



# MONTHLY REVIEW

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

RELEASED FOR PUBLICATION ON THE MORNING OF AUGUST 31, 1936

FEDERAL RESERVE BANK OF ST. LOUIS

## District Summary

	Aug. 1, 1936, comp. with Yield 1935	1923-1935 average
<b>Agriculture:</b>		
Estimated yield of 7 crops.....	—13.3%	— 78.7%
<b>Live Stock:</b>	July, 1936 comp. with June 1936	July, 1935
Receipts at National Stock Yards.....	—11.7%	+ 2.8%
Shipments from aforesaid Yards.....	—14.2	— 2.5
<b>Production and Distribution:</b>		
Sales by mfrs. and wholesalers.....	+15.5	+ 18.9
Department store sales.....	—20.2	+ 10.5
Car loadings.....	+ 2.4	+ 28.1
<b>Building and Construction:</b>		
Bldg. permits, incl. repairs { Number... + 0.7	+ 4.3	
Cost..... +20.6	+ 28.2	
Value construc. contracts awarded.....	— 0.04	+167.8
<b>Miscellaneous:</b>		
Commercial failures { Number.....—27.2	— 17.2	
Liabilities.....—53.7	— 32.6	
Consumption of electricity.....+ 7.9	+ 30.9	
Debits to individual accounts.....— 2.9	+ 17.7	
<b>Member Banks (24):</b>	Aug. 12,'36 comp. with July 15,'36	Aug. 14,'35
Gross deposits.....	— 1.3%	+ 14.9%
Loans.....	+ 7.0	+ 22.4
Investments.....	— 0.1	+ 9.7

**I**NDUSTRY and commerce in the Eighth District during July and the first half of August continued at or about the levels of the similar period immediately preceding, which marked the high point in the recovery movement. This favorable general status was obtained in face of the severest drouth ever experienced in broad stretches of the territory and a prolonged spell of record high temperatures. In the production and distribution of commodities the usual summer slump failed to materialize, or was present in a much lesser degree than during past years. Demand for merchandise of all descriptions continued on a broad scale and apparently purchasing power was sufficiently high to permit of filling requirements. The improvement in business as a whole, coupled with greater confidence in the price structure, was reflected in a marked increase as compared with a year ago in advance buying of both wholesale and retail merchants. In heavy industries, which have figured prominently in business betterment since the first of the year, activities were well sustained, and sub-

stantial additions to raw material supplies were reported. The general trend of prices was upward.

Of the wholesaling and jobbing lines investigated by this bank, July sales of all but furniture showed increases over June, several contrary to the ordinary seasonal trend, while all recorded increases over July, 1935. Less than the usual seasonal decreases was shown in retail trade from June to July, and the volume was measurably higher than a year ago. Sales of automobiles at retail in July exceeded those of a month and a year earlier. Production of bituminous coal in fields of the district was measurably larger in July than in June, also greater in July, 1935. Reports relative to textile mill activity indicate that operations in this industry through July were sustained at the recent high levels. Further expansion in building and construction activities was reflected in brisk demand for lumber, glass, cement and other building materials. Schedules at iron and steel plants were at an unusually high rate for this time of year. At mid-August ingot production by district mills was at 74 per cent of capacity, an increase of 4 per cent over a month earlier. Consumption of electricity by industrial interests in the principal cities in July was 7.9 per cent and 30.9 per cent greater, respectively, than a month and a year earlier.

As an offset to very favorable exhibit made by trade and industry were effects of the devastating drouth and long spell of searing hot weather which persisted with only spotted interruptions in July and through the first weeks of August. Deterioration of crops from June to July in many important farming areas was the most drastic for the period on record. Hardest hit of the several productions were corn, pastures, hay, legumes and fruit and vegetables. The tobacco crop received some relief from scattered rains, but will be one of the smallest in recent years. Corn production in the district, based on August 1 conditions was estimated at 198,815,000 bushels as against the 13-year (1923-35) average of 326,193,000 bushels, and further sharp deterioration has taken place since this forecast was

made. In the typical drouth areas, livestock has suffered from lack of water and pasturage; milk and egg production declined sharply. Winter wheat turned out much better than expected, with district output above a year ago and the 13-year average. The rice crop is also above a year ago, and prospects for cotton are the best in more than a decade. The south was more favored with rains than other sections of the district, and fair to good yields of the several crops are indicated in many counties, particularly in Mississippi and Arkansas.

As reflected in sales of department stores in the principal cities, the volume of retail trade in July was 20.2 per cent less than in June, and 10.5 per cent greater than in July, 1935; for the first seven months this year, cumulative total was 10.1 per cent in excess of that for the comparable period in 1935. Combined July sales of all wholesaling and jobbing firms reporting to this bank were 15.5 per cent and 18.9 per cent larger, respectively, than a month and a year earlier and for the first seven months the cumulative total was 1.1 per cent larger than for the like interval in 1935. The dollar value of permits issued for new buildings in the five largest cities in July was greater by 20.6 per cent than in June and one-fourth larger than in July last year; for the first seven months the cumulative total was 38 per cent above that of the same interval in 1935. Dollar value of construction contracts let in the Eighth District in July was slightly less than in June and 167.8 per cent greater than in July, 1935; cumulative total for the first seven months was 106.2 per cent larger as compared with the same period in 1935.

According to officials of railroads operating in this district, freight traffic handled during the past thirty days showed a contraseasonal increase over the similar period immediately preceding and was the heaviest for the interval since 1931. Passenger traffic continued the steady increases of recent months, and stimulated by extraordinarily heavy vacation travel, the reporting lines recorded the largest volume for the month in recent years. The low stage of water in the Mississippi River seriously hampered barge line service, despite the continuous operation of dredges under supervision of the United States Engineers. Tonnage handled by the Federal Barge Line between St. Louis and New Orleans in July was 8.8 per cent less than in June, and 1.2 per cent less than in July, 1935, but for the first seven months this year an increase of 19.8 per cent was shown over the comparable period a year earlier.

Reports relative to collections during July and the first half of August reflected a slight slowing down as a whole as contrasted with the preceding

thirty days. Some backwardness was noted in payments to retailers in the typical drouth areas, where there is more of a disposition to conserve cash, and liquidation was in less than the expected volume. Questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
July, 1936.....	3.6%	55.6%	38.3%	2.5%
June, 1936.....	3.8	56.0	37.5	2.7
July, 1935.....	2.3	50.7	40.0	7.0

Commercial failures in the Eighth Federal Reserve District in July, according to Dun and Bradstreet, numbered 24 and involved liabilities of \$205,000, which compares with 33 defaults with liabilities of \$443,000 in June and 29 insolvencies for a total of \$303,932 in July, 1935.

### Detailed Survey

#### MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks	
	July, 1936 compared with June, '36	July, '35 comp. with same period 1935	July 31, 1936 comp. with July 31, 1935	
Boots and Shoes.....	+23.1%	+12.1%	-10.2%	+ 8.0%
Drugs and Chemicals..	+ 0.7	+15.6	+13.6	+10.0
Dry Goods.....	+27.0	+38.5	+ 9.8	-10.3
Electrical Supplies.....	+ 3.6	+22.2	+13.3	+18.1
Furniture.....	- 7.7	+54.5	+26.0	- 3.8
Groceries.....	+10.1	+14.0	+ 2.7	+ 9.5
Hardware.....	+ 1.3	+15.1	+ 9.3	+14.0
All above lines.....	+15.5	+18.9	+ 1.1	+ 1.5

**Automobiles** — Combined passenger car, truck and taxicab production in the United States in July was 440,999 against 452,955 (revised figure) in June and 332,109 in July, 1935.

**Boots and Shoes** — The increase in sales from June to July was a seasonal manifestation, but somewhat smaller than the average during the past decade. However, the July total was the highest for the month since 1933. The trend of prices on both raw and finished materials was upward, though no specific rise in quotations in the latter were recorded.

**Clothing** — July sales of the reporting clothiers were 10 per cent greater than in June and about one-fourth in excess of the July, 1935 total. Inventories increased further, stocks on hand as of August 1 being 19 and 32 per cent larger, respectively, than a month and a year earlier. Clearance of lightweight apparel through retail channels was reported the best in a number of years, and despite lateness of the season, there was a fair volume of reordering of goods in that category.

**Drugs and Chemicals** — The prolonged spell of extremely hot weather was reflected in an unusually brisk demand for seasonal merchandise, and was largely responsible for the increase in July sales over a month and a year earlier shown in the above

table. Continued greater than seasonal activity in many lines was responsible for a sustained movement of heavy drugs and chemicals to the general manufacturing trade.

**Dry Goods** — July sales of the reporting firms, which were 27 per cent and 38.5 per cent greater, respectively, than a month and a year earlier, reached the highest total for any month this year, and with the exception of 1933, were the largest for July since 1929. Advance booking of orders was in excess of a year ago. Retail stocks generally throughout the trade territory are light, and merchants were more disposed than heretofore to replenish and fill out assortments.

**Electrical Supplies** — Business in this classification during July continued the steady improvement of earlier months this year, sales of the reporting interests representing the highest July total since these records began in 1924. While the betterment extended to all lines, it was most marked in seasonal merchandise and installations in new buildings.

**Furniture** — A small contraseasonal decline in sales of the reporting interests from June to July was recorded, but the July total was the largest for the month since 1929, and for the first seven months this year an increase of 26 per cent was shown over the comparable period in 1935. In the case of a number of important firms, inventories as of August 1 were the smallest for that date in several years.

**Groceries** — Unusually heavy purchasing of canned and preserved products, occasioned by short fruit and vegetable crops, combined with other seasonal influences to boost July sales of the reporting firms to the highest level of the present year and to a new July peak since 1930. Retail merchants and ultimate consumers were disposed to accumulate supplies in anticipation of price advances later on. Quotations on a number of items were moved upward during late July and the first half of August.

**Hardware** — Reduced purchasing in the drouth areas has been more than counterbalanced by heavy demands of the public generally and industries elsewhere, with the result that July and early August sales of the reporting firms reflected a continuance of the steady improvement noted in this classification during the past three years. Builders' tools, hardware and supplies generally are outstanding in the betterment.

**Iron and Steel Products** — Except in the case of lines affected by the extremely hot weather and other seasonal influences, such as vacations, inventorying, temporary closings for repairs, etc., the general high rate of operations in the iron and steel

industry in this district, which characterized earlier months this year, was well sustained. In a number of lines the volume of unfinished orders increased, despite heavy shipments of finished products to consumers. Purchasing by the railroads underwent further expansion, and steel casting plants specializing in work for equipment builders and carriers further increased their operations. Domestic freight-car awards during the first seven months this year totaled approximately 35,000 cars, which contrasts with 19,308 cars during the twelve months of 1935 and only 2,460 in 1932. Moderate expansion was noted in requirements of the automotive industry, and broadening activities in drilling in southwestern oil fields were reflected in a heavier movement of items used in the petroleum industry. Schedules at farm implement and tractor plants have been reduced from the extraordinarily high levels of spring and early summer, but are still above normal for this time of year. Outlet through the building industry continues on a fairly broad scale, particularly for structural steel, bars and sheets. As of mid-August, operations at iron and steel fabricating plants were about on a parity with a month earlier. Jobbing foundries, both those melting grey iron and malleable iron, reported a further accretion to their backlogs, with demand for miscellaneous casting predominating in current business. With the exception of scrap iron and steel, which advanced to new high levels on the present upward movement, prices of raw and finished materials showed little change worthy of note as contrasted with the preceding thirty days. For the country as a whole, production of pig iron in July, according to the magazine "Steel", totaled 2,595,791 tons, against 2,595,882 tons in June and 1,520,340 tons in July, 1935. Steel ingot production in the United States in July amounted to 3,922,731 tons, against 3,984,845 tons in June and 2,267,827 tons in July, 1935.

#### MINING

Production of bituminous coal at mines in this general area during July, according to the U. S. Bureau of Mines, increased approximately 39 per cent as compared with June, and was 7 per cent greater than a year ago; for the first seven months of 1936, output was greater by 9 per cent than during the like period a year earlier. At Illinois mines July production totaled 2,927,413 tons, which compares with 2,567,551 tons in June and 1,881,530 tons in July, 1935. There were 131 mines in operation and 31,671 men on payrolls in July, an increase of 8 in the number of active mines and of 1,244 in operatives over the month before. United States production of soft coal in July was estimated at

32,113,000 tons, against 29,300,000 tons lifted in June and 22,339,000 tons in July, 1935.

## RETAIL TRADE

**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			Stock on Hand	Stock Turnover	
	July, 1936	7 mos. 1936	July 31,'36	Jan. 1, to		
	compared with	to same	comp. with	July 31,		
	June 1936	July 1935	period '35	July 31, 1936	1935	
El Dorado, Ark.....	-20.5%	- 2.5%	- 1.6%	- 5.9%	1.58	1.54
Ft. Smith, Ark.....	-16.3	+15.0	+15.6	- 1.8	1.44	1.31
Little Rock, Ark.....	-16.1	+13.7	+13.7	- 0.1	1.67	1.42
Louisville, Ky.....	-16.6	+16.5	+13.7	+ 2.2	2.51	2.19
Memphis, Tenn.....	-21.1	+18.5	+10.3	- 1.8	1.92	1.71
Pine Bluff, Ark.....	- 4.0	+26.6	+ 5.6	+ 3.1	2.21	1.72
St. Louis, Mo.....	-21.1	+ 7.3	+ 9.0	+ 5.7	2.34	2.20
Springfield, Mo.....	-27.8	- 9.8	+ 8.7	+ 0.4	1.52	1.37
All Other Cities.....	-23.1	+ 8.3	+10.2	+ 7.2	1.79	1.79
8th F. R. District.....	-20.2	+10.5	+10.1	+ 3.4	2.20	2.02

Percentage of collections in July to accounts and notes receivable first day of July, 1936, by cities:

Installment Accounts		Excl. Inst'l Accounts	Installment Accounts		Excl. Inst'l Accounts
El Dorado.....%	64.6%	Pine Bluff.....%	34.5%		
Fort Smith.....	34.0	Springfield.....	32.4		
Little Rock.....	14.9	St. Louis.....	53.2		
Louisville.....	13.7	Other Cities.....	14.9		
Memphis.....	18.9	8th F. R. Dist.....	17.0		
	40.3		48.6		

**Specialty Stores**—July results in men's furnishings and boot and shoe lines are shown in the following table:

	Net Sales			Stock on Hand	Stock Turnover	
	July, 1936	7 mos. 1936	July 31,'36	Jan. 1, to	July 31,	
	compared with	to same	comp. with	July 31,	1936	
	June 1936	July 1935	July 31,'35	1936	1935	
Men's Furnishings.....	-36.7%	-0.3%	+11.8%	+4.8%	1.50	1.46
Boots and Shoes.....	-35.1	+19.0	+14.7	-10.6	4.01	3.29

Percentage of collections in July to accounts and notes receivable first day of July, 1936:

Men's Furnishings.....	37.6%	Boots and Shoes.....	37.3%
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## AGRICULTURE

In many sections of the Eighth District, weather conditions during July and the first half of August have been the most disastrous for agriculture ever experienced. During the period, according to the U. S. Department of Agriculture, and the departments of the several states, crop prospects declined materially, and as a result there will be a shortage of food and feed crops, regardless of what the weather may be during the balance of the season. This situation, it is pointed out, will necessitate rather heavy marketings of grain-consuming livestock and a reduction in the grain ration of animals to be wintered. The condition of pasturage in all states is below the 10-year (1923-1932) average, with the worst showing in the northern tiers. In Missouri the August 1 condition was 14 per cent of average, Indiana 23 per cent, Illinois 26 per cent and Kentucky 33 per cent, all representing the lowest stage of record as of that date. Already much hay and roughage have been fed to livestock, thus reducing potential supplies for the winter.

In addition to serious damage to feed and forage crops the drouth has been responsible for curtailed production of fruits and vegetables generally through the district, but as in the case of grains, injury in the south was less drastic than northward. Besides cutting this year's yield, the exceptionally cold winter, the record heat and moisture deficiency of the spring and summer have killed numerous fruit trees in important producing areas. In Illinois, Indiana, Missouri and parts of Kentucky, the condition of farm gardens was reported the poorest on record. Vegetables crops for manufacture were heavily reduced during July and have suffered further deterioration during early August. Through the Ohio Valley and some southern counties rains in the late July and early this month ameliorated conditions somewhat, but were not sufficient to break the drouth.

As indicating the moisture deficiency in this general region, the stage of the Mississippi River at mid-August registered the lowest stage in the 72 years through which Weather Bureau records extend. Similarly low stages obtain in tributaries, and many small streams, creeks, and ponds have dried up. Since early in the season it has been necessary for farmers in extended areas to haul water for home use and livestock.

Gloominess of the picture as a whole is tempered by certain favorable factors of considerable importance. Among these are the extremely favorable outlook for cotton, indicated yield of which in this district is considerably above last year and the 13-year (1923-1935) average; a winter wheat crop larger than in 1935 and of high quality; good prospects for the rice and sweet potato crops; improvement over earlier conditions in the tobacco sections; spotted favorable results for miscellaneous crops in the south, and fairly large cuttings of early hay. The sharp advance, during recent weeks, in prices of virtually all farm products will serve in a measure to offset reduced farm incomes incident to the drouth, as will Government drouth relief to farmers in the most acutely affected areas.

**Corn**—Heat, drouth and insects combined to cause one of the most drastic reductions in corn prospects from June to July ever recorded for a single month in this area. Based on the August 1 condition, the U. S. Department of Agriculture estimates production in the Eighth district at 198,815,000 bushels. This represents a decline of 81,963,000 bushels from the July 1 forecast, and compares with 262,799,000 bushels harvested in 1935 and a 13-year (1923-1935) average of 326,193,000 bushels. Since

August 1 temperatures on several days equalled the best high records of earlier in the summer, and with little or no rain over much of the northern half of the district, further sharp deterioration has taken place, and much of the crop which promised at least a 50 per cent yield at the end of July, will produce little or no corn for grain. Considerable corn in both the uplands and bottoms has been cut for forage or ensilage. At mid-August prices of cash corn rose to the highest point since 1919.

**Cotton** — In counterdistinction to the low condition and indicated light yields of other crops, the outlook for cotton is the most promising in recent years, which fact coupled with the relatively high prices prevailing, indicates a profitable season for producers of that staple. Based on the August 1 condition, the U. S. Department estimates the Eighth District yield at 3,188,000 bales, which compares with 2,243,000 bales produced in 1935, and the 13-year average (1923-1935) of 2,701,000 bales. The season to date over practically the entire district has been unusually favorable for growth and development of the plant. These conditions have been supplemented by intensive cultivation and free use of fertilizers, also absence of heavy insect infestation. Fields are clean and the plant mainly sturdy and of large size. Picking has begun in many localities, and initial reports reflect generally high quality. The yield forecast in Mississippi of 285 lbs. per acre exceeds any yield ever recorded in that state. An all-time record yield per acre is also forecast for Missouri, and the yield indicated for Arkansas has been exceeded only once in thirty years. Prices of raw cotton, which at mid-July reached the highest point since the summer of 1930, declined somewhat during the first half of August, being influenced by the favorable crop outlook. In the St. Louis market the middling grade ranged from 12.65c to 13.25c per pound between July 15, and August 15, closing at 12.65c on the latest date, as against 13.30c on July 15 and 11.25c on August 15, 1935. Combined receipts at Arkansas and Missouri compresses for the cotton year August 1, 1935, to August 1, 1936, totaled 1,031,072 bales, as against 966,535 bales a year earlier. Stocks on hand as of August 1 were 262,049 bales, which compares with 512,218 bales on the same date in 1935.

**Fruits and Vegetables** — Prospects for fruits and vegetables in this general area, which were already extremely poor early in the season, declined further in July and the early weeks of August under searing heat and absence of adequate moisture. Practically all species were affected, but in particu-

larly favored sections of the south, fair to good yields of certain products are indicated. White potato yield in the Eighth District is estimated by the U. S. Dept. of Agriculture in its August 1 report at 8,120,000 bushels, a decline of about 58,000 bushels from July 1, and comparing with 13,707,000 bushels harvested in 1935 and the 13-year average of 13,617,000 bushels. Tree fruits receded further in July, indicated yield is the smallest in recent years, and in some sections the scantiest of record. In states partly or entirely within the Eighth District the apple crop is estimated at 4,523,000 bushels, of which 2,090,000 bushels represent commercial production, against 18,302,000 bushels in 1935, with 9,646,000 bushels commercial crop, and the 5-year average (1928-32) of 14,937,000 bushels, of which 6,512,000 bushels were commercial production. In these states the peach crop, a virtual failure, is estimated at 2,942,000 bushels, against 8,656,000 bushels in 1935 and the 5-year average of 7,056,000 bushels; pears, 863,000 bushels, against 1,813,000 bushels in 1935 and the 5-year average of 1,624,000 bushels; sweet potatoes, 17,300,000 bushels, against 19,768,000 bushels in 1935 and the 5-year average of 17,483,000 bushels; grapes, 23,460 tons, against 32,606 tons in 1935, and the 5-year average of 32,065 tons.

**Live Stock** — Through the district as a whole, but especially in the typical dry areas, the condition of live stock was adversely affected by the low condition of pastures, scarcity of stock water and the intense heat. Scattered reports of mortality among herds were more numerous during early August than earlier in the season. Milk production per cow declined on August 1 to the lowest for that date shown in the 9-year (1925-33) record. Egg production also declined during the period. Prices of live stock tended upward, hogs at mid-August reaching the highest levels since September, 1935. Dairy and poultry values also advanced. District hay prospects decreased somewhat in July and have further receded since August 1. The Government estimate of tame hay for the Eighth District in its August 1 report was 4,165,000 tons, which compares with 5,835,000 tons in 1935 and the 13-year average of 6,550,000 tons.

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

	Receipts			Shipments		
	July, 1936	June, 1936	July, 1935	July, 1936	June, 1936	July, 1935
Cattle and Calves.....	117,807	123,989	113,497	67,093	75,982	77,723
Hogs .....	151,763	154,651	126,609	89,819	98,543	82,086
Horses and Mules.....	3,166	3,320	3,866	2,857	2,823	3,582
Sheep .....	78,295	115,417	97,530	12,887	23,962	13,684
Totals.....	351,031	397,377	341,502	172,656	201,310	177,075

**Rice**—Production of rice in Arkansas is forecast by the U. S. Dept. of Agriculture in its August 1 report at 7,592,000 bushels, which compares with 6,348,000 bushels harvested in 1935 and the 5-year (1928-32) average of 8,502,000 bushels.

**Tobacco**—Growth of tobacco plants is generally irregular and the August 1 condition is the lowest for this date in the history of the crop, with the exception of 1932. Rain since the last week of July have improved conditions somewhat, particularly the burley types. Tobacco of all types is later than last year. Not over one-third of the burley and dark fired had topped as of mid-August. Based on the August 1 condition, the U. S. Dept. of Agriculture estimates the Eighth District yield at 177,550,000 pounds a decrease of 2,835,000 pounds from the July 1 forecast, and comparing with 189,075,000 pounds in 1935 and the 13-year (1923-35) average of 288,410,000 pounds.

### COMMODITY PRICES

Range of prices in the St. Louis market between July 15, 1936, and August 15, 1936, with closing quotations on the latter date and on August 15, 1935, follows:

	High	Low	Close	
			Aug. 15, 1936	Aug. 15, 1935
Wheat				
*Sept. ....per bu.	\$1.15	\$1.02	\$ 1.14½	\$ .87½
*Dec. ....	1.15½	1.03½	1.13½	.89½
*May ....	1.16½	1.10½	1.11½	.91½
No. 2 red winter	1.20	1.06½	1.18	.91½
*No. 2 hard	1.19¾	1.07½	1.19	.99½
Corn				
*Sept. ....	1.11	.84¾	1.11	.78¾
*Dec. ....	1.00¾	.78¾	.98¾	.58¾
*May ....	.99	.91½	.94¾	.59¾
*No. 2 Mixed	1.16	.89	1.16	.84½
*No. 2 White	1.24½	.99	1.24	.87½
Oats				
*No. 2 White	.46¾	.38	.46	.32
Flour				
Soft Patent.....per bbl.	5.95	4.75	5.45@ 5.95	6.10@ 6.40
Spring ".....	8.20	7.50	7.75@ 7.95	8.15@ 8.30
Middling Cotton...per lb.	.1325	.1265	.1265	.1125
Hogs on Hoof.....per cwt.	11.65	7.75	8.10@ 11.65	8.00@ 12.10

\*Nominal quotations.

### TRANSPORTATION

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 93,659 loads in July the largest number for any single month in more than four years, and comparing with 91,445 loads in June and 73,097 loads in July, 1935. During the first nine days of August the interchange amounted to 27,029 loads, against 26,289 loads during the corresponding period in July, and 22,020 loads during the first nine days of August, 1935. Passenger traffic of the reporting roads in July was 40 per cent greater in the number of passengers carried and 39 per cent larger in revenue, than during the same month in 1935. For the entire country loadings of revenue freight for the first 31 weeks this year, or to August 1, totaled 20,163,968 cars, against 17,980,898 cars for the like

period in 1935 and 18,400,298 cars in 1934. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in July was 141,700 tons, against 155,365 tons in June and 143,251 tons in July, 1935. The decrease in the month-to-month comparison was attributed to interference with operations occasioned by the low stage of water in the Mississippi River.

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in July was 20.6 per cent larger than in June, and 25.0 per cent greater than the July, 1935, total. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in July, amounted to \$26,143,600 which compares with \$26,154,019 (revised figure) in June, and \$9,762,389 in July, 1935. Building figures for July, follow:

	New construction				Repairs, etc.			
	Permits		*Cost		Permits		*Cost	
	1936	1935	1936	1935	1936	1935	1936	1935
Evansville ..	57	46	\$ 121	\$ 71	118	79	\$ 129	\$ 61
Little Rock ..	18	17	29	17	99	116	31	28
Louisville ...	110	68	477	387	81	79	24	35
Memphis ....	170	120	252	145	170	182	76	97
St. Louis....	212	278	501	484	188	188	231	135
July Totals	567	529	1,380	1,104	656	644	491	356
June "	542	541	1,144	906	673	677	408	316
May "	601	519	1,652	904	682	725	276	340

\*In thousands.

### CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in July as being 7.9 per cent in excess of June, and 30.9 per cent larger than in July, 1935. Detailed figures follow:

	No. of Custom- ers	July, 1936	June, 1936	July, 1936 comp. with June, 1936	July, 1935	July, 1936 comp. with July, 1935
		*K.W.H.	*K.W.H.		*K.W.H.	
Evansville ....	40	3,097	2,882	+ 7.5%	1,883	+64.5%
Little Rock... 35		2,420	1,996	+21.2	2,296	+ 5.4
Louisville .... 82		9,107	8,981	+ 1.4	8,230**	+10.7
Memphis ..... 31		1,919	2,000	- 4.0	1,517	+26.5
Pine Bluff.... 20		565	474	+19.2	440	+28.4
St. Louis.....192		26,302	23,905**	+10.0	18,791**	+40.0
Totals.....400		43,410	40,238**	+ 7.9	33,157**	+30.9

\*In thousands.

\*\*Revised figures.

### 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 1935 are shown in the following table:

(In thousands of dollars)	July, 1936	June, 1936	July, 1935	Jan.-July, Inc. 1936	Jan.-July, Inc. 1935	Cumul. change
Arkansas.....	\$ 2,770	\$ 2,571	\$ 2,085	\$ 17,497	\$ 18,542	— 5.6%
Illinois.....	39,639	42,107	38,749	282,301	308,785	— 8.6
Indiana.....	11,638	11,700	11,563	75,620	81,429	— 7.1
Kentucky.....	5,320	5,182	4,993	35,034	39,263	—10.8
Mississippi.....	2,251	2,578	2,178	15,670	15,783	— 0.7
Missouri.....	15,326	16,153	13,929	103,472	109,823	— 5.8
Tennessee.....	6,124	5,198	5,077	36,817	39,396	— 6.5
Totals.....	83,068	85,489	78,574	566,411	613,021	— 7.6
United States...	512,738	532,994	483,491	3,519,993	3,738,987	— 5.9

## MONEY AND BANKING

Further moderate betterment in the demand for credit from general sources marked the Eighth District banking and financial situation during the past thirty days. Merchants and manufacturers increased their banking commitments in order to finance goods for fall and winter distribution. Borrowing by the flour milling and grain elevator interests increased substantially due to the upturn in cash wheat values. These interests are disposed to stock up heavily because of the high quality of the crop and rapid movement of grain to market. Generally, however, requirements for financing agricultural operations were less in evidence than usual at this time of year, which is ascribable partly to wholesale destruction of crops by the drouth and record breaking heat wave. Routine liquidation at banks in the principal cities continues in considerable volume; settlements with country banks and merchants in the winter wheat areas were also heavy. Inquiries for building loans are reported more numerous than at this particular season in a number of years.

**Member Banks**—In the four week period ended August 12, total loans of reporting banks in the leading cities increased 7 per cent to the highest point of the year, and the total was approximately one-fourth greater than on the corresponding report date in 1935. The increase for the month was mainly in "all other loans" which represent for the most part borrowing by commercial and industrial interests. Investments remained practically unchanged during the period. Gross deposits and reserves declined, but both items continued substantially larger than a year ago.

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

(In thousands of dollars)	Aug. 12, 1936	July 15, 1936	Aug. 14, 1935
Loans and discounts (incl. rediscounts):			
Secured by U. S. Gov't obligations and other stocks and bonds.....	\$ 76,148	\$ 69,896	\$ 58,457
All other loans and discounts.....	176,525	166,255	147,955
Total loans and discounts.....	252,673	236,151	206,412
Investments:			
U. S. Gov't securities.....	226,340	225,525	217,550
Other securities.....	168,536	169,394	142,317
Total investments.....	394,876	394,919	359,867
Demand deposits.....	689,573	702,379	583,366
Time deposits.....	184,830	183,848	177,416
Gross deposits.....	874,403	886,227	760,782
Reserve balances with F. R. Bank.....	108,812	126,579	99,988
Cash in vault.....	11,398	11,301	9,888
Bills payable and rediscounts with Federal Reserve Bank.....			
Number of banks reporting.....	24	24	24

The total resources of these banks comprise approximately 63.4% of all member banks in this district.

The aggregate amount of savings deposits held by selected banks on August 5, was 0.5 per cent

greater than on July 1, and 5.5 per cent in excess of the total on August 7, 1935.

While quotations were generally unchanged the trend of interest rates was slightly firmer. At downtown St. Louis banks rates charged as of the week ended August 15, were as follows: Customers' prime commercial paper, 1½ to 5 per cent; collateral loans, 2 to 6 per cent; loans secured by warehouse receipts, 1½ to 5 per cent and cattle loans, 4 to 6 per cent.

**Federal Reserve Operations**—Changes in the principal assets and liabilities of this bank appear in the following table:

(In thousands of dollars)	Aug. 20, 1936	July 20, 1936	Aug. 20, 1935
Industrial advances under Sec. 13b.....	\$ 532	\$ 534	\$ 449
Other advances and rediscounts.....	96	47	64
Bills bought (including participations).....	87	87	80
U. S. securities.....	129,927	129,927	108,200
Total earning assets.....	130,642	130,595	108,793
Total reserves .....	237,176	249,794	201,835
Total deposits .....	190,440	200,982	160,704
F. R. Notes in circulation.....	170,003	172,658	143,005
Industrial commitments under Sec. 13b .....	1,745	1,824	1,928
Ratio of reserve to deposit and F. R. Note liabilities.....	65.8%	66.9%	66.5%

The rates of this bank for accommodations under the Federal Reserve Act remain unchanged. Complete schedule of rates follows:

- 2% per annum for rediscounts and advances to member banks, under Sections 13 and 13a.
- 2½% per annum for advances to member banks, under Section 10b.
- 4½% per annum for rediscounts, purchases and advances to member banks including nonmember banks and other financing institutions), under Section 13b.
- ½% flat for commitments not exceeding six months to member banks (including nonmember banks and other financing institutions), to rediscounts, purchase or make advances, under Section 13b.
- 5½% per annum for advances to established industrial or commercial business, under Section 13b.
- 4% per annum for advances to individuals, firms or corporations (including nonmember banks), secured by direct obligations of the United States, under Section 13.
- 5½% per annum for advances to individuals, partnerships and corporations (excluding nonmember banks), 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, 1936	June, 1936	July, 1935	July, 1936 comp. with June 1936	July 1935
East St. Louis and Natl. Stock Yards, Ill.....	\$ 29,211	\$ 31,959	\$ 26,340	—25.0%	+10.9%
El Dorado, Ark.....	4,265	3,910	3,909	+ 9.1	+ 9.1
Evansville, Ind.....	33,179	27,859	23,122	+19.1	+43.1
Fort Smith, Ark.....	10,977	10,547	8,231	+ 4.1	+33.4
Greenville, Miss.....	3,959	4,129	3,315	— 4.1	+19.4
Helena, Ark.....	1,494	1,305	1,212	+14.5	+23.3
Little Rock, Ark.....	31,163	32,413	27,659	— 3.9	+12.7
Louisville, Ky.....	153,402	160,428	143,766	— 4.4	+ 6.7
Memphis, Tenn.....	115,643	109,244	85,734	+ 5.9	+34.9
Owensboro, Ky.....	5,327	4,986	4,243	+ 6.8	+25.5
Pine Bluff, Ark.....	7,083	7,502	6,043	— 5.6	+17.2
Quincy, Ill.....	7,893	7,976	5,988	— 1.0	+31.8
St. Louis, Mo.....	589,497	622,443	505,600	— 5.3	+16.6
Sedalia, Mo.....	2,114	2,035	1,665	+ 3.9	+27.0
Springfield, Mo.....	16,270	14,318	11,931	+13.6	+36.4
*Texarkana, Ark.....	6,312	6,732	5,734	— 6.2	+10.1
Totals.....	1,017,789	1,047,786	864,492	— 2.9	+17.7

\*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.

(Completed August 24, 1936)

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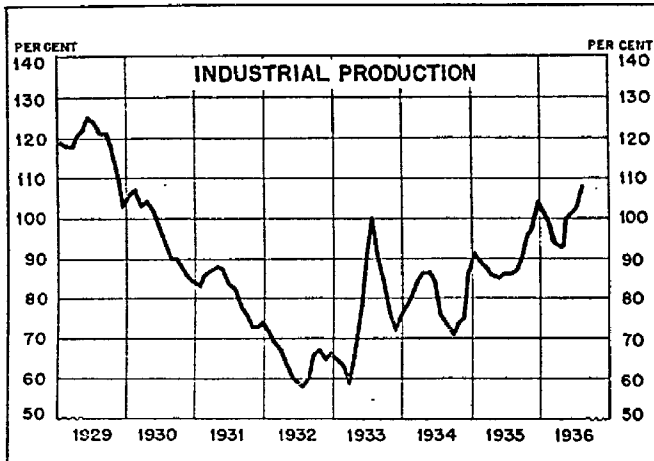
# NATIONAL SUMMARY OF BUSINESS CONDITIONS

## BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

**Production and Employment**—Industrial production, which usually declines considerably in July, was maintained at the level of the preceding three months, and the Board's seasonally adjusted index advanced to 108 per cent of the 1923-1925 average as compared with 103 per cent in June. Output of steel continued at about the June rate, although a sharp decrease is usual, and automobile production declined by less than the usual amount. In the first three weeks of August there was little change in activity at steel mills, while at automobile factories output was curtailed as preparations were made for the production of 1937 models. Output of nondurable products was larger in July than in June, reflecting chiefly a sharp rise in activity at cotton mills and greater than seasonal increases in production at shoe factories, silk mills,

**Distribution**—Retail trade was sustained in July at a higher level than is usual in that month. The Board's adjusted index of department store sales, which allows for a considerable seasonal decline, increased from 88 per cent of the 1923-1925 average in June to 91 per cent in July and mail order and variety store sales also showed smaller decreases than are usual for the season. Freight-car loadings increased in July.

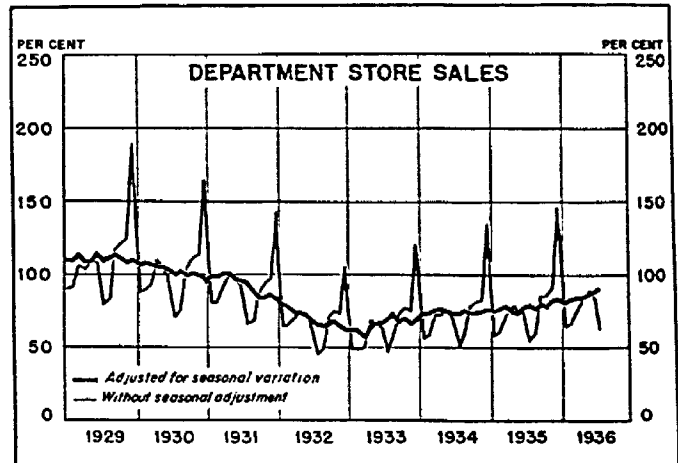
**Commodity Prices**—Wholesale commodity prices continued to advance between the middle of July and the middle of August. Prices of wheat, flour, feed, grains, and dairy products rose considerably, owing primarily to the drought, and livestock prices also advanced while cotton declined. There was a considerable increase in the price of steel scrap.



Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, through July, 1936. Latest figure, preliminary, July 108.

and flour mills. At coal mines output increased and crude petroleum continued to be produced in large volume.

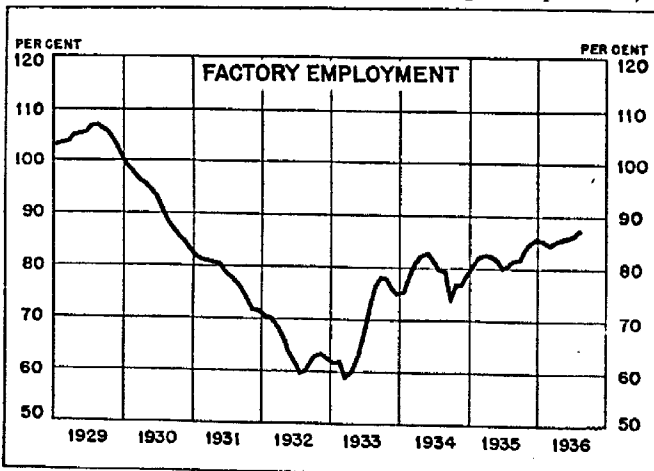
Factory employment increased further in July, contrary to seasonal tendency. The number of workers was larger than in June at steel mills, foundries and machine shops, and furniture factories, while at railroad repair shops there was a decline. Among the nondurable goods industries employment increased at textile mills and meat-packing plants, and declined less than seasonally at establishments producing wearing apparel. Factory payrolls decreased by a smaller amount than is usual in July. The value of construction contracts awarded increased considerably from June to July, according to the F. W. Dodge Corporation, with



Indexes of value of sales, 1923-1925 average = 100. By months, January, 1929, through July, 1936. Latest figures, preliminary adjusted 91, unadjusted 63.

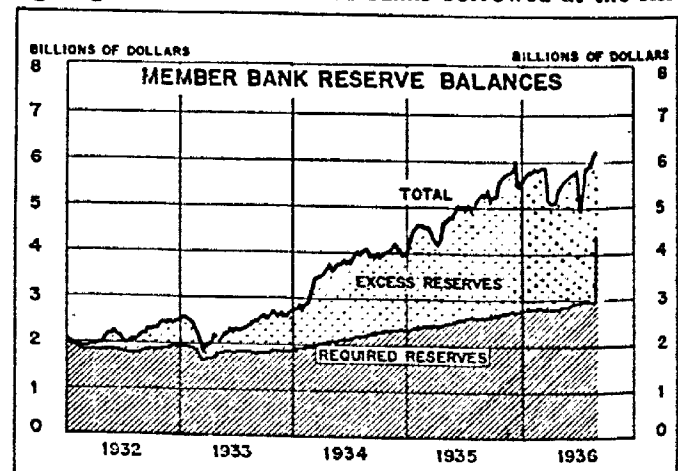
**Bank Credit**—Excess reserves of member banks decreased from \$2,920,000,000 on July 15 to \$1,810,000,000 on August 19. About \$1,470,000,000 of excess Reserves were absorbed by the increase of 50 per cent in reserve requirements of member banks which went into effect August 15. This decrease was offset in part by a growth of \$360,000,000 in total reserve balances, reflecting principally large disbursements by the Treasury from its funds held on deposit with Federal Reserve banks.

After the increase in reserve requirements there remained a large amount of excess reserves widely distributed among member banks. The money market was not affected by the action, and interest rates remained at extremely low levels. In the week ending August 19 a few scattered banks borrowed at the Reserve



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, through July, 1936. Latest figure, July 87.7. large increases reported for both publicly financed and privately financed work.

**Agriculture**—Crop prospects declined during July as a result of continued drought. On the basis of August 1 conditions, the corn crop was estimated by the Department of Agriculture at 1,439,000,000 bushels, a reduction of 37 per cent from last season, and estimates for spring wheat, oats, hay, and potatoes were also considerably under the harvests of a year ago. The cotton crop was forecast at 12,481,000 bales as compared with 10,638,000 bales last year and an average of 14,667,000 bales during the five years 1928-1932.



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 6, 1932, through August 19, 1936.

banks, but the total amount borrowed was negligible and some banks drew upon their balances with other banks in order to meet the increase in requirements. Deposits of domestic banks with reporting member banks in leading cities declined by \$210,000,000 in the week.

Between July 15 and August 19 loans and investments of reporting member banks in leading cities declined by \$260,000,000, reflecting reductions of \$130,000,000 in loans on securities and of \$160,000,000 in holdings of United States Government direct obligations, partly offset by an increase of \$60,000,000 in other loans to customers. Adjusted demand deposits, which increased to a new high level on July 22, were slightly smaller on August 19.