



MONTHLY REVIEW

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

RELEASED FOR PUBLICATION ON THE AFTERNOON OF JULY 30, 1937

FEDERAL RESERVE BANK OF ST. LOUIS

District Summary

	July 1, 1937, comp. with Yield 1936 1923-36 Av.	
Agriculture:		
Estimated yield of 6 crops.....	+55.4%	+ 3.7%
Live Stock:	June, 1937, comp. with May, 1937 June, 1936	
Receipts at National Stock Yards.....	-11.7%	+ 4.1%
Shipments from aforesaid Yards.....	-20.0	+ 7.7
Production and Distribution:		
Sales by mfrs. and wholesalers.....	+11.8	+ 26.8
Department store sales.....	- 8.4	+ 9.3
Car loadings.....	- 5.9	- 0.6
Building and Construction:		
Bldg. permits, incl. repairs { Number.....	- 3.5	+ 30.5
{ Cost.....	+ 8.3	+127.8
Value construc. contracts awarded.....	+37.3	- 30.0
Miscellaneous:		
Commercial failures { Number.....	-21.4	- 33.3
{ Liabilities.....	-19.4	- 43.8
Consumption of electricity.....	+ 5.8	+ 12.3
Debits to individual accounts.....	+ 2.0	+ 9.8
Member Banks (24):	July 14,'37, comp. with June 16,'37 July 15,'36	
Gross deposits.....	+ 2.1%	+ 0.6%
Loans.....	+ 0.6	+ 20.7
Investments.....	+ 2.7	- 7.2

NOTWITHSTANDING the effect of seasonal depressants, Eighth District business and industry during June and the first half of July continued the upward trends which have characterized earlier months this year. In virtually all branches of activity investigated by this bank, notable increases were recorded over a year ago, and all similar periods since the predepression era. In many lines results achieved during the first half of the present year were the best recorded since the first six months of 1930, and in some instances reached new high levels for the period in which these records have been kept. During June the rate of industrial production as a whole remained approximately the same as in May, when allowance is made for seasonal influences, and there was also little variation in employment and payrolls in the principal industries. Distribution through retail channels decreased in less than the average seasonal amount from May to June, and the June volume was measurably larger than a year ago. These results were obtained in spite of the artificial stimulation to purchasing resulting from the soldiers' bonus payment in June,

1936. Wholesale distribution increased from May to June, with a number of lines showing contraseasonal gains. With the exception of clothing, all lines showed substantial increases over a year ago.

Production of bituminous coal in fields of this general area increased in June over May, and tonnage lifted was measurably greater than in June, 1936. Lumber production at mills of the district was well sustained during June, but, as was the case in May, output exceeded shipments and incoming new orders. Activities in the iron and steel industry were at the highest rate for any like period since 1929. Steel mills and casting plants stepped up their operations during the last half of June in order to expedite deliveries on products urgently needed by customers. At mid-July the rate of operations at mills producing ingots was at 93 per cent of capacity, the highest of the recovery period; comparing with 71 per cent a year earlier and approximately 15 per cent in July, 1932. Estimated melt of pig iron and steel scrap in June was 3 per cent greater than in May and about one-fourth greater than in June, 1936. A sharp increase in output of electrical supply manufacturers in June over the preceding month reflected partly resumption of operations following strikes. Production of glass, fire clay products, cement explosives and other construction materials continued in considerable volume.

Taken as a whole prospects in the district underwent distinct improvement during June and the first half of July, and according to the U. S. Department of Agriculture indications point to above average yields for a majority of the principal productions. The indicated output of winter wheat declined between June 1 and July 1, but, withal, the yield will be much greater than in 1936 and the average during the preceding fourteen years. The condition of corn, cotton, tobacco and legumes as of July 1 was high, and for these crops the forecast is for considerably higher yields than a year ago. Generally cultivation has been intensive, and farmers are employing more fertilizers, insect poisons and modern farm equipment than in any recent season. Prices of farm products were maintained

at or about the high levels obtaining earlier in the year, and reports from practically all sections indicate a higher morale in the agricultural community than has been the case in a number of years.

The volume of retail trade in June, as reflected by sales of department stores in the principal cities, was 8.4 per cent less than in May and 9.3 per cent greater than in June, 1936; cumulative total for the first half of the year was 11.7 per cent in excess of that for the comparable period in 1936. Combined sales of all wholesaling and jobbing interests reporting to this bank in June were 11.8 per cent and 26.8 per cent larger, respectively, than a month and a year earlier and for the first six months the aggregate was 26.5 per cent larger than during the first half of 1936. The dollar value of permits issued for new construction in the principal cities in June was 60.5 per cent larger than in May and 161.1 per cent more than the June, 1936, total; for the first half of 1937 the cumulative total exceeded that of the like period a year ago by 28 per cent. The dollar value of construction contracts let in the Eighth District in June was 37.3 per cent greater than in May and 30 per cent less than in June, 1936; aggregate for the first half of this year was 2.6 per cent less than that for the same interval in 1936.

According to reports of officials of railroads operating in this district, the volume of freight handled during June and the first week of July exceeded that of any similar period since 1930. As contrasted with a year ago, the most outstanding increase was in the miscellaneous freight classification, with ore and coal next in order. A considerable part of the upturn in total loadings since the third week in June was accounted for by the sharp gain in the movement of grain. The heaviest vacation travel in a number of years was accountable for continued notable increase of passenger traffic of the reporting lines. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in June was 13.1 per cent smaller than in May and virtually unchanged as compared with June, 1936.

While collections as a whole are satisfactory, reports covering the past thirty days disclose some spottiness, both with reference to localities and the several industries. Questionnaires addressed to representative interests in the various lines scattered through the district show the following results:

	Excellent	Good	Fair	Poor
June, 1937.....	3.7%	51.3%	23.5%	11.5%
May, 1937.....	5.5	50.0	36.5	8.0
June, 1936.....	3.8	56.0	37.5	2.7

Commercial failures in the Eighth Federal Reserve District in June, according to Dun and Bradstreet, numbered 22 involving liabilities of \$249,000, against 28 insolvencies in May with liabilities of \$309,000 and 33 defaults for a total of \$443,000 in June, 1936.

Detailed Survey

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales			Stocks
	June, 1937 compared with May, '37	June, '36	6 months 1937 comp. with same period 1936	June 30, 1937 comp. with June 30, 1936
Boots and Shoes.....	+19.3%	+37.3%	+38.7%	+3.1%
Drugs and Chemicals..	+2.0	+11.7	+11.0	+24.6
Dry Goods.....	+11.6	+23.8	+12.8	+62.7
Electrical Supplies.....	+3.4	+32.3	+43.9	+42.2
Furniture.....	-7.5	+4.8	+35.6	+18.1
Groceries.....	-0.3	+3.8	+10.4	+17.9
Hardware.....	+6.9	+22.6	+25.4	+43.5
All above lines.....	+11.8	+26.8	+26.5	+39.3

Automobiles — Combined passenger car, truck and taxicab production in the United States in June was 497,298 against 516,899 in May and 452,968 in June, 1936.

Boots and Shoes — The increase from May to June in sales of the reporting firms was contraseasonal in character, and the June total was the largest for the month since these records began in 1924. Betterment in both the month-to-month and yearly comparisons was spread through all lines, but most pronounced in sport shoes and styled goods. Production in June was approximately 11 per cent greater than in the preceding month.

Clothing — June sales of the reporting clothiers were 5.7 per cent and 8 per cent smaller, respectively, than a month and a year earlier. Inventories expanded further during June and on July 1 were 40 per cent larger than a month earlier and 9 per cent in excess of the total on July 1, 1936. More seasonable weather since the last week of June has resulted in an active movement of summer apparel through retail channels and a fair volume of reordering of this class of goods.

Dry Goods — Sales of the reporting firms in June were the largest for that particular month since 1929. A considerable part of the increase over a year ago was represented by advance business, ordering by both country and city retailers for late summer and fall delivery having been on a larger scale than during the preceding several seasons. Reflecting the easier trend in certain raw materials, price trends were slightly lower.

Electrical Supplies — Improvement in business in this classification, which has been in effect for the past two years, continued through June and the first half of July. Sales of the reporting interests in June were the largest for the month since these records commenced in 1924.

Furniture — The decrease in sales of the reporting firms from May to June was of about the usual seasonal proportions. As in the case of other lines investigated, however, the June total was the largest for the month since the predepression era. Reports covering the first half of July indicate a pick-up in orders, a considerable part of which were booked at the American Furniture Mart at Chicago. Prices were unchanged during the past thirty days, but remained substantially higher than a year ago.

Groceries — Increase in sales of the reporting firms in June over a year earlier reflect principally heavier buying in the country, based on the promising outlook for all major crops. The heavy movement of early fruits and vegetables tended to hold down sales of canned goods, and on certain lines of packed vegetables prices were easier.

Hardware — June sales of the reporting firms were the largest for the month since 1930, and for the twelfth consecutive month exceeded the volume for the corresponding period a year earlier. Improved crop prospects were reflected in a stimulated movement of commodities consumed chiefly in the rural areas. Builders' tools, hardware and kindred lines were reported moving in considerable volume. Sales of sporting goods and outing supplies so far this season were the largest in recent years.

Iron and Steel Products — Except where affected by strikes and seasonal influences, activities in the iron and steel industry in this district during June and the first half of July were maintained at, or about the high rate which has prevailed during earlier months this year. Closing of plants for summer vacations, inventory, repairs, etc., were of considerably shorter duration than in the past, and in a number of instances operations have been carried forward without interruption. Manufacturers of farm implements and tractors still have heavy backlogs and are under strong pressure for shipments by customers throughout the middle west and south. Stove foundries, which ordinarily close for two or three weeks, beginning July 4, have been operating continuously on a five-day per week summer schedule. There has been some recession in new purchasing of rolled materials, notably sheets, plates and bars, but mills are still several weeks in arrears on deliveries of certain products. The unusually favorable prospects for vegetables and fruits for canning are reflected in a substantial volume of reordering of tin plate. The movement of galvanized sheets is reported the heaviest for this season in a number of years. Steel casting plants stepped up their operations at mid-June principally to accommodate additional business placed by the railroads.

Steel ingot production by mills in this area during the past five weeks has been at 93 per cent of capacity, the highest attained during the recovery period. June sales of iron and steel warehouse interests fell slightly below those of the preceding month, but were approximately 15 per cent in excess of the June, 1936, total. Jobbing foundries report the placement of a fair volume of new orders, mainly for miscellaneous castings. June shipments of pig iron to district melters were about on a parity with the May volume, but approximately one-fourth larger than in June last year. Owing to strikes at fabricating yards, shipments of structural steel during June were the smallest for any month this year. Settlement of these strikes in early July has been reflected in heavy requests to expedite delayed deliveries. Prices of finished materials were unchanged. Scrap iron and steel prices, which had declined sharply during May and June, turned upward during the first half of July, reflecting settlement of strikes at eastern mills and a reduction in available supplies. For the entire country, production of pig iron in June, according to the magazine "Steel", totaled 3,114,658 tons, the smallest with the exception of February since November, 1936, and comparing with 3,545,180 tons in May and 2,596,528 tons in June, 1936. Steel ingot production in the United States in June amounted to 3,899,190 tons, against 4,767,269 tons in May and 3,640,672 tons in June, 1936. The decrease in both pig iron and ingot production was attributable directly to strikes at plants of independent steel makers starting in May and continuing through June.

MINING

Bituminous coal production during June and the first two weeks in July was higher than a year earlier, but the increase was considerably less than in February and March. Industrial demand continued higher than usual at this season, and contracting by public institutions and other consumers for their winter supplies started earlier this year than is ordinarily the case. At mines in this general area during June output of soft coal was 0.2 per cent and 2.4 per cent greater, respectively, than a month and a year earlier. For the first half of the year cumulative tonnage was 3.8 per cent in excess of that for the comparable period in 1936. United States production of bituminous coal in June was estimated at 31,560,000 tons, which compares with 29,980,000 tons in May and 29,217,000 tons in June, 1936. For the year to July 1, cumulative output was 221,915,000 tons, as against 200,831,000 tons for the same period a year ago. At Illinois mines in June 2,492,189 tons were lifted, which compares with 2,067,090

tons in May and 2,587,551 tons in June, 1936. There were 106 mines in operation in June and 27,527 men on payrolls, against 102 active mines and 26,613 operatives during the preceding month.

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			Stocks	Stock	
	June, 1937	6 mos. 1937	June 30, '37	on Hand	Turnover	
	compared with	to same	comp. with	Jan. 1, to	June 30,	
May 1937	June 1936	period '36	June 30, '36	1937	1936	
El Dorado, Ark.....	-19.4%	+ 9.6%	+ 9.1%	+ 5.9%	1.47	1.38
Ft. Smith, Ark.....	-23.6	+ 6.4	+ 5.6	+16.1	1.25	1.29
Little Rock, Ark.....	-22.3	- 0.1	+ 7.6	+22.6	1.32	1.45
Louisville, Ky.....	-10.4	+13.9	+11.5	+18.4	2.03	2.12
Memphis, Tenn.....	-13.8	+ 5.4	+11.9	+22.2	1.55	1.58
Pine Bluff, Ark.....	-32.1	- 9.0	+10.6	+14.4	1.74	1.91
St. Louis, Mo.....	- 3.9	+10.7	+12.6	+18.8	1.95	2.03
Springfield, Mo.....	-13.4	+ 8.1	+11.0	+22.8	1.24	1.34
All Other Cities.....	- 9.0	+ 5.2	+ 5.1	+12.4	1.53	1.55
8th F. R. District.....	- 8.4	+ 9.3	+11.7	+19.4	1.81	1.89

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

	Installment		Pine Bluff.....%	Installment	
	Accounts	Excl. Instal. Accounts		Accounts	Excl. Instal. Accounts
El Dorado.....%	67.3%			30.3%	
Fort Smith.....	36.7		Springfield.....	28.4	
Little Rock.....	33.2		St. Louis.....	56.2	
Louisville.....	52.1		Other Cities.....	40.3	
Memphis.....	41.7		8th F. R. Dist.....	49.7	

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

	Net Sales			Stocks	Stock	
	June, 1937	6 mos. 1937	June 30, '37	on Hand	Turnover	
	compared with	to same	comp. with	Jan. 1, to	June 30,	
May 1937	June 1936	period '36	June 30, '36	1937	1936	
Men's Furnishings.....	4.3%	+ 8.1%	+ 7.3%	+14.4%	1.32	1.32
Boots and Shoes.....	-13.2	+19.0	+16.6	+10.7	3.52	3.49

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

Men's Furnishings.....	33.6%	Boots and Shoes.....	41.1%
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AGRICULTURE

With some exceptions, both with reference to different localities and the several productions, weather conditions during June and the first two weeks of July were auspicious for growth, development and maturity of Eighth District crops. According to reports of the U. S. Department of Agriculture, agricultural departments of the different states and information available from other sources, production of the principal crops promises to be measurably above that in recent drouth years, also greater than average during the 5-year (1928-1932) period preceding. Heavy rainfall in early June was followed by days of sunshine which permitted farmers to catch up on delayed planting and cultivation of corn, legumes and other late crops. At mid-July generally through the area, farm work was up to the usual seasonal schedule. Threshing of wheat made rapid progress, with quality and yields show-

ing wide variation. Marked improvement in pastures was noted, and indications are for a hay crop well above a year ago and slightly larger than the 5-year average. Fruit and vegetable crops showed little change between June 1 and July 1, and prospects for most species are the best in recent years.

The supply of farm labor was reported by the U. S. Bureau of Agricultural Economics as 82.4 per cent of normal, compared with 87.2 per cent on April 1. The wage index on July 1 was 15 points up from a year earlier. Generally through the district more extensive use of tractors and combines was reported than in any preceding year. Prices of farm products advanced in late June and as of July 10 the farm products group of the Bureau of Labor Statistics Price Index stood at 90.5 per cent of the 1926 average, an increase of 1.8 per cent over the preceding week and comparing with 88.0 per cent on June 12, 82.5 per cent on July 13, 1936, 77.7 per cent on July 13, 1935 and 61.1 per cent on July 15, 1933.

Combined receipts from the sale of the principal farm products and Government payments to farmers in states partly or entirely within the Eighth Federal Reserve District during the periods January-May 1935, 1936, 1937 and during May 1936 and 1937, are given in the following table:

(In thousands of dollars)	January-May			May	
	1935	1936	1937	1936	1937
Indiana	\$ 94,715	\$ 98,789	\$119,062	\$ 22,900	\$ 22,872
Illinois	157,002	166,614	194,767	37,192	37,838
Missouri	86,680	86,347	89,286	20,845	19,987
Kentucky	60,499	42,741	75,619	6,691	7,226
Tennessee	40,669	34,939	51,901	6,844	7,024
Mississippi	29,394	26,606	49,094	5,567	5,832
Arkansas	33,878	22,851	41,924	5,257	7,679
Totals.....	621,653	478,887	502,837	108,458	105,296

Corn—Production of corn in the Eighth District proper is estimated by the U. S. Department of Agriculture in its report based on conditions as of July 1 at 342,550,000 bushels, which compares with 202,726,000 bushels harvested in 1936 and the 14-year (1923-1936) average of 327,361,000 bushels. Generally the condition of the growing crop is above average, with fields well cultivated and clean. Reserve stock on farms are the smallest of record, the estimate for states of this district as of July 1 being only 65,205,000 bushels, against 131,239,000 bushels a year earlier and the 5-year July 1 average of 136,749,000 bushels.

Cotton—The U. S. Department of Agriculture in its report as of July 1, estimates the combined area of cotton under cultivation in states including the Eighth District at 7,910,000 acres, an increase of 885,000 acres, or 12.6 per cent over the acreage under cultivation on the same date in 1936, and comparing with the 5-year (1928-1932) July 1 average of 8,933,000 acres. Weather conditions during most

of June and early July were almost ideal for progress of the crop. For the most part the plant is hardy, growing naturally and fruiting is earlier than normal, and in this respect is generally prolific. Backwardness in cultivation earlier in the season, caused by liberal precipitation, has been made up. According to the National Fertilizer Association, sales of fertilizer tags for the 12-month period, July-June, were 37.7 per cent and 65.7 per cent larger, respectively, than in the corresponding periods a year and two years earlier. Responding to favorable crop prospects and lessened demand, the price of raw cotton declined at mid-June to the lowest point in nearly twelve months. A moderate recovery took place during early July. In the St. Louis market the middling grade ranged from 11.90c per pound to 12.75c between June 15 and July 15, closing at 12.50c on the latest date, which compares with 12.00c on June 15 and 13.30c on July 15, 1936. At Arkansas and Missouri compresses combined receipts from August 1, 1936, to July 18, 1937, totaled 1,355,325 bales, as against 1,001,079 bales for the corresponding period a year earlier. Stocks on hand as of July 18 amounted to 157,609 bales as compared with 278,123 bales on the corresponding date in 1936.

Fruits and Vegetables — Prospects in most of the principal growing sections of the district are reported good to excellent. Prospective production of apples is the largest since 1931. In states including the Eighth District the apple crop is estimated by the U. S. Department of Agriculture in its July 1 report at 23,667,000 bushels, as against 5,590,000 bushels produced in 1936 and the 5-year (1928-1932) average of 15,199,000 bushels. In these states the peach crop is forecast at 9,438,000 bushels, which compares with 3,422,000 bushels in 1936 and the 5-year average of 7,265,000 bushels; pears, 3,120,000 bushels, against 1,352,000 bushels in 1936 and the 5-year average of 1,870,000 bushels. Sweet potatoes are also expected to yield above last year and the average, the forecast being for 19,042,000 bushels, against 15,031,000 bushels in 1936 and the 5-year average of 17,483,000 bushels. The acreage planted to white potatoes this year was virtually unchanged from its predecessor. On a basis of the July 1 condition the potato yield in the district proper is estimated at 12,843,000 bushels, which compares with 8,333,000 bushels in 1936 and the 14-year average of 13,562,000 bushels.

Livestock — Further improvement was noted in the condition of livestock during the past thirty days, the betterment being attributed to abundant pasturage and favorable weather conditions. Production of tame hay in the district is forecast at

5,984,000 tons, against 4,447,000 tons in 1936 and the 14-year (1923-1936) average of 6,509,000 tons. The movement of cattle and calves to market was stimulated by higher prices, receipts during June exceeding those of the preceding month and the June, 1936, total. Receipts of hogs in June were smaller in both comparisons.

Milk production resumed about the usual normal seasonal trend during June this year, following the unusually rapid increase in April and May. On July 1 in states of this district milk production per cow was 6.5 per cent less than on June 1, 10.3 per cent greater than on July 1, 1936, and 2.3 per cent less than the 10-year (1925-1934) July 1 average.

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

	Receipts			Shipments		
	June, 1937	May, 1937	June, 1936	June, 1937	May, 1937	June, 1936
Cattle and Calves.....	135,395	131,894	123,989	86,738	83,580	75,982
Hogs	134,141	145,880	154,651	80,292	89,944	98,543
Horses and Mules.....	2,618	3,077	3,320	2,842	2,868	2,823
Sheep	141,554	187,937	115,417	46,854	97,882	23,962
Totals.....	413,708	468,788	397,377	216,726	274,274	201,310

Oats — Based on July 1 conditions, the U. S. Department of Agriculture estimates the oats crop in the Eighth District proper at 46,319,000 bushels, which compares with 38,026,000 bushels harvested in 1936, and the 14-year (1923-1936) average of 49,462,000 bushels. In states including the Eighth District stocks on farms on July 1 totaled 15,161,000 bushels, the smallest in recent years and comparing with 29,889,000 bushels a year earlier and the 5-year (1928-1932) average of 24,260,000 bushels.

Tobacco — Generally favorable conditions prevailed during June and early July in all tobacco growing districts. While growth of the crop is irregular, due to rather extensive replanting, plants appear healthy and of good color. Fields have been thoroughly cultivated, and with occasional rains, prospects as of mid-July are reported the best in a number of years. Eighth District production of all types is estimated by the U. S. Department of Agriculture at 279,823,000 pounds, against 176,784,000 pounds harvested in 1936 and average output during the preceding 14 years of 287,796,000 pounds.

Winter Wheat — Prospects for winter wheat in this area declined rather sharply during June, the loss being caused by black stem rust, heavy rains, hail, and insect pests. In spite of this deterioration, however, the crop will be measurably larger than in 1936 and the average in recent years. Harvesting and threshing the crop has made rapid progress, and initial returns disclose broad variations in quantity and quality. Eighth District production is estimated by the U. S. Department of

Agriculture, in its report based on July 1 conditions, at 75,631,000 bushels, against 60,630,000 bushels harvested in 1936 and the 14-year (1923-1936) average of 50,993,000 bushels. Wheat stocks on farms in states of the district on July 1 were 39 per cent smaller than a year ago and 36.4 per cent under the 5-year (1928-1932) average.

COMMODITY PRICES

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

	High	Low	Close	
			July 15, 1937	July 15, 1936
Wheat				
July .....per bu.	\$1.25½	\$1.06	\$ 1.24	\$ 1.03½
Sept.	1.26¾	1.06¾	1.24	1.05
Dec.	1.28¾	1.09	1.26	1.06
No. 2 red winter	1.31	1.21	1.27	1.09½
No. 2 hard	1.29¾	1.23	1.26	1.10¾
Corn				
July	1.30	1.14½	1.28¾	.85
Sept.	1.22½	.94	1.13½	.82¾
Dec. ....	.85½	.74¾	.80½	.77¾
No. 2 Mixed	1.27½	1.15	1.27½	.92
No. 2 White	1.30½	1.21½	1.30½	1.00
Oats				
*July .....	.44½	.39½	.42¾	.37½
*Sept. ....	.39½	.34¾	.37¾	
*Dec. ....	.41½	.36¾	.39¾	
No. 2 White	.54	.49½	.48½	.40½
Flour				
Soft Patent.....per bbl.	6.55	5.65	5.90@ 6.40	4.75@ 5.15
Spring	8.70	7.35	7.35@ 8.70	8.00@ 8.20
Middling Cotton...per lb.	.1275	.1190	.1250	13.30
Hogs on hoof.....per cwt.	13.00	9.00	9.50@12.65	7.50@10.40

*Nominal quotations.

TRANSPORTATION

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 90,918 loads during June, as against 96,646 loads in May and 91,445 loads in June, 1936. During the first nine days of July the interchange amounted to 26,322 loads, which compares with 25,526 loads during the like interval in June and 26,289 loads during the first nine days of July, 1936. Reflecting heavy vacation travel, passenger traffic of the reporting roads in June recorded an increase of 5 per cent in the number of tickets sold and of 9 per cent in revenue as compared with the same month a year ago. For the entire country, loadings of revenue freight for the first 27 weeks this year, or to July 3, totaled 19,734,274 loads, against 17,233,497 loads for the corresponding period in 1936 and 15,631,855 loads in 1935. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in June was 155,400 tons, against 176,800 tons in May and 155,365 tons in June, 1936; cumulative tonnage for the first half of this year was 802,780 tons, a decrease of 76,780 tons or 8.7 per cent under the first six months of 1936.

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in June as being 5.8

per cent greater than in May and 12.3 per cent more than in June, 1936. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	June, 1937	May, 1937	June 1937 comp. with May 1937	June, 1936	June 1937 comp. with June 1936
		K.W.H.	K.W.H.		K.W.H.	
Evansville.....	40	3,648	3,612	+ 1.0%	2,882	+26.6%
Little Rock..	35	2,341	1,890	+23.9	1,996	+17.3
Louisville	82	10,462	9,914	+ 5.5	8,981	+16.5
Memphis	31	2,136	2,254	- 5.2	2,000	+ 6.8
Pine Bluff.....	20	659	932	-29.3	474	+39.0
St. Louis.....	188	26,017	24,183	+ 7.6	23,967	+ 8.6
Totals.....	396	45,263	42,785	+ 5.8	40,300	+12.3

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in June was 60.5 per cent larger than in May and 161.1 per cent more than the June, 1936, total. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in June amounted to \$18,309,600 which compares with \$13,332,900 in May and \$26,154,019 in June, 1936. Building figures for June follow:

	New construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1937	1936	1937	1936	1937	1936	1937	1936
Evansville.....	43	49	\$ 364	\$ 92	199	106	\$ 47	\$ 59
Little Rock	21	22	78	70	114	95	43	47
Louisville.....	129	82	589	190	79	74	61	23
Memphis.....	247	183	1,254	376	201	175	107	73
St. Louis.....	330	206	702	416	222	223	291	206
June Totals	770	542	2,987	1,144	815	673	549	408
May	681	601	1,861	1,652	962	682	1,403	276
April	861	695	2,167	2,420	900	681	534	304

POSTAL RECEIPTS

Returns from the five largest cities show an increase of 5.0 per cent in combined postal receipts for the second quarter of this year over the corresponding period in 1936, and an increase of 2.3 per cent as compared with the first three months this year. Detailed figures follow:

Quarter Ending	June 30, 1937	Mar. 31, 1937	June 30, 1936	Comp. 2nd Qrs. 1937-1936
Evansville, Ind.....	\$ 177,118	\$ 147,364	\$ 155,946	+13.6%
Little Rock, Ark.....	196,200	209,729	192,596	+ 1.9
Louisville, Ky.....	739,066	661,208	681,523	+ 8.4
Memphis, Tenn.....	645,187	658,025	551,163	+17.1
St. Louis, Mo.....	2,621,121	2,603,591	2,588,927	+ 1.2
Totals.....	4,378,692	4,279,917	4,170,155	+ 5.0

LIFE INSURANCE

Sales of new, paid-for, ordinary life insurance in states including the Eighth District during June the preceding month, and a year ago, together with the cumulative totals for the first six months this year and the comparable period in 1936 are shown in the following table:

(In thousands of dollars)	June, 1937	May, 1937	June, 1936	Cumulative Totals 1937	Cumulative Totals 1936	Cumul. change
Arkansas.....	\$ 4,361	\$ 4,175	\$ 3,946	\$ 24,071	\$ 22,599	+ 6.5%
Illinois.....	49,945	48,865	48,652	307,432	281,340	+ 9.3
Indiana.....	15,558	15,351	15,112	88,758	82,724	+ 7.3
Kentucky.....	7,159	6,934	6,746	37,829	38,681	- 2.2
Mississippi.....	3,746	4,081	3,612	22,178	18,526	+19.7
Missouri.....	22,716	19,498	20,632	120,185	111,693	+ 7.6
Tennessee.....	8,483	8,547	7,996	51,503	44,975	+14.5
Totals.....	111,968	107,451	106,695	651,956	600,538	+ 8.6
United States...	645,995	630,690	631,980	3,816,351	3,550,109	+ 7.5

Note: Figures have been revised to represent all insurance companies in the U. S. Previous figures were for 54 companies which represented 85% of insurance companies in U. S.

MONEY AND BANKING

The past thirty days have been marked by a noticeable expansion in demand for credit at commercial banks, both in the large cities and country. The increase in borrowings was most pronounced during the second and third week of July. Commercial and industrial interests were in many instances increasing their commitments to take care of purchases of goods for fall distribution. The increased credit requirements were reflected in a slightly firmer tone in rates. Country banks generally, but more particularly in the wheat and cotton areas, report a sharp expansion in inquiries for funds. Reflecting the largest wheat crop in recent years and the advance in prices of that grain, grain handling and flour milling interests have heavily increased their borrowings since July 1, and the total of such loans is reported measurably larger than at the corresponding time a year earlier. Demand for building loans continues active.

Member Banks — Between June 16 and July 14, loans of reporting member banks in principal cities advanced 0.6 per cent, the gain being chiefly in the category of "loans to others" which reflects borrowing by commercial, industrial and agricultural interests. Gross deposits also moved upward during the four week period and were about on a parity with those on the final report date in April. There was an increase of 2.7 per cent in total investments since June 16, 1937, the increase being largely in holdings of U. S. Government securities.

Statements of the principal resource and liability items of reporting member banks follow:

(For 24 banks—in thousands of dollars)	July 14, 1937	June 16, 1937	July 15, 1936
Loans—total	\$285,135	\$283,321	\$236,151
Commercial, industrial, and agricultural:			
On securities	45,018	42,571	*
Otherwise secured and unsecured	119,256	120,646	*
Open market paper	10,797	10,909	*
Loans to brokers and dealers	6,212	6,064	7,293
Other loans for purch. or carry. securities	12,640	12,551	*
Real estate loans	45,411	44,938	42,777
Loans to banks	8,184	8,393	7,335
Other loans:			
On securities	11,938	12,276	*
Otherwise secured and unsecured	25,679	24,973	*
Investments—total	366,638	357,154	394,919
U. S. Gov't obligations	212,695	205,388	225,525
Obligations guaranteed by U. S. Gov't	50,882	48,826	57,239
Other securities	103,061	102,940	112,155
Gross deposits	891,502	873,072	886,227
Demand deposits	701,615	688,896	702,379
Time deposits	189,887	184,176	183,848
Borrowings		1,000	

*Comparable figures not available.

(By cities, July 14, 1937)	Number Banks	Loans and Discounts	Investments in Securities	Gross Deposits	Borrowings
St. Louis	9	\$161,689	\$248,124	\$557,410	
Louisville	5	57,890	35,397	130,482	
Memphis	3	41,292	52,957	126,990	
Little Rock	4	10,840	13,472	35,923	
Evansville	3	13,424	16,688	40,697	

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 member banks on July 7 was 5.9 per cent greater than on the corresponding date a year earlier.

At downtown St. Louis banks rates charged as of the week ending July 15 were as follows: Customers' prime commercial paper, 1½ to 6 per cent; collateral loans, 2 to 6 per cent; interbank loans, 3 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)	July 17, 1937	June 17, 1937	July 17, 1936
Industrial advances under Sec. 13b	\$ 323	\$ 327	\$ 550
Other advances and rediscounts	199	152	45
Bills bought (including participations)	86	88	87
U. S. securities	111,385	111,385	129,927
Total earning assets	111,993	111,952	130,609
Total reserves	298,352	309,621	254,370
Total deposits	225,339	236,799	203,675
F. R. Notes in circulation	179,618	178,114	172,911
Industrial commitments under Sec. 13b	1,045	1,145	1,817
Ratio of reserve to deposit and F. R. Note liabilities	73.7%	74.6%	67.5%

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

- Rediscounts and advances to member banks, under Section 13 and 13a.....2 % per annum
- Advances to member banks, under Section 10b.....2½ % per annum
- Rediscounts, purchases, and advances to member banks, nonmember banks and other financing institutions, under Section 13b:
 - On portion for which financing institution is obligated.....3½ % per annum
 - On remaining portion.....4 % per annum
- 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
- Advances to established industrial or commercial businesses, under Section 13b.....{ 4 % to 5½ % per annum
- 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)	June, 1937	May, 1937	June, 1936	June, 1937, comp. with May, 1937	June, 1936
East St. Louis and Natl.					
Stock Yards, Ill.	\$ 36,012	\$ 32,829	\$ 31,959	+ 9.7%	+12.7%
El Dorado, Ark.	5,163	4,579	3,910	+12.8	+32.0
Evansville, Ind.	34,698	32,515	27,859	+ 6.7	+24.5
Fort Smith, Ark.	10,637	11,321	10,547	— 6.0	+ 0.9
Greenville, Miss.	4,261	4,672	4,129	— 8.8	+ 3.2
Helena, Ark.	1,677	1,689	1,305	— 0.7	+28.5
Little Rock, Ark.	37,509	35,792	32,413	+ 4.8	+15.7
Louisville, Ky.	187,279	170,158	160,428	+10.1	+16.7
Memphis, Tenn.	113,073	112,333	109,244	+ 0.7	+ 3.5
Owensboro, Ky.	5,691	5,652	4,986	+ 0.7	+14.1
Pine Bluff, Ark.	8,628	7,847	7,502	+10.0	+15.0
Quincy, Ill.	9,277	8,704	7,976	+ 6.6	+16.3
St. Louis, Mo.	670,660	672,940	622,443	— 0.3	+ 7.7
Sedalia, Mo.	2,043	2,024	2,035	+ 0.9	+ 0.4
Springfield, Mo.	16,187	16,789	14,318	+ 3.6	+13.1
*Texarkana, Ark.	7,339	8,056	6,732	— 8.9	+ 9.0
Totals	1,150,134	1,127,900	1,047,786	+ 2.0	+ 9.8

*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

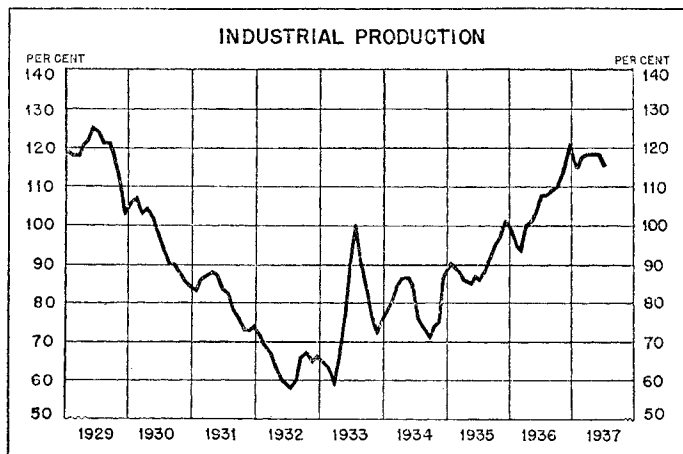
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Activity in most manufacturing industries and at mines continued in June at the May levels, with allowance for seasonal influences, but the total output was decreased by labor difficulties in steel mills. In July, production at these mills increased.

Production and Employment—Volume of industrial output, as measured by the Board's seasonally adjusted index, was 115 per cent of the 1923-1925 average in June as compared with 118 per cent maintained in the preceding three months. The decrease was largely accounted for by the decline in steel production. Automobile production declined seasonally and lumber output showed little change. There was considerable reduction in activity at shoe

seasonal decline and there was little change in mail-order business. Sales at variety stores increased somewhat. Department store trade in the midwestern industrial area in June and in the first half of the year showed larger increases over a year ago than did sales in other parts of the country. Freight-car loadings declined somewhat further in June, reflecting largely a decrease in shipments of miscellaneous freight.

Wholesale Commodity Prices—The general level of wholesale commodity prices, which had declined gradually from the beginning of April to the middle of June, advanced somewhat after that time. Prices of hogs and pork rose considerably and grain

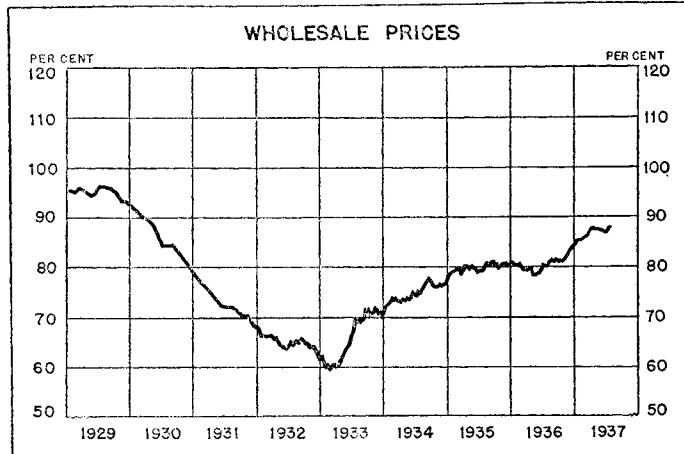


Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100.

By months, January, 1929, through June, 1937. Latest figure 115.

factories and at sugar refineries, while textile production was close to the level of other recent months. At mines output continued in about the same volume as in May.

Value of construction contracts awarded, which had declined in May, increased considerably in June, according to figures of the F. W. Dodge Corporation. There was marked rise in contracts for public projects, and awards for private building increased somewhat, reflecting chiefly a larger volume of contracts for factories and apartments. Factory employment and payrolls declined more than seasonally from the middle of May to the middle of June, largely as result of strikes in the iron and steel industry. In most other manufacturing industries also in nonmanufacturing lines changes in employment were chiefly of a seasonal nature.

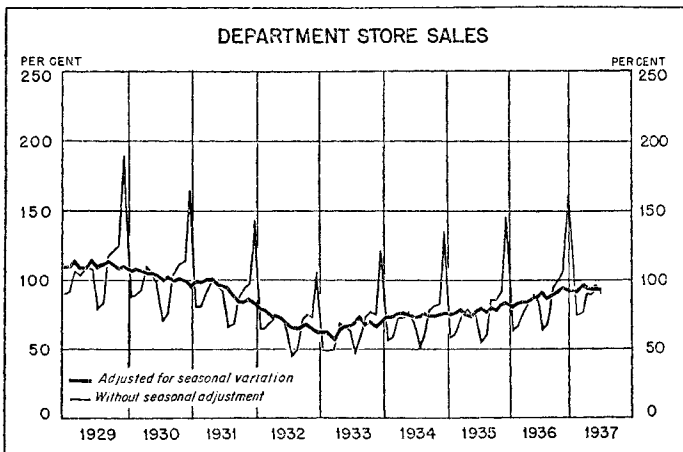


Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By months, 1929 to 1931; by weeks, 1932 to date.

Latest figure is for week ending July 17; all commodities 87.8.

prices advanced during most of the period. Steel scrap prices increased sharply and prices of tin, zinc, and hides also advanced, while cotton goods and rubber continued downward. In the past week prices for grains declined and cotton prices also moved lower.

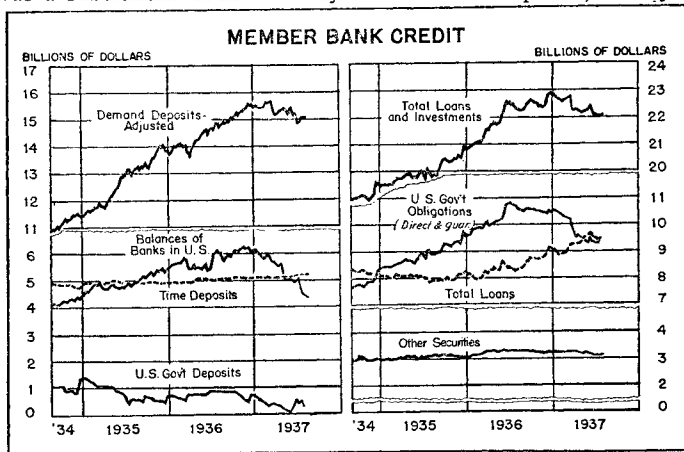
Bank Credit—In the four-week period ending July 21 the volume of excess reserves of member banks increased from \$810,000,000 to \$870,000,000, owing principally to a decline in the amount of required reserves resulting from a decrease in deposits at member banks in leading cities. Commercial loans of reporting member banks continued to increase both in New York City and in other leading cities during the five weeks ending July 21. There was a substantial decline in adjusted demand deposits, mostly at



Indexes of value of sales, 1923-1925 average = 100. By months, January, 1929, through June, 1937. Latest figures June, adjusted 93, unadjusted 89.

Agriculture—The July 1 cotton report of the Department of Agriculture showed an acreage of 34,192,000, which is larger than in any year since 1933, but considerably smaller than the average of 41,424,000 acres for the five years 1928-1932. Reports on other major crops indicate larger production than last season and about equal to the average for 1928-1932.

Distribution—Distribution of commodities to consumers was maintained in June at the level of other recent months, with allowance for seasonal influences. Department store sales showed a



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, through July 21, 1937.

New York City banks. This decline corresponded to decreases in holdings of United States Government obligations, following increases at the time of new Treasury note issues at the middle of June, and in holdings of other securities. Loans to brokers and dealers in securities, which increased in June, declined during the first three weeks of July.

Money Rates—Open-market rates on Treasury bills and yields on Treasury notes and bonds declined in July to the lowest levels since March.