



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

District Summary

| | June 1, 1937, comp. with output | |
|-------------------------------------|---|-------------|
| | 1936 | Av. 1928-32 |
| Agriculture: | | |
| Estimated produc. of Winter Wheat | +29.6% | +68.3% |
| Live Stock: | May, 1937, comp. with April, 1937 May, 1936 | |
| Receipts at National Stock Yards | +16.0% | +35.5% |
| Shipments from aforesaid Yards | +36.6 | +58.9 |
| Production and Distribution: | | |
| Sales by mfrs. and wholesalers | — 6.8 | +13.3 |
| Department store sales | — 2.5 | +11.3 |
| Car loadings | — 0.8 | + 9.1 |
| Building and Construction: | | |
| Bldg. permits, incl. repairs | { Number — 6.7 | +28.1 |
| | { Cost +23.1 | +11.2 |
| Value construc. contracts awarded | —17.0 | —18.8 |
| Miscellaneous: | | |
| Commercial failures | { Number +33.3 | —30.0 |
| | { Liabilities +49.3 | —35.6 |
| Consumption of electricity | + 4.9 | +13.0 |
| Debits to individual accounts | + 1.9 | +13.8 |
| Member Banks (24): | June 16,'37, comp. with May 19,'37 June 17,'36 | |
| Gross deposits | + 0.6% | + 5.0% |
| Loans | — 2.5 | +22.0 |
| Investments | — 4.0 | — 6.8 |

GENERAL business activity in the Eighth District during May and the first half of June was maintained at the relatively high levels which have obtained since early spring. Industrial production as a whole reflected considerably less than the ordinary seasonal contraction, and in certain lines was entirely absent. Relatively the best exhibit was made in the category of durable goods, notably iron and steel products, lumber, glass and quarry products. There was some curtailment in production of textiles, reflecting a reduction in the volume of new business placed. Consumption of electricity by industrial users in the principal cities in May recorded substantial increases over a month and a year earlier. Production of bituminous coal in fields of the district was approximately 14 per cent higher than in April and slightly in excess of output in May, 1936. Debits to individual accounts in May increased 1.9 per cent over April and were 13.8 per cent greater than a year ago; for the first five months this year cumulative total exceeded that of the like period in 1936 by 14.4 per cent. The employment situation under-

went further improvement during the period, reflecting the high rate of activities at manufacturing plants and the absorption of many workers in agricultural and other seasonal occupations. Sales of automobiles in May, according to dealers reporting to this bank, showed about the usual seasonal decline from April, but were larger than in May last year. Further expansion was reported in production of industrial chemicals and allied products. Purchasing of raw materials by certain industries receded somewhat during May, and was not unexpected in view of heavy commitments earlier in the year.

In spite of the handicap of unfavorable shopping weather in May, distribution of commodities through retail channels during that month showed less than the usual decrease from April, and the volume was measurably larger than a year ago. Since the first of June more seasonable temperatures have served to stimulate demands for summer goods, and reports covering the first two weeks of the month indicate larger total than during the same period in 1936. In the immediate past there has been a fair volume of reordering of seasonal merchandise by retailers, notably apparel, tourist and outing supplies, beverages and electrical appliances. In all wholesaling and jobbing lines investigated by this bank, May sales exceeded those of a year ago, the gains ranging from 1.7 per cent in the case of dry goods to 27.1 per cent in electrical supplies. Wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined from 87.4 per cent of the 1926 average on May 1 to 86.7 per cent on June 12, and on the latest date were 8.0 per cent above the average on June 13, 1936.

Taken as a whole, crop prospects in the Eighth District improved during May, and further betterment has taken place since June 1, under influence of more favorable weather. However, over a broad expanse the season to date has been too wet for best results to field crops. Preparations for and planting of spring crops have been from two to three weeks behind the seasonal schedule. The official June 1 forecast for winter wheat in Eighth

District states indicates a yield of 30 per cent greater than a year ago and 68 per cent above the 5-year (1928-1932) average. The abundant moisture has greatly improved pastures and hay crops, and with more plentiful pasturage, the condition of livestock is reported generally good. The number of laborers on farms increased seasonally during the past thirty days, but is still below a year ago. Current wage scales are measurably higher than during the preceding several years. Indications are for above average fruit and vegetable crops.

As indicated by sales of department stores in the principal cities, the volume of retail trade in May was 2.5 per cent less than in April, but 11.3 per cent in excess of the May, 1936, total; for the first five months this year cumulative total was 12.2 per cent greater than for the comparable period a year ago. Combined sales of all wholesaling and jobbing interests reporting to this bank in May fell 6.8 per cent below April, but were 13.3 per cent larger than the May aggregate last year; for the first five months the cumulative total was greater by 27.6 per cent than during the like interval in 1936. The dollar value of permits issued for new buildings in the principal cities in May was 14.1 per cent less than in April and 12.7 per cent more than in May last year; for the first five months the aggregate was 5.7 per cent greater than for the same segment of 1936. Construction contracts let in the Eighth District in May had an aggregate dollar value smaller by 17 per cent and 19 per cent, respectively, than a month and a year earlier; cumulative total for the first five months of 1937 was 8 per cent larger than in the same period last year.

The volume of freight traffic handled by railroads operating in this district, according to officials of the reporting lines, continued upward during May and represented the highest aggregate for the month since 1930. As contrasted with a year ago, increases were recorded in all classifications other than grain and grain products. As has been the case for the past several months, the most notable gains were made in miscellaneous freight. During the first half of June the movement of iron and steel and some other products was retarded by strikes in the East. Reflecting heavy vacation and tourist travel, passenger traffic of the reporting roads showed sharp increases in May over the same month a year ago. Estimated tonnage handled by the Federal Barge Line between St. Louis and New Orleans in May fell 1 per cent and 11 per cent, respectively, below a month and a year earlier; cumulative tonnage for the first five months this year was 11 per cent smaller than for the comparable period

in 1936. The decreases were attributable in large measure to the smaller volume of iron and steel products transported.

Reports relative to collections in the district during the past thirty days continued to reflect the favorable trends which have marked the preceding several months. Questionnaires addressed to representative interests in the several lines scattered through the district show the following results:

| | Excellent | Good | Fair | Poor |
|------------------|-----------|-------|-------|------|
| May, 1937..... | 5.5% | 50.0% | 36.5% | 8.0% |
| April, 1937..... | 4.5 | 44.5 | 44.0 | 7.0 |
| May, 1936..... | 2.9 | 47.8 | 47.8 | 1.5 |

Commercial failures in the Eighth Federal Reserve District in May, according to Dun and Bradstreet, numbered 28, involving liabilities of \$309,000, against 21 insolvencies in April with liabilities of \$207,000 and 40 defaults for a total of \$480,000 in May, 1936.

Detailed Survey

MANUFACTURING AND WHOLESALING

| Lines of Commodities | Net Sales | | | Stocks |
|--------------------------|-----------------------------------|--------|---|--------------------------------------|
| | May, 1937 compared with April '37 | | 5 months 1937 comp. with same period 1936 | May 31, 1937 comp. with May 31, 1936 |
| Boots and Shoes..... | - 9.7% | +18.2% | +39.0% | - 7.1% |
| Drugs and Chemicals.. | - 8.3 | +13.7 | +25.6 | +34.7 |
| Dry Goods..... | - 4.6 | + 1.7 | +11.8 | +72.9 |
| Electrical Supplies..... | + 1.4 | +27.1 | +46.8 | +42.2 |
| Furniture..... | - 3.8 | +23.5 | +43.4 | +17.2 |
| Groceries..... | - 8.6 | +10.9 | +11.3 | +19.5 |
| Hardware..... | - 1.8 | +12.6 | +26.0 | +31.6 |
| All above lines..... | - 6.8 | +13.3 | +27.6 | +39.9 |

Automobiles — Combined passenger car, truck and taxicab production in the United States in May was 516,899 against 536,334 in April and 460,512 (revised figure) in May, 1936.

Boots and Shoes — The decline from April to May in sales of the reporting firms, shown in the above table, was contrary to the usual seasonal experience and was attributable to the heavy volume of purchasing during April, largely in anticipation of an advance in prices. Ordering during the first half of June has been in considerable volume, both for spot and forward delivery, and indicates a sizeable increase for the entire month as compared with the same period a year ago. Price advances ranging from 2 to 5 per cent were announced by several important firms.

Clothing — May sales of the reporting clothiers showed a decrease of approximately one-fifth under the preceding month but an increase of 3 per cent over the May, 1936, total. Stocks increased 15 per cent between May 1 and June 1 and on the latest date were slightly lower than a year earlier. Despite unseasonably cool weather, the movement of both men's and women's apparel through retail

channels was in considerable volume, particularly in the south. Affected by price and style uncertainties, advance orders on books of the reporting firms were slightly smaller than at the same time last year.

Drugs and Chemicals—For the seventeenth consecutive month, sales of the reporting interests in this classification showed an increase over the corresponding period a year earlier. The decrease from April to May was seasonal in character, but somewhat greater than average during the past decade. Outstanding in the increase in the year-to-year comparison were extraordinarily heavy sales of insecticides, fertilizers and heavy drugs and chemicals to the general manufacturing trade.

Dry Goods—Rains and unseasonably cool weather had a tendency to hold down purchasing of a number of lines, which fact was largely accountable for the contraseasonal decline in sales of the reporting firms from April to May. Since June 1 there has been a substantial pickup in ordering, particularly for future delivery. Spot sales were about on a parity with a year ago. The price trend in a number of textile products was lower, reflecting the decline in cotton and other raw materials.

Electrical Supplies—The steady expansion in business in this classification noted in recent months continued during May and early June. May sales of the reporting firms reached the highest aggregate for that month since these records commenced in 1924. Betterment extended to virtually all lines, but was most pronounced in building installations, household appliances and radio materials. Sales of fans and other seasonal items were held down by the unusually cool spring.

Furniture—Demand for furniture and furnishings generally throughout the district continued at the high levels which marked earlier months this year. According to the reporting firms, the substantial increase shown in May sales over a year ago was about equally distributed between the large cities and country. Expansion in building of small homes was an important factor in the increase.

Groceries—May sales of the reporting firms were the largest for that month since 1930. The decrease from April to May was seasonal and about the usual proportions. Retail stocks are reported generally of moderate size, but there is a disposition on the part of country merchants to postpone replenishment until more definite knowledge of probable outcome of crops is available.

Hardware—As during each preceding month this year, May sales of the reporting firms exceeded

those of the corresponding period a year ago, and the total was the largest for the month since 1929. The movement of commodities for distribution in the country was stimulated by improved crop prospects, also by replacements incident to the spring floods. The trend of prices was slightly upward during May, and the average was from 10 to 15 per cent higher than a year ago.

Iron and Steel Products—Demand for finished iron and steel products in this general area through May and the first half of June was maintained at the high levels which have prevailed since early spring. Users of sheets, plates, strip and other rolled products are pressing for deliveries, and this situation has been accentuated by strikes at Chicago and other middle western producing points. Steel casting plants further increased their operations, and grey iron casting plants report the heaviest backlogs in recent years, despite heavy shipments since the end of April. Purchasing of a variety of materials by the railroads and railroad car builders has served to bolster the aggregate tonnage moving out of foundries and mills. Some steel makers in the district are booking sheet and plate orders for delivery during the fourth quarter at prices prevailing at that time. Outlet through the building industry has broadened considerably on certain commodities, notably tubular goods, roofing and reinforcing concrete bars. Reflecting the increased activities in drilling operations in southwestern fields, there has been a brisk call for rods, casing pipe and all descriptions of oil country goods. Prices of all finished steel items continued firm, with premiums offered on hot rolled sheets and strip for prompt delivery. Backlogs in the stove industry are reported the heaviest for this season in a number of years. A majority of stove and range manufacturers have announced that the period of idleness for vacations, repairs, inventory, etc., this year will be cut to two weeks, instead of a month to six weeks as in previous years. Implement and tractor manufacturers plan to run with little interruption through the summer. May sales of iron and steel warehouse and jobbing interests fell slightly below the April volume, but were approximately 30 per cent greater than in May last year, and the highest for the month since 1930. Business of jobbing foundries, which receded sharply in April because of strikes at plants of electric supply manufacturers and some other important customers, picked up noticeably in May, the total for the latest month recording a gain of approximately one-fourth as compared with a year earlier. Announcement by blast furnace interests that the current price of pig iron would be contin-

ued through the third quarter has resulted in only a moderate volume of new buying. Melters are well stocked, and with no price advance in prospect, are disposed to use existing inventories. Influenced by strikes in the east and generally large consumer stocks, the price of scrap iron and steel receded further, reaching new low levels on the present downward movement. April shipments of pig iron to district melters receded slightly from the preceding month, but were 30 per cent larger than a year ago, and the heaviest for the month since 1929. For the entire country production of pig iron in May, according to the magazine "Steel", totaled 3,544,162 tons, against 3,400,636 tons in April and 2,659,643 tons in May, 1936. Steel ingot production in the United States in May totaled 5,153,559 tons, as compared with 5,071,875 tons in April and 4,037,375 tons in May, 1936.

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 | | 5 mos. 1937 to same period '36 | Stocks | Stock | |
|-------------------------|--|----------|--------------------------------------|-------------------------------|---|------|
| | May, 1937 compared with April 1937 | May 1936 | | on Hand May 31, '37 | Turnover Jan. 1, to May 31, 1936 | |
| | | | | comp. with May 31, 1936 | 1937 | |
| El Dorado, Ark..... | +23.7% | +17.4% | + 8.9% | + 4.5% | 1.21 | 1.13 |
| Ft. Smith, Ark..... | +26.0 | +11.8 | + 5.5 | + 9.3 | 1.05 | 1.07 |
| Little Rock, Ark..... | +14.3 | + 8.6 | + 9.2 | +21.5 | 1.11 | 1.20 |
| Louisville, Ky..... | 3.5 | +17.7 | +11.0 | +16.4 | 1.66 | 1.74 |
| Memphis, Tenn..... | +22.0 | +15.6 | +13.4 | +14.8 | 1.29 | 1.29 |
| Pine Bluff, Ark..... | +12.9 | +18.3 | +14.8 | +13.3 | 1.48 | 1.58 |
| St. Louis, Mo..... | +12.6 | + 9.5 | +13.0 | +18.6 | 1.63 | 1.68 |
| Springfield, Mo..... | +13.4 | + 9.4 | +11.7 | +28.4 | 1.01 | 1.09 |
| All Other Cities..... | +22.8 | + 1.5 | + 5.0 | + 5.8 | 1.27 | 1.27 |
| 8th F. R. District..... | 2.5 | +11.3 | +12.2 | +17.5 | 1.51 | 1.56 |

Percentage of collections in May to accounts and notes receivable first day of May, 1937, by cities:

| | Installment Accounts | | % | Excl. Instal. Accounts | | Installment Accounts | | % | Excl. Instal. Accounts |
|------------------|----------------------|--|------|------------------------|---------------------|----------------------|--|------|------------------------|
| | | | | | | | | | |
| El Dorado..... | | | 63.5 | | Pine Bluff..... | | | 31.8 | |
| Fort Smith..... | | | 39.0 | | Springfield..... | | | 31.9 | |
| Little Rock..... | 15.2 | | 37.5 | | St. Louis..... | 21.8 | | 58.2 | |
| Louisville..... | 11.3 | | 45.3 | | Other Cities..... | 16.1 | | 45.2 | |
| Memphis..... | 25.9 | | 45.0 | | 8th F. R. Dist..... | 19.0 | | 51.1 | |

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

| | Net Sales | | 5 mos. 1937 to same period '36 | Stocks | Stock | |
|------------------------|--|----------|--------------------------------------|-------------------------------|---|------|
| | May, 1937 compared with April 1937 | May 1936 | | on Hand May 31, '37 | Turnover Jan. 1, to May 31, 1936 | |
| | | | | comp. with May 31, 1936 | 1937 | |
| Men's Furnishings..... | +40.6% | +10.0% | + 7.1% | +14.8% | 1.08 | 1.07 |
| Boots and Shoes..... | +26.1 | +15.2 | +16.1 | + 8.5 | 2.77 | 2.77 |

Percentage of collections in May to accounts and notes receivable first day of May, 1937:

| | | | |
|------------------------|-------|----------------------|-------|
| Men's Furnishings..... | 35.3% | Boots and Shoes..... | 42.9% |
|------------------------|-------|----------------------|-------|

MINING

Continued heavy industrial demands for fuel were reflected in increases in production of bituminous coal in May over a month and a year earlier.

In a number of instances railroads and manufacturers have been quietly adding to their stocks as an insurance against cutting off supplies by strikes. At mines in this general area output of bituminous coal in May was 14.0 per cent greater than in April and 0.5 per cent in excess of the May, 1936, total. For the first five months this year cumulative tonnage was 3.5 per cent greater than for the comparable period a year ago. For the entire country estimated production of soft coal in May was 29,980,000 tons, against 26,010,000 tons in April and 26,684,000 tons in May, 1936. For the year to June 1 cumulative tonnage was 190,355,000 tons, against 171,614,000 tons during the like interval in 1936. At Illinois mines in May 2,067,090 tons were produced against 1,967,339 tons in April and 2,333,640 tons in May, 1936. There were 102 mines in operation in May and 26,613 men on payrolls, as against 120 active mines and 27,473 operatives in April.

AGRICULTURE

As indicated by reports of the U. S. Department of Agriculture and agricultural departments of the several states, Eighth District crop prospects as a whole improved during May and the first half of June. The betterment was attributable to abundant rainfall and to more seasonable temperatures, though in many localities excessive moisture greatly delayed planting and cultivation of spring crops, such as corn, cotton and legumes. At mid-June farm work was from two to three weeks behind the usual seasonal schedule. Hay crops and pastures were greatly benefitted by the heavy rains, and the condition on June 1 was slightly above the 10-year (1923-1932) average. The outlook for fruits and vegetables in all states of the district is distinctly better than at the corresponding period in 1936, and above average, with production well distributed and no indications of excessive supplies in evidence. Considerable local damage to fruit and other crops resulted from severe hail storms. The cool, wet spring has favored insect pests of all descriptions and present fair to favorable crop prospects in many sections are menaced by insect infestations, chiefly army worms, grasshoppers, chinch bugs, aphids and codling moths. Generally throughout the district strenuous efforts are being made by farmers, aided by the Federal and state Governments, to combat insect invasions.

Labor on farms increased seasonally during the past sixty days, but is still slightly below a year ago. Because of the late planting season, farmers have used an increased number of tractors for preparing the soil, and plan more extensive use of combines in harvesting grain crops. Prices of farm products as

a whole showed little change during May, advances being counterbalanced by declines. As of June 5 the farm products group of the Bureau of Labor Statistics Price Index stood at 88.0 per cent of the 1926 average, a decline of 1.3 per cent from the preceding week and comparing with 89.3 per cent on May 15, 77.4 per cent on June 13, 1936; 79.9 per cent on June 15, 1935 and 52.8 per cent on June 17, 1933.

Corn — Except where hampered by heavy rains, corn planting at mid-June had been practically completed, and the crop as a rule has grown to a good stand. Cultivation is under way where field conditions will permit. This work has been retarded by repeated rains, and over quite extensive areas weed growth has made considerable headway. Insect damage, principally by cut worms, is reported greater than usual at this season.

Cotton — Favorable weather during late May and the first half of June has brought the crop from two to three weeks late to practically the average seasonal schedule. Stands are for the most part near, or equal to the corresponding period in 1936; growth is reported satisfactory and ahead of a year ago. Much cotton is putting on squares and chopping is nearing completion, with apparently no extra demands on labor. Cultivation is generally thorough, except in areas where rains have been excessive, fields are clear of weeds and grass. According to officials of trade associations, county agents, bankers and other unofficial sources, increases in acreage from 10 to 20 per cent are indicated. Partial verification is given to these estimates by the reduced number of acres signed under the Government soil conservation program. Farmers in the territory have good feed crops on hand or growing. Owing to increased purchasing of equipment and fertilizers, together with higher wage scales, the cost of making the crop this year is expected to be greater than in a number of seasons. Much significance is attached to the general interest in securing seed of improved varieties for planting. In states of the Eighth District, according to the National Fertilizer Association, sales of fertilizer tags for the 11-month period, July-May, were 41 per cent and 70 per cent greater, respectively, than the corresponding period a year and two years earlier. The price of raw cotton continued to decline, and in the second week of June reached the lowest point since June 24, 1936. In the St. Louis market the middling grade ranged from 12.00c to 13.20c per pound between May 15 and June 15, closing at 12.00c on the latest date, which compares with 13.00c on May 15 and 11.50c on June 15, 1936. At Arkansas and Missouri

compresses combined receipts from August 1, 1936, to June 18, 1937, totaled 1,353,500 bales as against 996,149 bales for the corresponding period a year earlier. Stocks on hand as of June 18 amounted to 163,411 bales, which compares with 202,111 bales on May 7 and 304,272 bales on June 18, 1936.

Fruits and Vegetables — The general condition of fruits and vegetables, including farm gardens, underwent moderate improvement during May and the early part of June; prospects are markedly better than a year ago, and with reference to certain species, above average. Despite damage from drouth the June 1 condition of apples was reported by the U. S. Department of Agriculture at 76.6 per cent of normal as compared with a condition of 46.7 per cent on June 1, 1936, and the 10-year average (1923-1932) of 67.8 per cent. In states of the Eighth District the peach crop is estimated at 9,223,000 bushels, which compares with the virtual failure of 3,422,000 bushels in 1936 and the 5-year (1928-1932) average of 7,265,000 bushels. The pear crop in these states is forecast at 3,147,000 bushels, against 1,352,000 bushels in 1936 and the 5-year average of 1,870,000 bushels. Orchardists generally through the district are resorting to more intensive spray programs than in any recent year, due to the unusual prevalence of insect and fungus pests. Cherries, cane fruits and melons promise larger yields than a year ago. The June 1 condition of early potatoes, including both commercial and farm crops, in the southern states was reported at 71.6 per cent of normal, about 5 per cent below the May 1 forecast, and comparing with the June 1, 1936, condition of 62.1 per cent and 9-year average (1924-1932) of 73.9 per cent.

Livestock — The condition of livestock generally throughout the district is reported fair to good, and undergoing notable improvement in recent weeks on good pasture feed throughout most of the territory. The movement of cattle, hogs and sheep to market during May showed somewhat larger than the usual seasonal increase, and since June 1 marketing has been stimulated by the upturn in prices.

A record increase in milk production during May occurred this year, reflecting rapid expansion in areas where new grass has relieved acute feed shortages, a sharp increase in the proportion of cows being milked and continued heavy production in typical dairy sections. On June 1 in states of this district milk production per cow was 7.6 per cent greater than on the same date in 1936, 6.4 per cent above the 1935 production as of that date and 1.2 per cent higher than the 10-year (1925-1934) average June 1 production.

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

| | Receipts | | | Shipments | | |
|------------------------|-----------|-------------|-----------|-----------|-------------|-----------|
| | May, 1937 | April, 1937 | May, 1936 | May, 1937 | April, 1937 | May, 1936 |
| Cattle and Calves..... | 131,894 | 94,383 | 99,965 | 83,580 | 49,771 | 58,995 |
| Hogs | 145,880 | 221,027 | 183,048 | 89,944 | 122,088 | 100,705 |
| Horses and Mules..... | 3,077 | 3,813 | 2,699 | 2,868 | 3,884 | 2,376 |
| Sheep | 187,937 | 85,051 | 60,290 | 97,882 | 25,084 | 10,517 |
| Totals..... | 468,788 | 404,274 | 346,002 | 274,274 | 200,827 | 172,593 |

Tobacco—Under mainly favorable weather conditions, setting of tobacco plants has made rapid progress. It is estimated that as of June 18 planting of the burley, one sucker, green river and fired dark crops had been completed. The stand in all districts is good, and as a whole condition of the crop on the above date was better than a year earlier, when less than 75 per cent of the crop was planted. Indications point to substantial increases in acreage over a year ago in all districts. Unofficial estimates place the increases in the several varieties as follows: Burley, 25 per cent; one sucker, from 50 to 57 per cent; eastern fired dark, 15 per cent and western fired dark, 20 per cent.

Winter Wheat—In its report based on conditions as of June 1, the U. S. Department of Agriculture estimates the yield of winter wheat in states including the Eighth District at 141,748,000 bushels, an increase of 9,079,000 bushels over the May 1 forecast and comparing with 109,399,000 bushels harvested in 1936 and the 5-year (1928-1932) average of 84,231,000 bushels. The crop as a whole is in good condition, and harvesting has commenced in the lower tier of counties. Considerable local damage has resulted from severe wind, rain and hail storms, with numerous reports of rank growth and lodging.

COMMODITY PRICES

Range of prices in the St. Louis market between May 15, 1937, and June 15, 1937, with closing quotations on the latter date and on June 15, 1936, follows:

| | High | Low | Close | |
|---------------------------|----------|------------|---------------|---------------|
| | | | June 15, 1937 | June 15, 1936 |
| Wheat | | | | |
| July | \$1.22 | \$1.04 7/8 | \$ 1.09 7/8 | \$.87 3/4 |
| *Sept. | 1.21 1/8 | 1.05 7/8 | 1.10 3/8 | .88 1/4 |
| *Dec. | 1.22 7/8 | 1.08 3/8 | 1.12 | .90 3/8 |
| No. 2 red winter | 1.41 3/4 | 1.20 | 1.23 1/2 | .96 |
| No. 2 hard | 1.37 1/2 | 1.22 | 1.22 | 1.04 1/2 |
| Corn | | | | |
| July | 1.27 1/2 | 1.14 1/2 | 1.16 1/2 | .62 3/4 |
| *Sept. | 1.24 3/8 | 1.06 5/8 | 1.06 3/8 | .59 1/2 |
| *Dec. | .86 5/8 | .74 1/4 | .74 3/4 | .54 3/8 |
| *No. 2 Mixed | 1.39 | 1.19 | 1.19 | .64 |
| *No. 2 White | 1.40 | 1.25 | 1.25 | .72 1/2 |
| Oats | | | | |
| *July | .46 3/4 | .36 1/2 | .39 1/2 | .25 3/4 |
| *Sept. | .39 1/2 | .34 1/4 | .35 3/8 | |
| *Dec. | .42 3/4 | .36 1/8 | .37 | |
| *No. 2 White | .57 1/2 | .48 | .49 | .28 1/2 |
| Flour | | | | |
| Soft Patent.....per bbl. | 6.70 | 5.65 | 5.65@ 6.15 | 4.50@ 4.90 |
| Spring " | 8.10 | 7.25 | 7.35@ 7.75 | 6.65@ 6.85 |
| Middling Cotton...per lb. | .1320 | .1200 | .1200 | .1150 |
| Hogs on hoof.....per cwt. | 12.15 | 8.50 | 8.75@ 11.50 | 8.40@ 10.30 |

*Nominal quotations.

TRANSPORTATION

The volume of freight and passenger traffic of railroads operating in this district was larger in

May and the first half of June than for any similar period since 1930. The St. Louis Terminal Railway, which handles interchanges for 28 connecting lines, interchanged 96,646 loads in May, as against 97,454 loads in April and 88,616 loads in May, 1936. During the first nine days of June the interchange amounted to 25,526 loads, which compares with 27,068 loads during the corresponding period in May and 26,330 loads during the first nine days of June, 1936. Passenger traffic of the reporting roads in May showed an increase over the same month a year ago of 14 per cent in the number of passengers carried and of 15.5 per cent in revenue. For the entire country, loadings of revenue freight for the first 23 weeks this year, or to June 5, totaled 692,140 loads, against 695,844 loads for the corresponding period in 1936 and 629,712 loads in 1935. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in May was 176,800 tons, against 179,180 tons in April and 199,615 tons in May, 1936; cumulative tonnage for the first five months this year was 647,380 tons as compared with 728,060 tons for the same period a year earlier.

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in May as being 4.9 per cent larger than in April and 13.0 per cent more than in May, 1936. Detailed figures follow:

| (K.W.H. in thous.) | No. of Customers | May, 1937 | April, 1937 | May 1937 comp. with April 1937 | May, 1936 | May 1937 comp. with May 1936 |
|--------------------|------------------|-----------|-------------|--------------------------------|-----------|------------------------------|
| | | K.W.H. | K.W.H. | | K.W.H. | |
| Evansville..... | 40 | 3,612 | 3,648 | — 1.0% | 2,922 | + 23.6% |
| Little Rock.. | 35 | 1,890 | 1,787 | + 5.8 | 1,959 | — 3.5 |
| Louisville | 82 | 9,914 | 9,221 | + 7.5 | 8,481* | + 16.9 |
| Memphis | 31 | 2,254 | 2,448 | — 7.9 | 1,947 | + 15.8 |
| Pine Bluff..... | 20 | 932 | 1,103 | —15.5 | 408 | +128.4 |
| St. Louis..... | 187 | 24,170 | 22,571 | + 7.1 | 22,129 | + 9.2 |
| Totals..... | 395 | 42,772 | 40,778 | + 4.9 | 37,846 | + 13.0 |

*Revised.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in May was 14.1 per cent less than in April and 12.7 per cent more than the May, 1936, total. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in May amounted to \$13,332,900 which compares with \$16,054,600 in April and \$16,409,189 in May, 1936. Building figures for May follow:

| | New construction | | | | Repairs, etc. | | | |
|---------------------|------------------|------|--------|--------|---------------|------|-------|-------|
| | Permits | | Cost | | Permits | | Cost | |
| (Cost in thousands) | 1937 | 1936 | 1937 | 1936 | 1937 | 1936 | 1937 | 1936 |
| Evansville.... | 35 | 50 | \$ 136 | \$ 113 | 220 | 112 | \$ 81 | \$ 38 |
| Little Rock | 79 | 17 | 380 | 14 | 61 | 84 | 50 | 35 |
| Louisville.... | 18 | 87 | 51 | 230 | 148 | 77 | 39 | 24 |
| Memphis..... | 256 | 160 | 296 | 741 | 256 | 149 | 137 | 79 |
| St. Louis..... | 293 | 287 | 998 | 554 | 277 | 260 | 1,096 | 100 |
| May Totals | 681 | 601 | 1,861 | 1,652 | 962 | 682 | 1,403 | 276 |
| April | 861 | 695 | 2,167 | 2,420 | 900 | 681 | 534 | 304 |
| March | 789 | 732 | 1,519 | 1,339 | 873 | 705 | 551 | 522 |

MONEY AND BANKING

The past thirty days have been marked by a slight recession in demand for industrial and commercial purposes, attributable partly to seasonal influences. Routine liquidation by mercantile borrowers was in considerable volume, and more than offset new commitments and renewals, with the result that there was a moderate shrinkage in total loans and discounts at commercial banks. The increase in borrowing to finance agricultural operations was somewhat greater than at the same season during the past several years, but not large enough to compensate for the smaller volume in other groups. Quite generally country banks are in a strong cash position and are able to supply needs of their customers with a minimum of recourse upon city correspondents. Since the first week in June there has been a substantial volume of liquidation with merchants and banks where early vegetables and fruits are important cash crops. Owing to favorable prospects for winter wheat, inquiries for grain loans at mid-June were in considerably larger volume than at the like period during the past several years.

Member Banks — Between May 19 and June 16, total loans of reporting member banks in the principal cities decreased 2.5 per cent, but on the latter date were 22 per cent greater than a year earlier. Gross deposits declined sharply during the first three weeks of the period, but turned upward during the final week and on June 16 were only slightly more than on the corresponding date in 1936. There were also broad variations in holdings of U. S. Government securities, which with fluctuations in deposits, reflected large shifts in St. Louis around June 1, the date on which personal-property tax assessments are made. Total reserve balances increased 5.2 per cent compared with a month earlier and on June 16 were 41.7 per cent above a year ago.

A statement of the principal resource and liability items of the reporting member banks on June 16, 1937, as compared with previous dates, follows:

| (In Thousands of Dollars) | Number Banks | Gross Deposits | Loans and Discounts | Investments in Securities | Total Borrow. |
|------------------------------|--------------|----------------|---------------------|---------------------------|---------------|
| St. Louis..... | 9 | \$535,629 | \$158,898 | \$238,339 | \$..... |
| Louisville..... | 5 | 130,933 | 59,460 | 36,744 | 1,000 |
| Memphis..... | 3 | 129,296 | 41,127 | 51,815 | |
| Little Rock..... | 4 | 37,342 | 10,541 | 13,734 | |
| Evansville..... | 3 | 39,872 | 13,295 | 16,522 | |
| Total June 16, 1937.. | 24 | 853,072 | 283,321 | 357,154 | 1,000 |
| May 19, 1937.. | 24 | 867,451 | 290,645 | 372,144 | 200 |
| June 17, 1936.. | 24 | 831,187 | 232,164 | 383,243 | |

The resources of these reporting member banks comprise approximately 63.6% of the resources of all member banks in this district.

Aggregate amount of savings deposits held by selected banks on June 2 was slightly less than on May 5 and 6.8 per cent greater than on June 3, 1936.

Interest rates remained at, or around the low levels which have obtained in recent months. At

downtown St. Louis banks rates charged as of the week ended June 15 were as follows: Customers' prime commercial paper, 1½ to 6 per cent; collateral loans, 2 to 6 per cent; interbank loans 3½ to 4 per cent; loans secured by warehouse receipts, 2 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) | June 19, 1937 | May 19, 1937 | June 19, 1936 |
|---|----------------|----------------|----------------|
| Industrial advances under Sec. 13b..... | \$ 328 | \$ 336 | \$ 563 |
| Other advances and rediscounts..... | 151 | 599 | 110 |
| Bills bought (including participations).. | 86 | 112 | 87 |
| U. S. securities..... | 111,385 | 111,385 | 123,200 |
| Total earning assets..... | 111,950 | 112,432 | 123,960 |
| Total reserves..... | 313,017 | 283,427 | 254,943 |
| Total deposits..... | 241,463 | 211,921 | 203,849 |
| F. R. Notes in circulation..... | 178,167 | 178,247 | 167,247 |
| Industrial commitments under Sec. 13b.. | 1,139 | 1,201 | 1,845 |
| Ratio of reserve to deposit and F. R. Note liabilities..... | 74.6% | 72.6% | 68.7% |

Following is a complete schedule of rates of this bank for accommodations under the Federal Reserve Act:

- (1) Rediscounts and advances to member banks, under Section 13 and 13a.....2 % per annum
- (2) Advances to member banks, under Section 10b.....2½ % per annum
- (3) Rediscounts, purchases, and advances to member banks, nonmember banks and other financing institutions, under Section 13b:
 - (a) On portion for which financing institution is obligated.....3½ % per annum
 - (b) On remaining portion.....4 % per annum
- (4) Commitments not exceeding six months to member banks, nonmember banks and other financing institutions, to rediscount, purchase, or make advances, under Section 13b..... ½ % flat
- (5) Advances to established industrial or commercial businesses, under Section 13b..... 4 % to 5½ % per annum
- (6) Advances to individuals, firms and corporations, including nonmember banks, secured by direct obligations of the United States, under Section 13.....4 % per annum

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

| (In thousands of dollars) | May, 1937 | April, 1937 | May, 1936 | May, 1937, comp. with April, 1937 | May, 1936 |
|---|------------------|------------------|----------------|-----------------------------------|--------------|
| East St. Louis and Natl. Stock Yards, Ill.. | \$ 32,829 | \$ 34,604 | \$ 27,629 | — 5.1% | +18.8% |
| El Dorado, Ark..... | 4,579 | 5,310 | 3,792 | —13.8 | +20.8 |
| Evansville, Ind..... | 32,515 | 33,132 | 26,691 | — 1.9 | +21.8 |
| Fort Smith, Ark..... | 11,321 | 12,146 | 9,271 | — 6.8 | +22.1 |
| Greenville, Miss..... | 4,672 | 4,868 | 4,063 | — 4.0 | +15.0 |
| Helena, Ark..... | 1,689 | 1,766 | 1,453 | — 4.4 | +16.2 |
| Little Rock, Ark.. | 35,792 | 39,031 | 29,857 | — 8.3 | +19.9 |
| Louisville, Ky..... | 170,158 | 175,986 | 142,679 | — 3.3 | +19.3 |
| Memphis, Tenn..... | 112,333 | 130,987 | 105,954 | —14.2 | + 6.0 |
| Owensboro, Ky..... | 5,652 | 5,395 | 4,742 | + 4.8 | +19.2 |
| Pine Bluff, Ark..... | 7,847 | 10,726 | 6,400 | —26.8 | +22.6 |
| Quincy, Ill..... | 8,704 | 9,343 | 7,464 | — 6.8 | +16.6 |
| St. Louis, Mo..... | 672,940 | 616,200 | 598,707 | + 9.2 | +12.4 |
| Sedalia, Mo..... | 2,024 | 2,081 | 1,898 | — 2.7 | + 6.6 |
| Springfield, Mo..... | 16,789 | 16,003 | 13,900 | + 4.9 | +20.8 |
| *Texarkana, Ark..... | 8,056 | 9,357 | 6,594 | —13.9 | +22.2 |
| Totals..... | 1,127,900 | 1,106,935 | 991,094 | + 1.9 | +13.8 |

*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

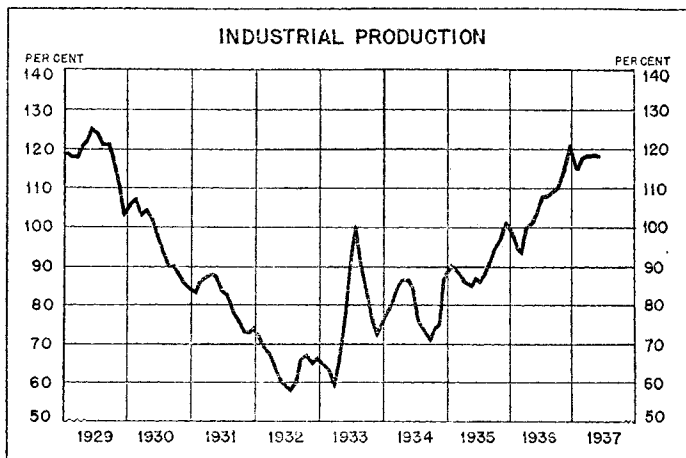
Volume of industrial production in May continued at the level of the two preceding months. Commodity prices declined slightly in May and the first three weeks of June.

Production, Employment, and Trade—In May the Board's seasonally adjusted index of industrial production remained unchanged at 118 per cent of the 1923-1925 average. Output of iron, steel, automobiles, and lumber increased further. At cotton and woolen mills and at shoe factories activity continued at a high level, while at silk mills, meatpacking establishments, and sugar refineries there were considerable decreases. Crude petroleum production continued to rise and output of bituminous coal in-

lines declined seasonally. Factory payrolls remained at the April level, following sharp increases in earlier months.

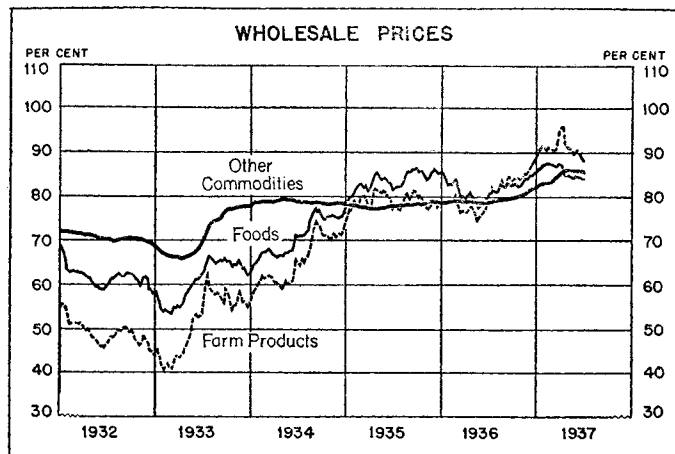
Distribution of commodities to consumers continued in May at the level of other recent months. Sales at department stores and at variety stores showed a seasonal rise and mail-order sales were maintained.

Commodity Prices—Between the middle of May and the third week of June prices of grains, except spring wheat, declined considerably and there were smaller declines in cotton, cotton goods, wool, rubber, and steel scrap, while prices of most other commodities showed little change.



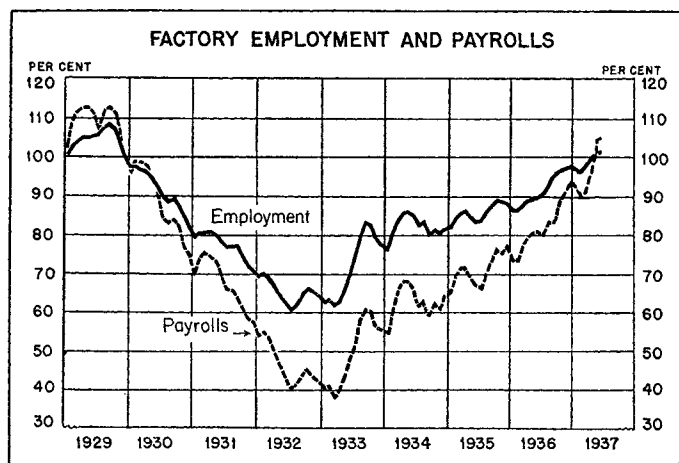
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, through May, 1937. Latest figure 118.

creased somewhat, following a sharp decline in April. Shipments of iron ore in May were larger than in the corresponding month of any previous year. In the first three weeks of June automobile production declined seasonally and, largely owing to labor disturbances, steel output was reduced to 77 per cent of capacity as compared with 90 per cent in May. Value of construction contracts awarded in May was smaller than in April, according to figures of the F. W. Dodge Corporation. There were declines in awards for residential and other private projects, while contracts



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1932 to date. Latest figures are for week ending June 19, farm 87.4, foods 84.0, other 85.9.

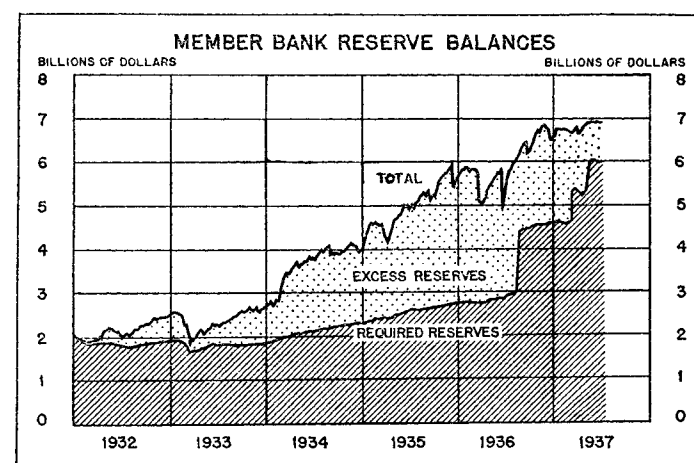
Bank Credit—Excess reserves of member banks, which had been about \$900,000,000 after the May 1 increase in reserve requirements, declined about \$180,000,000 during the week ending June 16, in connection with Treasury operations, but increased in subsequent days and on June 23 were at a level of \$810,000,000. At reporting member banks in leading cities holdings of United States Government obligations, after several weeks of little change, increased sharply during the week ending June 16, reflecting purchases of the new issue of Treasury notes. Commercial



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1929, through May, 1937. Latest figures, May, employment 102.2, payrolls 105.1.

for public projects increased. In the first half of June awards for both private and public work were at a somewhat higher rate than in May.

Factory employment, which usually declines at this season, showed little change from April to May and the Board's adjusted index advanced somewhat further. Employment in the durable goods industries continued to increase while employment in other



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required reserves, January 6, 1932, to June 23, 1937.

loans at member banks continued to increase in the four weeks ending June 16. This increase was largely at banks in New York City, which also showed a growth in loans to other New York banks and to brokers and dealers in securities.

Money Rates—The open-market rate on 90-day bankers' acceptances, which had been reduced from 9/16 to 1/2 of 1 per cent on May 7, was further reduced to 7/16 of 1 per cent on June 22. Other money rates have shown little change in recent weeks.