotton. In the St. Louis market the middling grade ranged from 10.40c to 11.40c per pound between August 16 and September 16, closing at 10.50c on the latest date, which compares with 11.40c on August 16 and 12.40c on September 15, 1934. Receipts at Arkansas and Missouri compresses from August 1, totaled 61,200 bales, against 70,339 bales for the same period a year ago. Stocks on hand as of September 13 totaled 496,486 bales, as against 302,018 bales on the same date in 1934.

Fruits and Vegetables—Prospects for fruits and vegetables in this district declined slightly between August 1 and September 1, but for most varieties indicated yields continue well above the average, and a year ago. There was little change in apple prospects during August, the U. S. Department of Agriculture estimating total yield in states of the Eighth District at 18,186,000 bushels, of which 9,459,000 bushels represent commercial crop, against 9,519,000 bushels harvested in 1934, with 4,080,000

bushels commercial crop and the 5-year average (1928-1932) of 14,937,000 bushels of which 6,512,000 bushels were commercial crop. In these states the peach crop is placed at 9,152,000 bushels against 6,576,000 bushels in 1934 and a 5-year average of 7,056,000 bushels; grapes, 34,143 tons, against 35,101 tons in 1934 and the 5-year average of 32,065 tons; sweet potatoes, 17,963,000 bushels, against 18,692,000 bushels harvested in 1934 and the 5-year average of 16,456,000 bushels; peanuts, 39,380,000 pounds, against 42,045,000 pounds in 1934 and a 5-year average of 29,894,000 pounds. In the district proper the white potato crop is estimated at 13,409,000 bushels, which contrasts with 9,681,000 bushels produced in 1934 and the 12-year average of 13,609,000 bushels.

Live Stock — On September 1, totals of milk and egg production were both running about 4 per cent heavier than at the same season last year, notwithstanding the reduction in herds and flocks. Prices of live stock during August and the first half of September were well sustained. Reflecting reduced numbers, receipts of cattle and hogs at markets of this district continued substantially below the same period a year ago.

Production of tame hay in the Eighth District is estimated by the U. S. Department of Agriculture in its September 1 report at 6,060,000 tons, against 4,151,000 tons in 1934 and the 12-year average of 6,609,000 tons. The yield of oats is placed at 41,594,000 bushels which compares with the virtual failure of 18,141,000 bushels 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		
	Aug., 1935	July, 1935	Aug., 1934	Aug., 1935	July, 1935	Aug., 1934
Cattle and Calves.....	171,658	133,497	339,350	106,959	77,723	210,898
Hogs	125,383	126,609	170,745	69,985	82,086	125,139
Horses and Mules.....	5,020	3,866	6,281	4,121	3,582	6,548
Sheep	71,521	97,530	52,276	11,614	13,684	18,877

Tobacco — Under mainly seasonable weather, both burley and dark tobacco reached the harvesting and curing periods in reasonably good condition. Cutting, housing and curing of early plantings made considerable progress during the first two weeks of September, despite temporary delays in sections occasioned by rains. As of September 14 it was estimated that 75 per cent of the burley crop had been cut and housed. In the dark-fired district tributary to Clarksville, Springfield and Hopkinsville, 60 to 70 per cent had been housed and in the western district about 65 per cent. There were scattered reports of field fire, but nothing of a serious nature. Eighth District production of tobacco of all types is estimated by the U. S. Department of Agriculture in its report based on September 1 con-

ditions at 218,716,000 pounds, an increase of 2,200,000 pounds over the August 1 forecast, comparing with 206,861,000 pounds harvested in 1934 and the 12-year average of 296,688,000 pounds.

COMMODITY PRICES

Range of prices in the St. Louis market between August 15, 1935 and September 16, 1935, with closing quotations on the latter date and on September 15, 1934, follows:

	High	Low	Close	
			Sept. 16, 1935	Sept. 15, 1934
Wheat				
Sept. ....per bu..	.95½	.85½	.95½	1.02¾
*Dec. ....	.96½	.87½	.96½	1.03¾
*May ....	.97¾	.88½	.97¾	1.03¾
No. 2 red winter	1.01	.91	1.01	1.04
No. 2 hard	1.11½	1.00½	1.11½	1.11
Corn				
Sept. ....	.79¾	.71¾	.79¾	.76
*Dec. ....	.59	.56½	.57½	.76
*May ....	.59¾	.57½	.58½	.77¾
*No. 2 mixed	.86	.74	.84½	.79
*No. 2 white	.88¾	.76¾	.87¾	.83
Oats				
*No. 2 white	.33	.28½	.33	.56
Flour				
Soft patent.....per bbl.	6.85	6.10	6.55 @ 6.85	6.90 @ 7.20
Spring ".....	8.25	8.00	8.10 @ 8.25	7.40 @ 7.55
Middling Cotton...per lb.	.1140	.1040	.1050	.1240
Hogs on hoof.....per cwt.	12.25	7.00	7.50 @ 12.05	4.25 @ 7.25

*Nominal quotations.

TRANSPORTATION

For the country as whole, loadings of revenue freight for the first 36 weeks this year, or to September 7, totaled 21,099,646 cars, against 21,424,385 cars for the corresponding period in 1934 and 19,625,542 cars in 1933. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 76,439 loads in August, which compares with 73,097 loads in July and 78,733 loads in August, 1934. During the first nine days of September the interchange amounted to 20,470 loads, against 22,020 loads during the like period in August, and 22,962 loads during the first nine days of September, 1934. Passenger traffic of the reporting roads decreased 1.9 per cent in August as compared with the same month a year ago. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in August was 145,000 against 143,251 tons in July and 120,131 tons in August, 1934.

LIFE INSURANCE

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

(In thousands of dollars)	Aug., 1935	July, 1935	Aug., 1934	Jan.-Aug., 1935	Jan.-Aug., 1934	Cum. change
Arkansas.....	\$ 2,623	\$ 2,085	\$ 2,260	\$ 21,165	\$ 21,898	— 3.8%
Illinois.....	35,647	38,749	40,874	344,432	358,846	— 4.0
Indiana.....	10,591	11,563	9,923	92,020	87,753	+ 4.9
Kentucky.....	4,751	4,993	4,588	44,014	41,181	+ 6.9
Mississippi.....	2,015	2,178	2,572	17,798	19,625	— 9.3
Missouri.....	13,680	13,929	14,849	123,503	140,981	— 12.4
Tennessee.....	5,937	5,077	5,328	45,333	47,574	— 4.7
Totals.....	75,244	78,574	80,394	688,265	717,858	— 4.1
United States..	456,397	483,491	483,705	4,195,384	4,222,160	— 0.6

FINANCIAL

The banking and financial situation in the Eighth District during the past thirty days was characterized by moderate improvement in the demand for credit from mercantile and industrial sources. Increased volume of business in both retail and wholesale lines was reflected in more active borrowing than has been the case in a number of months. Requirements for financing the crop movements have increased seasonally, but not as greatly as in the corresponding time in past years. This is particularly true of borrowings of flour milling and grain handling interests, their aggregate commitments being measurably smaller than a year ago. Demands for purchasing and carrying securities decreased during the period and were substantially less than at the same time in 1934. Inquiries for funds to condition live stock for market showed further expanding trends.

Member Banks — Between August 14 and September 11 reporting member banks in leading cities of the district showed an increase of 7.1 per cent in total loans, the gain being chiefly in the classification of "all other loans," which represent mainly accommodations granted commercial and industrial interests. Gross deposits continued the irregularly upward trend which commenced last January and at \$745,832,000 on September 11 recorded an all time high. Total investments decreased 5.6 per cent and total reserve balances increased 12.7 per cent during the four-week period.

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)	Sept. 11, 1935	Aug. 14, 1935	Sept. 12, 1934
Loans and discounts (incl. rediscounts)			
Secured by U. S. Govt. obligations and other stocks and bonds.....	\$ 59,622	\$ 56,782	\$ 71,473
All other loans and discounts.....	150,504	139,488	138,507
Total loans and discounts.....	210,126	196,270	209,980
Investments			
U. S. Gov't securities.....	188,481	212,422	182,580
Other securities.....	137,552	132,899	114,455
Total investments.....	326,033	345,321	297,035
Reserve balances with F. R. Bank	107,784	95,610	84,866
Cash in vault.....	10,034	9,294	8,691
Deposits			
Demand deposits.....	576,678	556,257	490,703
Time deposits.....	169,154	169,153	165,807
Gross deposits.....	745,832	725,410	656,510
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 aggregate amount of savings deposits held by selected member banks on September 4 was practically unchanged from a month earlier, but larger by 11.3 per cent than on September 5, 1934.

At downtown St. Louis banks as of the week ended September 15, interest rates were as follows: Customers' prime commercial paper, 1½ 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 — There was practically no change in the volume of Reserve bank credit outstanding between August 18 and September 18, but throughout the interval the amount was measurably larger than for the like time in 1934. Total deposits of this bank on September 18 were \$2,174,000 less than a month earlier, but \$9,559,000 greater than a year ago.

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

(In thousands of dollars)	Sept. 19, 1935	Aug. 19, 1935	Sept. 19, 1934
Industrial advances under Section 13b.....	\$ 455	\$ 449	\$ 192
Other advances and rediscounts.....	113	64	160
Bills bought (including participations).....	80	80	122
U. S. Securities.....	108,200	108,200	93,200
Total earning assets.....	108,848	108,793	93,674
Total Reserves	196,099	202,870	189,230
Total Deposits.....	152,309	161,461	141,696
F. R. Notes in circulation.....	146,134	143,449	135,439
Industrial commitments under Sec. 13b	1,910	1,929	132
Ratio of reserves to deposit and F. R. Note Liabilities.....	65.7%	66.5%	68.3%

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)	Aug., 1935	July, 1935	Aug., 1934	Aug. 1935 comp. to July 1935	Aug. 1934
East St. Louis and Natl. Stock Yards, Ill. \$	29,184	\$ 26,340	\$ 21,996	+10.8%	+32.7%
El Dorado, Ark.....	3,565	3,909	3,251	— 8.8	+ 9.7
Evansville, Ind.....	22,098	23,122	16,560	— 4.4	+33.4
Fort Smith, Ark.....	8,033	8,231	6,930	— 2.4	+15.9
Greenville, Miss.....	2,940	3,315	2,617	—11.3	+12.3
Helena, Ark.....	1,267	1,212	1,441	+ 4.5	—12.1
Little Rock, Ark.....	25,849	27,659	22,344	— 6.5	+15.7
Louisville, Ky.....	127,458	143,766	116,112	—11.3	+ 9.8
Memphis, Tenn.....	84,033	85,734	79,601	— 2.0	+ 5.6
Owensboro, Ky.....	4,095	4,243	3,275	— 3.5	+25.0
Pine Bluff, Ark.....	7,236	6,043	4,323	+19.7	+67.4
Quincy, Ill.....	6,250	5,988	5,695	+ 4.4	+ 9.7
St. Louis, Mo.....	498,000	505,600	390,897	— 1.5	+27.4
Sedalia, Mo.....	2,015	1,665	1,576	+21.0	+27.9
Springfield, Mo.....	12,334	11,931	10,889	+ 3.4	+13.3
*Texarkana, Ark.....	5,688	5,734	4,773	— 0.8	+19.2
Totals.....	840,045	864,492	692,280	— 2.8	+21.3

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

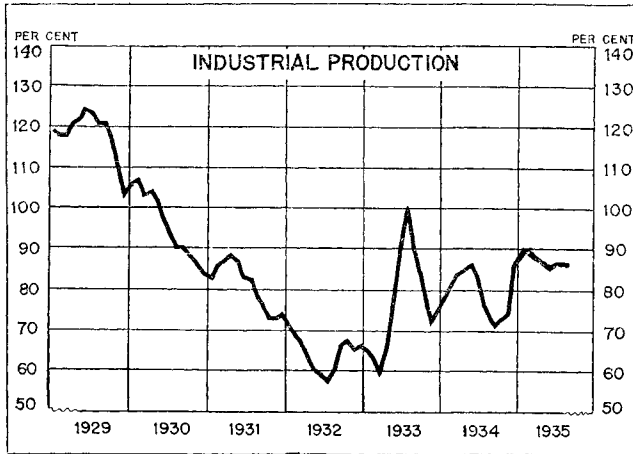
Note — Above figures include total debits charged by banks to checking accounts, savings accounts, certificate of deposit accounts, and trust accounts, of individuals, firms, corporations and U. S. Government. Charges to accounts of banks, debits in settlement of clearing house balances, payments of cashiers' checks, charges to expense and miscellaneous accounts, corrections and similar charges, are not included.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Total volume of industrial production increased in August by about the usual seasonal amount. Steel output increased more than seasonally, while the output of automobiles and anthracite declined sharply. Factory employment and payrolls increased. Wholesale prices of farm products and metals advanced during August and the first two weeks of September, and prices of wheat and metals increased further in the third week of the month.

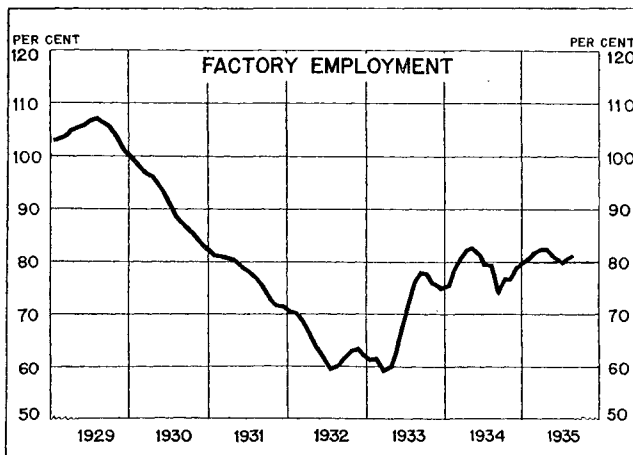
PRODUCTION AND EMPLOYMENT—Industrial production increased seasonally in August and the Board's index, which is adjusted to allow for usual seasonal variations, remained



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

unchanged at 86 per cent of the 1923-1925 average. Activity at steel mills showed a considerable increase from July to August and in the first three weeks of September was at a level higher than in any other month since February. Automobile assemblies declined by about 30 per cent in August and showed a further sharp reduction in the early part of September, reflecting in part preparations for early introduction of new models. At lumber mills output continued to increase in August. Cotton consumption by domestic mills increased slightly from recent relatively low levels and activity at woolen mills was maintained at a high rate. At mines, output of anthracite decreased sharply in August, while output of bituminous coal showed an increase.

Factory employment and payrolls increased between the middle of July and the middle of August by more than the usual seasonal amount. Marked increases in employment were reported for the steel, machinery, lumber, silk, and clothing industries, while at automobile factories employment declined somewhat.

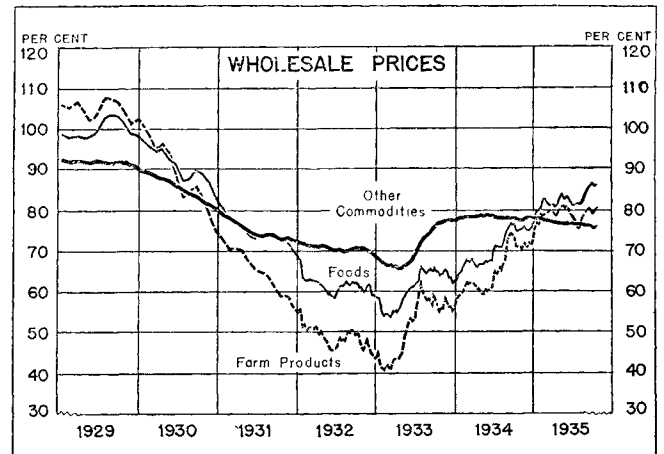


Index of factory employment, adjusted for seasonal variation. (1923-1925 average=100.) Latest figures August, preliminary 81.6.

The number of wage earners engaged in the production of durable manufactures in August was 6 per cent larger than a year earlier, while the volume of employment in other manufacturing industries as a group showed little change. Total factory employment was 3 per cent larger than in August, 1934. Daily average value of construction contracts, as reported by the F. W. Dodge Corporation, showed little change in August and the first half of September. Contracts for residential building, which earlier in the year had increased considerably, showed a decrease for this period, while the volume of public projects increased.

Department of Agriculture estimates based on September 1 conditions indicate a cotton crop of 11,489,000 bales, as compared with the unusually small crop of 9,636,000 bales last year. The indicated crops of corn, wheat, and other grains are considerably larger than last year, when drought conditions prevailed, and the condition of pastures is above the ten-year average.

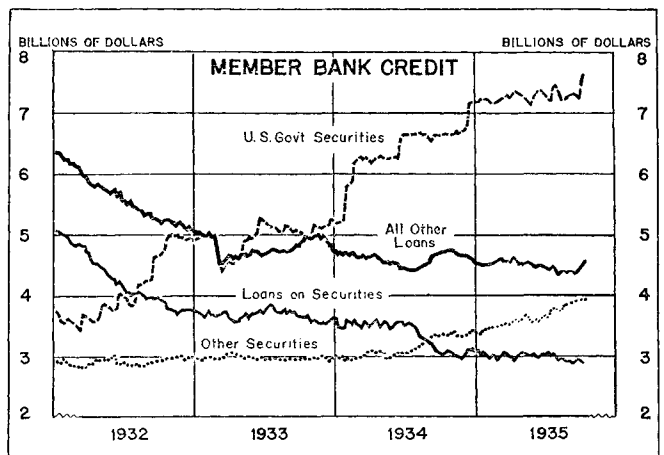
DISTRIBUTION—Freight-car loadings increased considerably in August and the first half of September, partly as a consequence of seasonal factors. Department store sales increased slightly less than seasonally from July to August.



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 September 14; farm products, 81.2; foods, 86.4; other commodities, 78.0.

COMMODITY PRICES—The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced from 79.6 per cent of the 1926 average at the beginning of August to 80.8 per cent in the second week of September and prices of many leading commodities, including wheat, silk, copper, lead, and zinc, advanced further in the third week of the month. Cotton prices declined considerably in August and showed relatively little change in the first three weeks of September.

BANK CREDIT—Excess reserves of member banks declined in the five-week period ended September 18, reflecting a temporary increase in the Treasury's total holdings of cash and deposits at Federal Reserve banks and a seasonal increase of money in circulation, which was partly offset by an inflow of gold from abroad. Total loans and investments of reporting banks in leading cities increased by \$610,000,000 during the five weeks ended September 18. Loans increased by \$100,000,000, holdings



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for September 18.

of United States Government direct obligations by \$390,000,000, holdings of United States guaranteed securities by \$70,000,000, and holdings of other securities by \$50,000,000. Adjusted demand deposits of these banks, that is, demand deposits other than Government, and bank deposits, adjusted for collection items, increased by \$140,000,000, United States Government deposits by \$160,000,000, and balances due to banks by \$270,000,000. Yields on Government securities rose somewhat further during this period, while other short-term open market money rates remained at previous low levels.