



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

Agriculture:	Aug. 1, 1937, comp. with Yield 1936 1923-36 Av.	
Estimated yield of 7 crops.....	+59.8%	+ 6.6%
Live Stock:	July, 1937, comp. with June, 1937 July, 1936	
Receipts at National Stock Yards.....	-16.1%	- 1.1%
Shipments from aforesaid Yards.....	-14.6	+ 7.2
Production and Distribution:		
Sales by mfrs. and wholesalers.....	-12.8	- 6.1
Department store sales.....	-22.9	+ 8.4
Car loadings.....	+ 6.2	+ 3.1
Building and Construction:		
Bldg. permits, incl. repairs {	Number.....-15.8	+ 9.1
Cost.....-25.8	+40.1	
Value construc. contracts awarded.....	- 9.6	-34.8
Miscellaneous:		
Commercial failures {	Number.....-22.7	-29.2
Liabilities.....-46.6	-35.1	
Consumption of electricity.....	+ 5.8	+10.0
Debits to individual accounts.....	- 2.5	+10.1
Member Banks (24):	Aug. 11,'37 comp. with July 14,'37 Aug. 12,'36	
Gross deposits.....	- 1.8%	+ 0.1%
Loans.....	+ 7.6	+21.5
Investments.....	- 0.5	- 7.6

THE situation of trade and commerce in the Eighth District during July and the first half of August developed no outstanding change as contrasted with the several months immediately preceding. Activities have been well maintained, such slowing trends as have occurred being traceable to seasonal influences. Due to very promising prospects for practically all crops and improvement in income of farmers and other groups, these influences are much less in evidence than is ordinarily the case at this time of year. Distribution of merchandise, as reflected in freight-car loadings, and statistics of wholesale and retail merchants, continues at, or about the highest levels attained in the recovery period, after allowance is made for seasonal factors. In a majority of merchandising and manufacturing lines investigated by this bank, July results were measurably ahead of those for the same month in 1936, and for all years since the predepression era. While advance business in some lines is slightly behind the volume at the same time a year ago, ordering for fall and winter distribution since

the middle of July has been on a larger scale than earlier in the season. Quite generally throughout the district sentiment in the business community was noticeably more optimistic than heretofore.

While pressure from consumers for raw materials and manufactured goods in the heavy industries has eased in a number of instances, durable goods, including iron and steel, lumber, glass and quarry products, made a very favorable showing for this time of year. Steel mills reported a recession in new bookings, but still have backlogs sufficient to maintain the present rate of operations for some weeks to come. Manufacturers of farm implements, railroad equipment, and some other specialties are operating at peak schedules of the year. Though production of soft coal for the entire country in July decreased slightly from a month and a year earlier, output at mines in this area showed increases in both comparisons. Consumption of electric current by industrial users in the principal cities in July recorded a new all-time high, and was 10 per cent greater than a year ago. Lumber production declined in less than the usual seasonal amount and since August 1 there has been a moderate increase in new orders. Meat packing declined rather sharply, and was measurably below the July, 1936, volume.

The agricultural outlook remains favorable, the only outstanding detrimental development during the past thirty days being rather sharp declines in the price of farm products, including wheat, corn, cotton and oats. However, largely increased production of the principal crops, plus Government payments, according to the U. S. Department of Agriculture, indicate aggregate farm income in this district measurably greater than a year ago and all preceding years since the predepression era. The wheat harvest has been completed, and threshing returns reflect considerable variation in quantity and quality, owing to damage from black stem rust and premature ripening. Corn, cotton, tobacco, potatoes, hay, and a majority of fruits and vegetables will be larger crops than a year ago. Tobacco prospects declined slightly from June to July, but the esti-

mated yield of all types is still measurably above the quantity harvested in 1936.

As reflected by sales of department stores in the principal cities, the volume of retail trade in July was 22.9 per cent less than in June and 8.4 per cent greater than in July, 1936; cumulative total for the first seven months was larger by 11.4 per cent than during the comparable period in 1936. Combined sales of all wholesaling and jobbing interests reporting to this bank in July were 12.8 per cent and 6.1 per cent smaller, respectively, than a month and a year earlier and for the first seven months the aggregate was 21.2 per cent in excess of that for the like period in 1936. The dollar value of permits issued for new buildings in the principal cities in July was about one-third less than in June, but 44.8 per cent greater than in July, 1936; cumulative total for the first seven months was 30.4 per cent in excess of that for the same period in 1936. The dollar value of construction contracts let in the Eighth District in July fell 9.6 per cent and 34.8 per cent, respectively, below a month and a year earlier; cumulative total for the first seven months was 9.7 per cent smaller than for the comparable period in 1936.

Bolstered by heavy movements of winter wheat, vegetables, fruits and miscellaneous freight, freight traffic of railroads operating in this district in recent weeks exceeded the volume of all similar periods since 1930. Vacation travel during July was stimulated by advertising campaigns and special tours conducted by the various lines, and passenger traffic continued the steady gains of preceding months this year. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in July was 0.3 per cent more than in June and 8.9 per cent greater than in July, 1936.

Reports relative to collections during July and the first half of August showed a slight recession as compared with the preceding month, and the average was somewhat below that of corresponding month in 1936. Questionnaires addressed to representative interests in the several lines scattered through the district showed the following results:

	Excellent	Good	Fair	Poor
July, 1937.....	2.5%	48.0%	37.5%	12.0%
June, 1937.....	3.7	51.3	23.5	11.5
July, 1936.....	3.6	55.6	38.3	2.5

Commercial failures in the Eighth Federal Reserve District in July, according to Dun and Bradstreet numbered 17, involving liabilities of \$133,000, against 22 insolvencies with liabilities of \$249,000

in June and 24 failures for a total of \$205,000 in July, 1936.

Detailed Survey **MANUFACTURING AND WHOLESALING**

Lines of Commodities	Net Sales		Stocks	
	July, 1937 compared with June, '37 July, '36		7 months 1937 comp. with same period 1936	July 31, 1937 comp. with July 31, 1936
Boots and Shoes.....	-26.3%	-17.8%	+28.4%	-6.7%
Drugs and Chemicals..	-6.3	+4.8	+11.8	+16.4
Dry Goods.....	+7.8	+0.6	+10.8	+67.9
Electrical Supplies.....	-9.7	+14.5	+39.3	+31.2
Furniture.....	-12.9	-9.0	+27.9	+39.5
Groceries.....	-0.5	-8.0	+7.4	+7.9
Hardware.....	-6.7	+13.7	+23.6	+30.8
All above lines.....	-12.8	-6.1	+21.2	+34.1

Automobiles — Combined passenger car, truck and taxicab production in the United States in July was 438,834 against 497,298 in June and 440,731 in July, 1936.

Boots and Shoes — The decline in sales of the reporting interests from June to July, as shown in the above table, was contraseasonal and attributable to unusually heavy purchasing during the two preceding months. Since the first week in August there has been a noticeable pickup in ordering, both for spot and future shipment. Production during July and early August was maintained at the relatively high levels which have obtained in recent months. The trend of prices was slightly upward, with the average of both raw and finished materials well above a year ago.

Clothing — July sales of the reporting clothiers were 8.8 per cent larger than during the preceding month and 12 per cent less than the July, 1936, total. Inventories continued to increase, stocks on hand as of August 1 being 19 per cent greater than a month earlier and about one-fourth larger than on August 1, 1936. The warmer weather since the middle of July has been reflected in a more active movement of lightweight apparel than earlier in the season. Demand for work clothes was reported in larger volume than at any similar period in the past several years.

Drugs and Chemicals — According to reporting firms, the increase in July sales over a year ago was attributable in large measure to expansion in demand for heavy chemicals and drugs by the general manufacturing trade. As has been the case in recent months, the movement of toilet preparations and other luxury goods continued to increase.

Dry Goods — The increase in sales of the reporting firms from June to July was of about the usual seasonal proportions. Since August 1 there has been some slowing down in new buying, attributable mainly to the decline in the price of raw cotton. Withal, advance orders for late fall and winter delivery are reported in larger volume than at any

similar period since 1930. August collections were reported generally satisfactory.

Electrical Supplies—For the thirteenth consecutive month, sales in this classification exceeded those of the corresponding period a year earlier. The decrease from June to July was somewhat smaller than the experience during the past decade. As contrasted with a year ago, betterment was noted in virtually all lines, but most pronounced in building installations, radio materials and household appliances, notably refrigeration.

Furniture—With the exception of a year ago, July sales of the reporting firms were the largest for the month since the boom year of 1929. Sales of household furniture and furnishings showed some recession as compared with earlier months this year. Demand for metal furniture, including equipment for schools, offices, hospitals, taverns, etc., was reported in considerable volume.

Groceries—The greater abundance and lower prices of fruits and vegetables this year than last was partly accountable for the decline in July sales of the reporting firms under the same month in 1936. The decrease from June to July was seasonal in character, but smaller than average than in recent years.

Hardware—While showing about the expected decline from June to July, sales of the reporting interests in July were the largest for the month since 1929. Reflecting the excellent crop prospects, ordering by country retailers was in measurably larger volume than at the same period during the past several years. According to a number of the principal reporting firms, sales of all descriptions of sporting goods, outing supplies and kindred lines this season represented the largest volume on record.

Iron and Steel Products—A moderate recession in activities in the iron and steel industry in this area marked the closing weeks of July and the first half of August. The slower pace was attributable entirely to seasonal influences, and was considerably less pronounced than is ordinarily the case. Operations at farm implement and tractor plants, also at steel foundries specializing in railroad castings were maintained at the high levels which have obtained since early spring. Pressure for delivery of steel mill products, notably sheets, plates, bars and other flat rolled materials, has relaxed and backlogs have been reduced to the lowest point in a number of months. Withal, unfilled orders still on mill books are sufficiently large to maintain the present schedules well into the fall. Due to the favorable season for the fruit and vegetable pack and expansion in the general use of containers, sales of tin plate are

reported to be the largest in any recent year. Advance ordering of wire fencing and accessories, also other commodities used in the rural areas, according to producers and distributors reporting to this bank, is in larger volume than at any similar period since the predepression era. New business from the oil fields broadened to some extent during July, and shipments of goods previously acquired were heavy, particularly of tank plates, drilling supplies and pipe line accessories. Sales of warehouse and jobbing interests in July fell slightly below the preceding month, but the total was approximately one-fifth greater than in July, 1936. Orders booked by jobbing foundries in July were about on a parity with the June aggregate and 22 per cent greater than in July a year ago. Pig iron shipments to district melters in July fell slightly below the preceding month, but were measurably greater than during any July since 1929. Aside from a sharp advance in scrap iron and steel quotations in early August, price changes of raw and finished products during the past thirty days have been negligible. For the entire country, production of pig iron in July, according to the magazine "Steel", totaled 3,501,359 tons, against 3,115,302 tons in June and 2,595,791 tons in July, 1936. Steel ingot production in the United States in July amounted to 4,556,596 tons, which compares with 4,183,762 tons in June and 3,914,370 tons in July, 1936.

MINING

Production of bituminous coal in the United States in July showed little change from the preceding month and a year ago. At mines in this general area, however, July output was greater by 7.2 per cent and 2.7 per cent, respectively, than a month and a year earlier and an increase of 3.7 per cent in cumulative production for the first seven months over the same period in 1936 was recorded. Outlet through industrial channels continued broader than is usual at this time of year and contrasting for fall and winter supplies by utilities companies, public institutions and other consumer groups was in considerable volume. Production of soft coal for the entire country in July was estimated at 31,610,000 tons, which compares with 31,726,000 tons in June and 32,005,000 tons in July, 1936; for the first seven months this year the cumulative tonnage was 253,721,000 tons, as against 232,836,000 tons during the like period a year earlier. At Illinois mines in July 2,732,473 tons were lifted, which compares with 2,492,189 tons in June and 2,927,413 tons in July, 1936. There were 113 mines in operation in July and 27,364 men on payrolls, as against 106 active mines and 27,527 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
	July, 1937 compared with June, 1937		7 mos. 1937 to same period '36	on Hand July 31, '37	Turnover Jan. 1, to July 31, 1937
	July, 1936	July, 1936	period '36	July 31, '36	1937 1936
El Dorado, Ark.....	-15.8%	+16.1%	+ 9.9%	+ 5.9%	1.70 1.58
Ft. Smith, Ark.....	-16.5	+ 1.4	+ 5.1	+10.2	1.42 1.48
Little Rock, Ark.....	-17.9	+ 2.2	+ 6.4	+20.8	1.50 1.67
Louisville, Ky.....	-25.7	+ 9.8	+11.3	+16.8	2.33 2.45
Memphis, Tenn.....	-22.5	+ 7.3	+11.4	+23.3	1.77 1.83
Pine Bluff, Ark.....	-13.5	-18.0	+ 6.5	+ 4.2	1.98 2.21
St. Louis, Mo.....	-23.1	+10.2	+12.3	+22.8	2.19 2.30
Springfield, Mo.....	-24.0	+13.8	+11.4	+12.6	1.42 1.52
All Other Cities.....	-27.1	+ 0.9	+ 5.7	+15.9	1.76 1.81
8th F. R. District.....	-22.9	+ 8.4	+11.4	+21.4	2.05 2.16

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

	Installment Accounts		%	Excl. Instal. Accounts		%
	Accounts	Accounts		Accounts	Accounts	
El Dorado.....	76.5%	Pine Bluff.....	.....	35.4%
Fort Smith.....	34.6	Springfield.....	.....	27.8
Little Rock.....	36.5	St. Louis.....	.....	52.4
Louisville.....	52.1	Other Cities.....	.....	43.4
Memphis.....	41.1	8th F. R. Dist.....	.....	48.2

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

	Net Sales			Stocks	Stock
	July, 1937 compared with June, 1937		7 mos. 1937 to same period '36	on Hand July 31, '37	Turnover Jan. 1, to July 31, 1937
	July, 1936	July, 1936	period '36	July 31, '36	1937 1936
Men's Furnishings.....	-44.7%	- 5.4%	+ 5.9%	+22.6%	1.46 1.50
Boots and Shoes.....	-33.3	+22.2	+17.2	+37.9	3.98 4.01

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

Men's Furnishings.....	36.3%	Boots and Shoes.....	41.5%
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AGRICULTURE

According to the U. S. Department of Agriculture, excellent weather for corn, cotton, potatoes, rice, most fruits, and various other crops has resulted in very marked improvement in agricultural prospects in the Eighth District and the entire country, also gives assurance of an adequate supply of food, feed, forage and fiber crops this season. Potatoes, rice and cotton are expected to show the highest yields per acre on record and most other productions are expected to yield much better than in recent drouth years. Pastures have not fully recovered from the successive drouths and are still under their average condition, but as of August 1 were reported better than on the like date during the past six or seven years. Considering both harvested crops and present growing conditions, the favorable outlook extends to nearly all sections of the district. Taken as a whole, the economic position of the rural community is better than at any time in recent years, particularly in the typical grain producing areas.

Combined receipts from the sale of principal farm products and Government payments to farmers

in states including the Eighth District during the periods January-June 1935, 1936, 1937 and during June, 1936 and 1937, are given in the following table:

(In thousands of dollars)	January-June			June	
	1935	1936	1937	1936	1937
Indiana.....	\$112,535	\$121,741	\$141,297	\$ 22,952	\$ 22,235
Illinois.....	184,788	204,247	233,446	37,633	38,679
Missouri.....	103,554	107,752	110,059	21,405	20,773
Kentucky.....	70,191	52,605	85,800	9,864	10,181
Tennessee.....	49,102	42,997	60,967	8,058	9,066
Mississippi.....	36,715	33,410	56,583	6,804	7,489
Arkansas.....	38,917	28,560	48,176	5,709	6,252
Totals.....	595,802	591,312	736,328	112,425	114,675

Where uninterrupted by rains, field work made good progress. The farm labor situation underwent improvement with passing of the rush of demands incident to harvesting and threshing of winter wheat. Plowing has gotten under way in the northern tier of counties. At mid-August rains were needed in many sections, precipitation during the first half of the month being spotty and inadequate. Scattered reports of damage from severe wind, rain and hail storms have been numerous during the past three weeks.

Traceable to price adjustments toward a new crop basis, the general level of farm products declined rather sharply during the past thirty days. Moderate to drastic declines were reported in grains, with the exception of rice. Apple prices declined noticeably as shipments of early varieties from the large 1937 crop in prospect started to market. With the exception of lambs, which declined seasonally, price advances were registered on all classes of meat animals. Reflecting a continued decrease in marketings, hog prices soared to the highest levels in almost a decade. As of August 7 the farm products group of the Bureau of Labor Statistics Price Index stood at 86.9 per cent of the 1926 average, a decline of .8 per cent under the preceding week and comparing with 83.2 per cent on August 8, 1936, 79.7 per cent on August 10, 1935 and 58.5 per cent on August 12, 1933.

Corn—Prospects for the corn crop improved moderately during July, and indications point to above average yields per acre. In its report based on conditions as of August 1, the U. S. Department of Agriculture estimates production in the Eighth District proper at 359,706,000 bushels, an increase of 17,156,000 bushels over the July 1 forecast and comparing with 202,726,000 bushels harvested in 1936 and the 14-year (1923-1936) average of 237,361,000 bushels. Affected by the favorable crop prospects, and in adjustment with the general feed situation, prices of corn declined sharply, touching new low levels for the season in mid-August.

Cotton — In its initial forecast for the season the U. S. Department of Agriculture estimates the Eighth District cotton crop at 3,736,000 bales, as against 3,404,000 bales produced in 1936 and the 14-year average of 2,763,000 bales. Picking has begun in many localities, and ginning reports reflect generally high quality of the staple. The price of raw cotton declined sharply, the weakness being accounted for by the favorable crop prospects. In the St. Louis market the middling grade ranged from 12.50c to 10.25c per pound between July 15 and August 16, closing at 10.65c on the latest date, as against 12.50c on July 15, and 12.65c on August 16, 1937. Combined receipts at Arkansas and Missouri compresses from August 1, 1936, to July 30, 1937, totaled 1,356,655 bales, which compares with 1,003,095 bales a year earlier. Stocks on hand as of July 30 amounted to 154,776 bales, against 157,609 bales on July 18 and 259,713 bales on the corresponding date in 1936.

Fruits and Vegetables — Not in a number of years have prospects for and production of fruits and vegetables been as high as in the present season. Since the last week in July rainfall has been deficient in many localities and at mid-August some species were showing the effects of lack of moisture. Yields of tomatoes, beans, sweet corn and other commercial vegetable crops have taxed the capacities of canneries to handle current receipts. In its report based on conditions as of August 1, the U. S. Department of Agriculture estimates the 1937 production of apples in states including the Eighth District at 25,229,000 bushels, against only 5,590,000 bushels harvested in 1936 and the 5-year (1928-1932) average of 15,199,000. In these states the peach crop is estimated at 10,065,000 bushels, as compared with 3,422,000 bushels in 1936 and the 5-year average of 7,265,000 bushels; pears, 3,297,000 bushels, against 1,352,000 bushels in 1936 and the 5-year average of 1,870,000 bushels; grapes, 44,650 tons, against 25,060 tons in 1936 and the 5-year average of 33,010 tons. The forecast for sweet potatoes is for 19,493,000 bushels, the largest in recent years and comparing with 15,031,000 bushels produced in 1936 and the 5-year average of 17,483,000 bushels. Plums, cherries, cane fruits and melons are all larger crops than a year ago and the average. In the district proper production of white potatoes is estimated at 12,870,000 bushels an increase of 27,000 bushels over the July 1 forecast and comparing with 8,333,000 bushels harvested in 1936 and the 14-year (1923-1936) average of 13,562,000 bushels.

Livestock — Under influence of abundant pasturage favorable weather and more liberal rations

of prepared feeds, the condition of livestock generally throughout the district continued the steady betterment which began in early spring. Despite the rise in prices of hogs to the highest point in about ten years, marketings were small, reflecting the reduced numbers of swine on farms. Hay production in the Eighth District is estimated at 5,982,000 tons, against 4,447,000 tons in 1936 and the 14-year average of 6,509,000 tons.

The number of cattle on feed for market in the Corn Belt States on August 1 was about 29 per cent smaller than a year earlier, and apparently the smallest number on feed as of that date in many years, according to the Bureau of Agricultural Economics. This decrease from a year ago, of 29 per cent on August 1, compares with a similarly estimated decrease of 35 per cent on April 1, 1937 and of 23 per cent on January 1, 1937. Approximately 20 per cent less beef was produced for domestic consumers in July than a year ago and 7 per cent less than in June this year. Production of pork was also considerably smaller in July this year than last.

Milk production continued at a relatively high level during July, with less than the usual seasonal decrease occurring during the month. Reports from all states of the district indicate a higher production per cow than has been recorded on August 1, in any of the past seven years. On that date in states of this district production per cow was 12.4 pounds, a decrease of 3.9 per cent as compared with July 1, but an increase of 3.3 per cent as compared with the 10-year (1925-1934) average, and an increase of 9.7 per cent over the production on August 1, 1936.

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

	Receipts			Shipments		
	July, 1937	June, 1937	July, 1936	July, 1937	June, 1937	July, 1936
Cattle and Calves.....	143,858	135,395	117,807	93,394	86,738	67,093
Hogs	107,847	134,141	151,763	66,701	80,292	89,819
Horses and Mules.....	3,935	2,618	3,166	3,189	2,842	2,857
Sheep	91,521	141,554	78,295	21,818	46,854	12,887
Totals.....	347,161	413,708	351,031	185,102	216,726	172,656

Tobacco — Eighth District production of tobacco is estimated by the U. S. Department of Agriculture at 272,255,000 pounds, a decline of 2.7 per cent from the July 1 forecast and comparing with 176,784,000 pounds harvested in 1936 and the 14-year (1923-1932) average of 287,796,000 pounds. The recession in prospects during July was attributable to insufficient rainfall, and at mid-August there were increasing complaints of dryness. A considerable part of the burley crop has been topped, though it is generally small. In the green river and stemming district the crop is in good condition and growing well.

Winter Wheat — Yields of wheat in a number of localities were affected by black rust and high temperatures, which caused premature ripening. This not only reduced quantity but also the average test weight per measured bushel, the result of which will be a lower output of flour per bushel of wheat. Threshing has been virtually completed and the grain is moving rapidly to market. Based on August 1 conditions, the yield of wheat in the Eighth District proper is estimated at 79,780,000 bushels, an increase of 4,149,000 bushels over the July 1 forecast and comparing with 60,630,000 bushels harvested in 1936 and the 14-year average of 50,993,000 bushels. Stocks of old wheat in interior mills, elevators and warehouses on July 1 were the smallest of record since 1919 when they were first estimated by the Bureau of Agricultural Economics.

COMMODITY PRICES

Range of prices in the St. Louis market between July 15, 1937, and August 16, 1937, with closing quotations on the latter date and on August 15, 1936, follows:

	High	Low	Close	
			Aug. 16, 1937	Aug. 15, 1936
Wheat				
Sept. ....per bu..	\$1.27½	\$1.09½	\$ 1.10½	\$ 1.14¼
Dec.	1.29¼	1.10½	1.11½	1.13½
*May	1.18½	1.12¾	1.17½	1.11½
No. 2 red winter	1.29½	1.12	1.13	1.18
*No. 2 hard "	1.28½	1.14½	1.13	1.19
Corn				
*Sept.	1.14½	.93	.98¾	1.11
*Dec. ....	.81	.65	.67¼	.98¼
*May .....	.69¾	.66½	.69¾	.94¼
*No. 2 mixed	1.27½	1.04	1.07	1.16
*No. 2 white	1.25	1.06	1.08	1.24
Oats				
*Sept. ....	.38	.27¼	.28½	
*Dec. ....	.40¼	.29¾	.30¾	
*May .....	.33¼	.31½	.31½	
*No. 2 white	.47½	.29½	.32	.46
Flour				
Soft Patent.....per bbl.	6.65	5.75	5.75@ 6.25	5.45@ 5.95
Spring	8.95	7.65	7.65@ 8.05	7.75@ 7.95
Middling Cotton...per lb.	.1250	.1025	.1065	.1265
Hogs on hoof.....per cwt.	12.70	9.50	9.75@13.00	8.10@11.65

*Nominal quotations.

TRANSPORTATION

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 96,594 loads in July, against 90,918 loads in June and 93,659 loads in July, 1936. During the first nine days of August the interchange amounted to 27,937 loads, against 26,322 loads during the corresponding period in July and 27,029 loads during the first nine days of August, 1936. Passenger traffic of the reporting roads in July increased 8 per cent in volume of revenue and 3.8 per cent in tickets sold as compared with the same month a year ago. For the entire country, loadings of revenue freight for the first 31 weeks this year, or to July 31, totaled 22,740,194 cars, as against 20,156,643 cars for the corresponding period in 1936 and 17,980,898 cars in 1935.

Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in July was 155,800 tons, which compares with 155,335 tons in June and 143,124 tons in July, 1936; cumulative tonnage for the seven months was 958,580 tons, a decrease of 66,545 tons, or 6.5 per cent under the first seven 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 July as being 5.8 per cent greater than in June and 10.0 per cent more than in July, 1936. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	July, 1937 K.W.H.	June, 1937 K.W.H.	July, 1937 comp. with June, 1937	July, 1936 K.W.H.	July, 1937 comp. with July, 1936
Evansville.....	40	3,680	3,648	+ 0.9%	3,097	+18.8%
Little Rock..	35	2,377	2,341	+ 1.5	2,420	- 1.8
Louisville.....	82	10,510	10,462	+ 0.5	9,107	+15.4
Memphis	31	2,112	2,136	- 1.1	1,919	+10.1
Pine Bluff.....	20	743	659	+12.7	565	+31.5
St. Louis.....	190	28,605	26,158	+ 9.4	26,538	+ 7.8
Totals.....	398	48,027	45,404	+ 5.8	43,646	+10.0

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in July was 33.1 per cent smaller than in June and 44.8 per cent larger than the July, 1936, total. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in July amounted to \$17,054,000 which compares with \$18,309,600 in June and \$26,143,600 in July, 1936. Building figures for July follow:

(Cost in thousands)	New construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1937	1936	1937	1936	1937	1936	1937	1936
Evansville.....	17	57	\$ 371	\$ 121	155	118	\$ 83	\$129
Little Rock	21	18	36	29	35	99	57	31
Louisville.....	80	110	555	477	111	81	149	24
Memphis.....	276	170	270	252	204	170	149	76
St. Louis ..	256	212	766	501	179	188	186	231
July Totals	650	567	1,998	1,380	684	656	624	491
June "	770	542	2,987	1,144	815	673	549	408
May "	681	601	1,861	1,652	962	682	1,403	276

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 1936 are shown in the following table:

(In thousands of dollars)	July, 1937	June, 1937	July, 1936	Cumulative Totals 1937	Cumulative Totals 1936	Cumul. change
Arkansas.....	\$ 3,861	\$ 4,361	\$ 4,239	\$ 27,932	\$ 26,838	+ 4.1%
Illinois.....	46,774	49,945	45,890	354,206	327,230	+ 8.2
Indiana.....	14,019	15,558	15,081	102,777	97,805	+ 5.1
Kentucky.....	7,139	7,159	6,830	44,968	45,511	- 1.2
Mississippi.....	3,332	3,746	3,106	25,510	21,632	+17.9
Missouri.....	19,842	22,716	19,189	140,027	130,882	+ 7.0
Tennessee.....	8,017	8,483	8,442	59,520	53,417	+11.4
Totals.....	102,984	111,968	102,777	754,940	703,315	+ 7.3
United States...	588,523	645,995	603,500	4,404,874	4,153,609	+ 6.0

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

Demand for credit from mercantile and industrial borrowers in the Eighth District during the past thirty days underwent further moderate expansion, with improvement most noticeable in the chief distributing centers. With virtual completion of the winter wheat harvest and rapid movement of the crop from farms, commitments of grain handlers and flour milling interests have augmented and at mid-August were in measurably larger volume than a year earlier. In the typical wheat areas there has been a considerable volume of liquidation, both with country banks and merchants. This is true also of sections where early fruits and vegetables are important cash crops. Unusually heavy demands for currency in the country for harvest purposes and in the city for vacation spending and other seasonal uses were reflected in the largely increased amount of Federal reserve notes and other kinds of money issued by this bank. Incident to the best prospects for corn and other feed crops in recent years, there has been a steadily broadening demand for funds to purchase stocker and feeder cattle and hogs.

Member Banks—Total loans of reporting member banks in the principal cities increased 7.6 per cent between July 14 and August 11, and on the latter date were 21.5 per cent greater than a year earlier, and, incidentally, the highest of the recovery period. Gross deposits declined slightly and showed little variation from levels obtaining during the same period in 1936. Total reserve balances declined 8.3 per cent and on August 11 were approximately one-fourth larger than on the corresponding report date last year.

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

(For 24 banks—in thousands of dollars)	Aug. 11, 1937	July 14, 1937	Aug. 12, 1936
Loans—total	\$306,899	\$285,135	\$252,673
Commercial, industrial, and agricultural:			
On securities.....	54,381	45,018	*
Otherwise secured and unsecured.....	131,248	119,256	*
Open market paper.....	11,044	10,797	*
Loans to brokers and dealers.....	5,966	6,212	7,045
Other loans for purch. or carry. securities	12,566	12,640	*
Real estate loans.....	45,554	45,411	43,168
Loans to banks.....	8,308	8,184	7,372
Other loans:			
On securities.....	11,905	11,938	*
Otherwise secured and unsecured.....	25,927	25,679	*
Investments—total	364,891	366,638	394,876
U. S. Gov't obligations.....	217,374	212,695	226,340
Obligations guaranteed by U. S. Gov't.....	46,294	50,882	57,611
Other securities.....	101,223	103,061	110,925
Gross deposits	875,453	891,502	874,403
Demand deposits.....	685,109	701,615	689,573
Time deposits.....	190,344	189,887	184,830
Borrowings			

*Comparable figures not available.

(By city, Aug. 11, 1937)	Number Banks	Loans and Discounts	Investments in Securities	Gross Deposits	Borrowings
St. Louis.....	9	\$183,101	\$249,553	\$549,852	.....
Louisville.....	5	57,480	35,703	127,017	.....
Memphis.....	3	41,900	49,556	121,684	.....
Little Rock.....	4	10,538	13,268	36,385	.....
Evansville.....	3	13,880	16,811	40,515	.....

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 August 4 was 0.2 per cent larger than on July 7 and 5.5 per cent in excess of the total on August 5, 1936.

Reflecting the improvement in demand for credit, the trend of interest rates was slightly firmer. At downtown St. Louis banks as of the week ending August 14, rates charged 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 6 per cent and cattle loans, 4½ 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. 19, 1937	July 19, 1937	Aug. 19, 1936
Industrial advances under Sec. 13b.....	\$ 301	\$ 323	\$ 532
Other advances and rediscounts.....	396	191	96
Bills bought (including participations).....	86	86	87
U. S. securities.....	111,385	111,385	129,927
Total earning assets	112,168	111,985	130,642
Total reserves.....	285,436	293,430	238,543
Total deposits.....	211,970	219,722	191,441
F. R. Notes in circulation.....	180,045	179,688	170,107
Industrial commitments under Sec. 13b..	1,039	1,045	1,745

Activities in the currency, transit, collection, custody, transfer, and fiscal agency departments of this bank continue in large volume.

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 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)	July, 1937	June, 1937	July, 1936	July, 1937, comp. with June, 1937	July, 1936
East St. Louis and Natl.					
Stock Yards, Ill.....	\$ 35,489	\$ 36,012	\$ 29,211	— 1.5%	+21.5%
El Dorado, Ark.....	5,620	5,163	4,265	+ 8.9	+31.8
Evansville, Ind.....	40,530	34,698	33,179	+16.8	+22.2
Fort Smith, Ark.....	11,524	10,637	10,977	+ 8.3	+ 5.0
Greenville, Miss.....	4,678	4,261	3,959	+ 9.8	+18.2
Helena, Ark.....	1,577	1,677	1,494	— 6.0	+ 5.6
Little Rock, Ark.....	34,488	37,509	31,163	— 8.1	+10.7
Louisville, Ky.....	170,452	187,279	153,402	— 3.0	+11.1
Memphis, Tenn.....	109,696	113,073	115,643	— 9.0	— 5.1
Owensboro, Ky.....	6,134	5,691	5,327	+ 7.8	+15.1
Pine Bluff, Ark.....	8,980	8,628	7,083	+ 4.1	+26.8
Quincy, Ill.....	8,664	9,277	7,893	— 6.6	+ 9.8
St. Louis, Mo.....	656,900	670,660	589,497	— 2.1	+11.4
Sedalia, Mo.....	1,974	2,043	2,114	— 3.4	— 6.6
Springfield, Mo.....	15,798	16,187	16,270	— 2.4	— 2.9
*Texarkana, Ark.....	8,414	7,339	6,312	+14.6	+33.3
Totals	1,120,918	1,150,134	1,017,789	— 2.5	+10.1

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

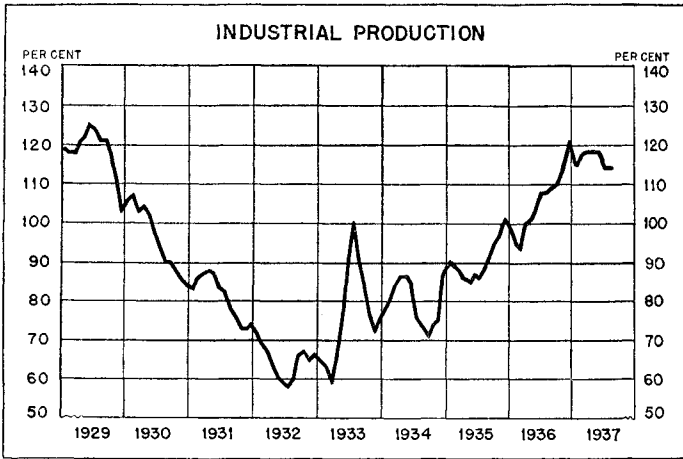
NATIONAL SUMMARY OF BUSINESS CONDITIONS

BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

Production and Employment—The Board's seasonally adjusted index of industrial production was 114 per cent of the 1923-1925 average in July, the same as in June and 4 points lower than in March, April, and May. At steel mills, where output in June had been curtailed by strikes, activity increased considerably in the early part of July and was maintained at the higher level between the middle of July and the third week of August. Lumber production also increased in July, while output of plate glass showed a substantial decrease. Automobile assemblies declined seasonally. Output of nondurable manufacturers decreased considerably, owing largely to a marked decline in activity at cotton

stores and variety stores showed slightly less than the seasonal decrease in July, while mail order sales declined somewhat more than seasonally. Freight-car loadings increased, reflecting in part larger shipments of grains and forest products.

Commodity Prices—From the middle of July to the third week of August prices of grains and cotton declined substantially, while livestock and meats showed a further increase. Automobile prices were raised by most producers, carpet prices advanced, and there were increases in several industrial raw materials, including hides, zinc, lead, and steel scrap. Cotton goods and rubber declined somewhat.

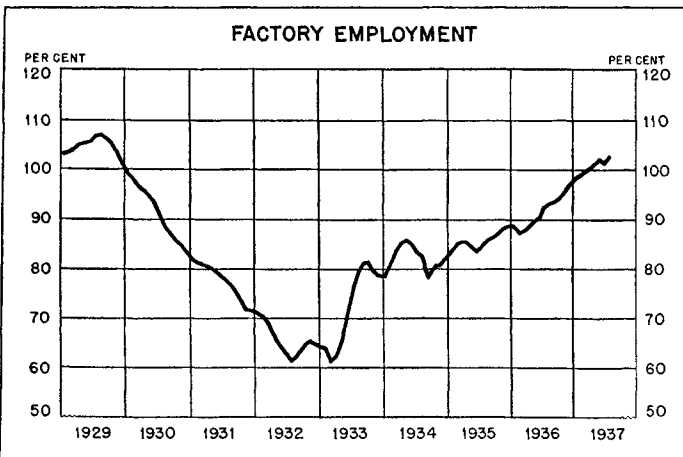


Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100.
By months, January, 1929, through July, 1937. Latest figure 114.

and woolen textile mills. Meat packing also declined, while flour milling and sugar refining increased. At mines, output of anthracite was reduced in July, while output of most other minerals showed little change.

Construction contracts awarded, as reported by the F. W. Dodge Corporation, were maintained in July at the level reached in June. Non-residential construction expanded further, reflecting principally a large volume of awards for iron and steel plants and for railroad projects. Residential building showed a seasonal decline.

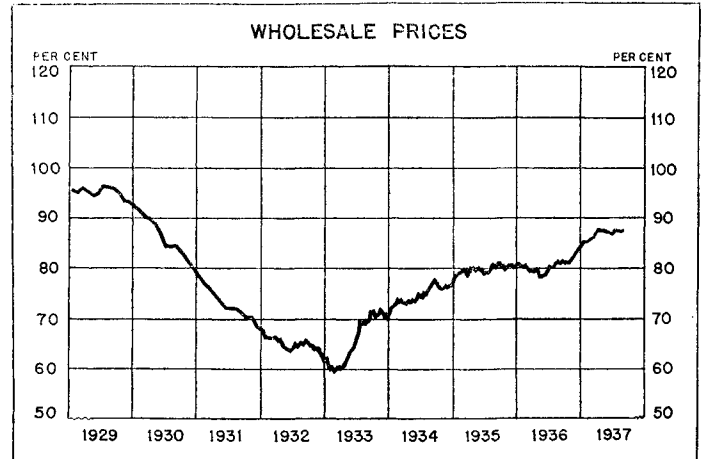
Factory employment increased somewhat from the middle of June to the middle of July, when a decline is usual, and factory payrolls decreased less than seasonally. The largest increases in employment were in the steel industry and in the food industries, particularly at canning factories. Other manufacturing industries as a group showed somewhat less than the usual seasonal decline.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, through July, 1937. Latest figure July, 103.3.

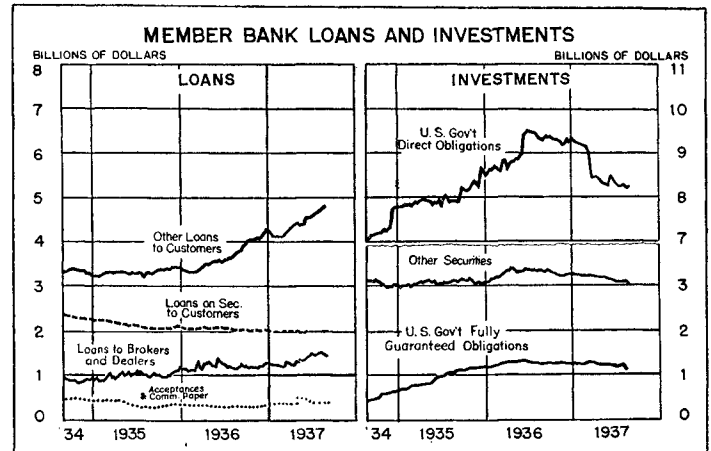
Agriculture—A cotton crop of 15,593,000 bales, representing an increase of 3,200,000 bales over last season, was forecast by the Department of Agriculture on the basis of August 1 conditions. Official estimates indicate that other major crops will be considerably larger than last season and about equal to the average for 1928-1932. Preliminary estimates by the Department of Agriculture indicate that cash farm income, including Government payments, will total \$9,000,000,000 for the calendar year 1937. An increase of 14 per cent over 1936.

Distribution—Distribution of commodities to consumers in July continued at the level of other recent months, when allowance is made for the usual summer decline. Sales at department



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100.
By months, 1929 to 1931; by weeks, 1932 to date
Latest figure, all commodities 87.5, is for week ending August 14.

Bank Credit—From the middle of July to August 4, excess reserves of member banks were sharply reduced from \$960,000,000 to \$700,000,000, but subsequently they increased to \$780,000,000 on August 18. These changes in member bank reserves reflected principally fluctuations in the volume of treasury deposits at Federal reserve banks, together with a seasonal increase in money in circulation. Excess reserves at New York City banks declined from \$230,000,000 to about \$40,000,000 and subsequently increased to \$130,000,000. Total loans and investments of reporting member banks increased somewhat during the four weeks ending August 18, reflecting principally an increase of \$150,000,000 in commercial loans, offset in part by a further drop in holdings of U. S. Government obligations, principally at New York City banks. The growth in commercial loans occurred both in New York City and in other cities and included the purchase by banks of a large portion of the \$60,000,000 of 9-month notes sold by the Commodity Credit Corporation on August 2.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, through August 18, 1937.

Loans on real estate and loans to banks excluded.

Government deposits at reporting banks increased during the period, reflecting purchases by banks of Treasury bills on a book-credit basis. Bankers' balances and other demand deposits showed further declines at New York City banks.

Money Rates—Rates on Treasury bills declined slightly after the middle of July, and open-market yields on Treasury notes and bonds also declined until early in August, but later there was a rise in yields. In the latter part of August discount rates were reduced from 2 per cent to 1½ per cent at the Federal reserve banks of Atlanta, Chicago, and Minneapolis, the 2 per cent rates had been in effect since early in 1935.