



# 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

<b>Agriculture:</b>		Oct. 1, 1937, comp. with Yield 1936 1923-36 Av.	
Estimated yield of 7 crops.....	+	59.9%	+ 7.0%
<b>Livestock:</b>		Sept. 1937, comp. with Aug. 1937 Sept. 1936	
Receipts at National Stock Yards.....	—	6.6%	+ 5.8%
Shipments from aforesaid Yards.....	—	3.0	+17.6
<b>Production and Distribution:</b>			
Sales by mfrs. and wholesalers.....	+	3.9	— 7.4
Department store sales.....	+	46.3	+ 8.2
Car loadings.....	—	8.5	+ 1.5
<b>Building and Construction:</b>			
Bldg. permits, incl. repairs {	Number.....	+ 1.0	— 2.9
	Cost.....	— 8.9	+ 0.8
Value construc. contracts awarded.....		— 14.5	—40.2
<b>Miscellaneous:</b>			
Commercial failures {	Number.....	— 33.3	— 5.9
	Liabilities.....	+153.5	+98.6
Consumption of electricity.....	—	4.3	+ 2.9
Debits to individual accounts.....	+	5.7	+ 1.7
<b>Member Banks (24):</b>		Oct. 13,'37 comp. with Sept. 15,'37 Oct. 14,'36	
Gross deposits.....	+	1.6%	— 4.4%
Loans.....	+	0.7	+16.0
Investments.....	—	2.9	—13.1

COMMERCE and industry in the Eighth District during September and the first half of October developed further moderate recessionary trends. The contraction, however, was not by any means universal, a number of important distributive and manufacturing lines maintaining, or slightly bettering their favorable records of recent months. Retail trade as a whole was in larger volume in September than either a month or a year earlier and the aggregate for the first three-quarters of 1937 was measurably above that for the comparable period last year. Combined September sales of the wholesaling and manufacturing lines investigated by this bank, while below the volume for that month a year ago, were somewhat larger than in August, and for the first nine months of the year the total was considerably in excess of that for the similar interval in 1936. In the case of non-durable goods, notably dry goods, boots and shoes, wearing apparel, certain drugs and chemicals, etc., distribution was much curtailed by unseasonably low temperatures during the early fall. The sharp decline in prices of farm products, particularly cotton, ad-

versely affected purchasing of commodities in the rural areas. Buying by merchants and the public generally in the immediate past has been on considerably more cautious and conservative lines than earlier in the year.

In the durable goods industries conditions were mixed, and as a whole the trend was downward. Shipments of finished iron and steel goods were fairly well maintained during September, but this activity was at the cost of backlogs accumulated earlier in the year. Placement of new orders was disappointing, except in the case of farm implements, stoves, heating apparatus, and a few additional specialties. Ingot production declined rather sharply at mills in this area, the rate at mid-October being 60 per cent of capacity, against 72.2 per cent a month earlier and 84 per cent at the middle of August. Production and shipments of lumber declined, and this was true also of glass, cement, quarry products and the general run of building materials. Building activities receded, and distribution of automobiles declined in somewhat more than average seasonal amount from August to September. On the other hand, output of bituminous coal mines in this area showed measurable gains in September over the preceding month and a year ago. Consumption of electricity by industrial users in the principal cities in September showed a small increase over the same month in 1936.

Crop prospects in this district underwent no outstanding changes during September and early October. As indicated by the October 1 report of the U. S. Department of Agriculture the major crops held their own or improved slightly during September, the only marked increase being in cotton. The forecast of 4,414,000 bales on October 1 was 535,000 bales more than estimated on September 1, and if realized will be the largest of record. Late crops were garnered under generally favorable conditions, with minimum loss of quantity and quality. Average condition of livestock is high, and farmers are feeding larger rations of prepared feeds than at this time during the preceding several years. The district tobacco crop will be measurably larger than a year

ago, and quality of the leaf is generally high. The price trend of agricultural products continued downward, with particularly sharp declines in cotton and grains.

The volume of retail trade in September, as indicated by sales of department stores in the principal cities, was 46.3 per cent greater than in August and 8.2 per cent larger than in September last year; for the first three-quarters cumulative total was 10.6 per cent in excess of that for the comparable period in 1936. Combined sales of all wholesaling and jobbing firms reporting to this bank in September was 3.9 per cent greater than in August and 7.4 per cent less than a year ago; for the first nine months this year the aggregate was larger by 13.0 per cent than during the like interval in 1936. The dollar value of permits issued for new construction in the principal cities in September was about one-fourth less than in August and 19 per cent below the September, 1936, total; cumulative total for the first three-quarters fell 11.7 per cent under that for the same period a year earlier. The dollar value of construction contracts let in the Eighth District in September was 14.5 per cent and 40.2 per cent smaller, respectively, than a month and a year earlier and cumulative total for the first nine months was 13.8 per cent below that for the same period in 1936.

According to officials of railroads operating in this district, the volume of freight traffic handled during the first three quarters of 1937 exceeded that of any similar period in all years since 1930. While gains were recorded in all classifications, heaviest increases were in coke, ore, forest products, and miscellaneous freight. During late September and the first half of October volume of southern lines was considerably augmented by the unusually heavy movement of cotton. Continuing the trends during earlier months this year, passenger traffic of the reporting lines in September showed a substantial increase over the corresponding month a year earlier. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in September was 9.8 per cent less than in August and 27.6 per cent greater than in September, 1936; for the first nine months this year the cumulative tonnage was 3.5 per cent more than in the comparable period in 1936.

Reports relative to collections during the past thirty days reflected a continuance of the generally satisfactory conditions which have prevailed since the early spring. Questionnaires addressed to representative interests in the several lines scattered

throughout the district showed the following results:

	Excellent	Good	Fair	Poor
September, 1937.....	4.2%	50.0%	40.0%	5.8%
August, 1937.....	3.3	53.0	38.2	5.5
September, 1936.....	5.4	52.7	40.5	1.4

Commercial failures in the Eighth Federal Reserve District in September, according to Dun and Bradstreet, numbered 16, involving liabilities of \$550,000, against 24 insolvencies in August with liabilities of \$217,000 and 17 defaults for a total of \$277,000 in September, 1936.

### Detailed Survey

#### MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks	
	Sept. 1937 compared with Aug. '37	Sept. '36	9 months 1937 comp. with same period 1936	Sept. 30, 1937 comp. with Sept. 30, 1936
Boots and Shoes.....	+18.9%	-15.8%	+15.9%	-18.1%
Drugs and Chemicals..	+21.9	+ 8.9	+ 9.1	+ 4.0
Dry Goods.....	-10.4	+ 6.5	+ 5.7	+54.9
Electrical Supplies....	+14.1	+39.1	+36.6	+40.4
Furniture.....	-16.5	-30.9	+14.4	+25.9
Groceries.....	+ 5.4	- 8.3	+ 3.1	+ 0.7
Hardware.....	- 1.8	+ 5.0	+19.8	+29.0
All above lines.....	+ 3.9	- 7.4	+13.0	+25.2

**Automobiles** — Combined passenger car, truck and taxicab production in the United States in September was 171,203, against 394,322 in August and 135,165 in September, 1936.

**Boots and Shoes** — The increase in sales from August to September, shown in the above table, was contraseasonal in character and was significant in view of the heavy purchasing by retailers earlier in the year in expectation of price advances. The decrease in the comparison with a year ago was not unduely large when it is considered that the September, 1936, total was the largest for the month since 1930. Prices continued steady and were measurably higher than a year ago.

**Clothing** — September sales of the reporting firms were 20.5 per cent smaller than in August and about 7 per cent less than the September, 1936, total. Stocks declined moderately between September 1 and October 1 and on the latest date were approximately one-fifth less than a year earlier. The sharp decline in raw silk and cotton has had the effect of restricting ordering of goods based on those staples. Unseasonably warm weather during September and early October tended to retard the movement through retail of heavy clothing, notably men's top-coats and suits.

**Dry Goods** — The decline in September sales of the reporting firms from the preceding month was seasonal and its extent was somewhat smaller than the average during the past decade. The decrease as compared with a year ago is attributed to the un-

seasonably warm weather and to the decline in cotton prices. Reports covering the first half of October indicate a decline as compared with a year ago about equal to that in September.

**Electrical Supplies** — September sales of the reporting firms showed considerably more than average seasonal increase over the preceding month and the total was the largest for any September since these records began in 1924. There was a further narrowing in demands from the building industry, but this was more than offset by increases in other lines. Advance ordering of holiday goods has started earlier and is in somewhat larger volume than last year.

**Furniture** — Closing of a number of plants by strikes and a decrease in demand for household furniture and furnishings as contrasted with earlier in the season were the principal influences in the declines in September sales of the reporting interests from a month and a year earlier, shown in the above table. Demand for office furniture and equipment continues brisk and most lines of metal furniture were reported only slightly less active than during earlier months this year.

**Groceries** — While demand for groceries generally through the district during September was maintained at the relatively high levels which have prevailed since early spring, reports covering the first half of October indicate a falling off in orders, particularly for advance delivery. The sharp decline in cotton prices, according to the reporting firms in the south, has been reflected in a contraction in sales in that area. Stocks of canned fruits and vegetables as of October 1 were reported larger than on that date during the past several years.

**Hardware** — For the nineteenth consecutive month, sales of the reporting firms in September were larger than the corresponding period a year earlier, and incidentally the September total was the highest for the month since 1929. Advance ordering of winter merchandise including package goods for holiday distribution was reported considerably larger than a year ago. There was a further decline in the movement of builders' hardware, paints, varnishes and kindred lines. The trend of prices was slightly easier, in sympathy with the decline in certain raw materials, but the average continued measurably above a year ago.

**Iron and Steel Products** — Production and shipments of finished and semi-finished steel goods during the past thirty days has receded somewhat from the high levels which marked earlier months this year. Unfilled orders of mills have been consid-

erably reduced from the peak early last summer and for the most part they are now in position to make early deliveries. Steel ingot production by mills in this general area was again adjusted downward, the rate at mid-October being 60 per cent of capacity, against 74.2 per cent a month earlier and 84 per cent in the middle of August. Operations at farm implement and tractor plants continued at, or about the high levels of the late spring and summer, but some slowing down in ordering is noted, particularly from the south and corn belt states. Activities in the stove industry were also well sustained. Reflecting recent developments in the Illinois and southwestern oil fields, new buying and shipments of all descriptions of oil country goods continues in substantial volume. Purchasing by the railroads is confined mainly to necessary materials and outlet for structural steel through the building industry failed to show the expected improvement. Jobbing and warehouse interests report September sales slightly below the August volume, but about 8 per cent greater than in September a year ago. Prices of finished steel were unchanged during the period, but lack of consumer interest was reflected in a further sharp decline in scrap iron and steel quotations. For the entire country, production of pig iron in September, according to the magazine "Steel", totaled 3,418,108 tons, which compares with 3,616,954 tons in August and 2,728,257 tons in September, 1936. Steel ingot production in the United States in September, amounted to 4,301,869 tons, against 4,875,671 tons in August, and 4,151,388 tons in September, 1936. For the first nine months production totaled 42,498,769 tons, an increase of about 27 per cent over the same period in 1936 and comparing within 2 per cent of the 43,353,830 tons produced in the first three-quarters of 1929.

#### MINING

Stocks of bituminous coal in the entire country increased slightly during August and on September 1 showed a substantial increase over the same date in 1936. The total reserve in the hands of industrial consumers and retailers increased from 43,371,000 tons on August 1 to 43,871,000 tons on September 1. In comparison with September 1, 1936, current stocks represent an increase of 11,800,000 tons, or 36.8 per cent. Estimated production of soft coal in the United States in September was 38,620,000 tons, against 33,984,000 tons in August and 37,192,000 tons in September, 1936; for the first three-quarters this year cumulative production was 326,627,000 tons as against 303,114,000 tons for the comparable period a year ago. At mines in this general area September output was 25.9 per cent and 12.5 per cent greater, respectively, than a month and a year earlier and

cumulative production for the first nine months exceeded that of the same interval in 1936 by 3.9 per cent. Illinois mines produced 4,087,467 tons in September, against 3,005,108 tons in August and 3,517,873 tons in September, 1936. There were 138 mines in operation in September and 33,172 men on payrolls, which compares with 120 active mines and 27,999 operatives in August.

#### RETAIL TRADE

The trend of retail trade in the Eighth District, as reflected in statistics of department and specialty stores in the principal cities which report to this bank, is shown in the following comparative statements:

	Net Sales			Stocks on Hand	Stock Turnover
	Sept. 1937 compared with Aug. 1937	Sept. 1936	9 mos. 1937 to same period '36	Sept. 30, '37 comp. with Sept. 30, '36	Jan. 1, to Sept. 30, 1937
El Dorado, Ark.....	+22.9%	+14.9%	+ 9.8%	+ 6.1%	2.11
Ft. Smith, Ark.....	+60.0	+22.9	+ 8.4	+10.2	1.87
Little Rock, Ark.....	+41.6	+14.0	+ 7.3	+15.1	1.94
Louisville, Ky.....	+27.1	+ 9.3	+10.5	+12.2	2.95
Memphis, Tenn.....	+30.1	+ 7.9	+10.7	+15.1	2.25
Pine Bluff, Ark.....	+47.3	+10.8	+ 5.2	+20.3	1.77
St. Louis, Mo.....	+54.8	+ 7.1	+11.2	+15.3	2.84
Springfield, Mo.....	+33.7	+12.8	+11.9	+ 6.4	1.84
All Other Cities.....	+24.6	+ 6.8	+ 4.6	+12.6	2.17
8th F. R. District.....	+46.3	+ 8.2	+10.6	+14.6	2.58

Percentage of accounts and notes receivable outstanding September 1, 1937, collected during September, by cities:

	Installment Accounts			Excl. Instal. Accounts	
	%	50.3%		%	23.5%
El Dorado.....	37.9		Pine Bluff.....	49.1	
Fort Smith.....	11.6		Springfield.....	18.7	
Little Rock.....	9.5		St. Louis.....	14.5	
Louisville.....	21.0		Other Cities.....	15.9	
Memphis.....			8th F. R. Dist.....	45.1	

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

	Net Sales			Stocks on Hand	Stock Turnover
	Sept. 1937 compared with Aug. 1937	Sept. 1936	9 mos. 1937 to same period '36	Sept. 30, '37 comp. with Sept. 30, '36	Jan. 1, to Sept. 30, 1937
Men's Furnishings.....	+100.9%	+26.5%	+ 7.4%	+16.7%	1.82
Boots and Shoes.....	+ 69.0	+17.9	+17.1	+29.2	4.94

Percentage of accounts and notes receivable outstanding September 1, 1937, collected during September, by cities:

Men's Furnishings.....	34.9%	Boots and Shoes.....	34.4%
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#### AGRICULTURE

Eighth District crop prospects during September and the first half of October underwent only minor changes as contrasted with the preceding month. As indicated by the report of the U. S. Department of Agriculture and the reports of the agricultural departments of the several states based on October 1 conditions, outlook for production as a whole improved slightly during September, but with the exception of cotton, most of the changes were rather small. In various important areas, dry weather checked the growth of pastures, hay, grain sorghums and other late crops and delayed preparations for and seeding of winter wheat. On the other hand the dry weather was ideal for maturing and harvesting corn, beans, late hay, apples and a num-

ber of other crops. Since the last week of September the drouth has been relieved over practically the entire district, but moisture, except in a limited number of localities, was not excessive, and resulted beneficially to pastures, besides improving tilth of the soil. The October 1 indications for oats, barley, rice, peanuts, apples, grapes, and tobacco are from 1 to 3 per cent above those of a month earlier, while smaller yields were forecast for grain sorghums, pears, pecans and potatoes. The forecast for production of cotton in the district increased 13.8 per cent from September 1 to October 1.

Prices for agricultural commodities advanced slightly in late September, but turned downward again in the first two weeks of October. As of October 9, the farm products group of the Bureau of Labor Statistics Price Index stood at 82.7 per cent of the 1926 average, as against 85.4 per cent on October 2, 84.5 per cent on September 11, 84.1 per cent on October 10, 1936, 80.1 per cent on October 12, 1935, and 56.7 per cent on October 14, 1933.

Combined receipts from the sale of principal farm products and Government payments to farmers in states including the Eighth District during the periods January-August, 1935, 1936, 1937 and during August, 1936 and 1937, are given in the following table:

(In thousands of dollars)	January-August			August	
	1935	1936	1937	1936	1937
Indiana.....	\$156,588	\$174,028	\$198,165	\$ 25,139	\$ 26,837
Illinois.....	250,503	299,284	332,025	43,500	45,900
Missouri.....	146,558	156,626	172,543	22,623	29,400
Kentucky.....	86,050	70,472	108,426	8,321	10,880
Tennessee.....	61,901	56,223	76,798	5,339	6,739
Mississippi.....	43,842	40,545	66,347	3,712	5,121
Arkansas.....	47,294	37,200	57,349	3,258	3,582
Totals.....	792,736	834,378	1,011,653	111,892	128,459

**Corn** — Late summer and early fall weather has been ideal for maturing and drying corn earlier than usual in the principal producing areas, and the crop was largely made before the first frosts over the northern tiers of the district. October 1 estimates of production in the several states are not greatly different from those made a month earlier. Harvesting of the crop got an earlier start than usual and except in the drouth areas quality of the grain is generally good. Universally yields per acre are high, and in Illinois, the chief producing state of the district, the indicated 44 bushels per acre sets a new high record. In addition to auspicious climatic conditions, more general use of hybrid seed is a contributing factor to the high yields. Stocks of old corn on farms in states of the district on October 1 were the smallest of record for that date. The Government places the reserves in these states at 29,441,000 bushels, which compares with 45,038,000 bushels on October 1, 1936, and the 5-year (1928-1932) average of 48,549,000 bushels. Production in the Eighth District is

estimated at 357,118,000 bushels, as against 202,726,000 bushels harvested in 1936 and the 14-year (1923-1936) average of 327,361,000 bushels.

**Cotton**—An Eighth District cotton crop of 4,414,000 bales is forecast by the U. S. Department of Agriculture in its report based on conditions as of October 1. This represents an increase of 535,000 bales over the September 1 estimate and compares with 3,404,000 bales harvested in 1936 and the 14-year (1923-1936) average of 2,763,000 bales. The large increase in prospective production over that indicated on September 1, which was general throughout the district, was due to better than average conditions for maturing and harvesting the crop together with very light loss from insect pests. Though a general shortage of pickers is reported, harvesting has made rapid progress. This evidenced by the fact that ginnings of the 1937 crop in states of this district prior to October 1, according to the Bureau of the Census, totaled 2,198,000 bales, against 2,087,000 bales for the corresponding period in 1936 and 1,075,000 bales in 1935. In adjustment with the large crop and other depressing influences, prices declined further, reaching a new low for the season in the second week of October. In the St. Louis market the middling grade ranged from 7.55c to 8.75c per pound between September 16, and October 15, closing at 8.05c on the latest date, which compares with 8.85c on September 15, and 13.00c on October 15, 1936. Combined receipts at Arkansas and Missouri compresses from August 1 to October 1 totaled 725,813 bales, against 620,350 bales for the corresponding period a year ago. Stocks on hand as of October 10 amounted to 671,380 bales against 218,153 bales on September 10 and 614,022 bales on the corresponding date in 1936.

**Fruits and Vegetables**—Harvesting fruits and vegetables generally tend to confirm official forecasts made earlier in the season and changes in the several species from September 1 to October 1 were negligible. In the main fall conditions have been auspicious for ripening and harvesting these crops, and yields are universally higher than a year ago and in most instances above average. In states including the Eighth District, the apple crop is estimated by the U. S. Department of Agriculture in its October 1 report at 25,718,000 bushels, against 5,590,000 bushels in 1936 and the 5-year (1928-1932) average of 15,199,000 bushels. In these states the peach crop was forecast at 10,238,000 bushels, against 3,422,000 bushels in 1936 and the 5-year average of 7,265,000 bushels; pears, 3,217,000 bushels, against 1,352,000 bushels in 1936 and the 5-year average of 1,870,000 bushels; grapes 44,300 tons,

against 25,060 tons, in 1936 and the 5-year average of 33,010 tons; peanuts, 32,760,000 pounds, against 31,095,000 pounds in 1936 and the 5-year average of 33,113,000 pounds. There was a further moderate improvement in sweetpotato prospects, the estimate being for 19,813,000 bushels, 310,000 bushels more than the September forecast and comparing with 15,031,000 bushels harvested in 1936 and the 5-year average of 17,483,000 bushels. Home and farm gardens and late truck crops have been greatly improved by precipitation since mid-September. Production of white potatoes in the district proper is estimated at 12,881,000 bushels, as against 8,333,000 bushels in 1936 and the 14-year (1923-1936) average of 13,562,000 bushels.

**Livestock**—Feeding of corn and other prepared rations to livestock during the early fall in many localities has been in larger than usual volume, owing to the poor condition of pastures and large corn crop. Quite generally through the district numbers of farm animals are inadequate to absorb the large available feed supplies. As a result farmers are planning to carry a considerable quantity of this year's corn until such time as it is possible to obtain hogs and cattle for feeding it. Reports from all sections indicate a continuance of the high physical condition of herds which has prevailed since early spring. Hay production in the Eighth District is estimated at 6,116,000 tons, against 4,447,000 tons in 1936 and the 14-year average of 6,509,000 tons.

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

	Receipts			Shipments		
	Sept., 1937	Aug., 1937	Sept., 1936	Sept., 1937	Aug., 1937	Sept., 1936
Cattle and Calves.....	181,185	198,719	157,975	122,151	137,565	86,767
Hogs .....	141,084	126,231	180,560	91,383	71,578	121,226
Horses and Mules.....	4,451	3,829	4,857	4,273	3,824	5,519
Sheep .....	104,832	133,509	64,449	52,849	66,130	16,549
Totals.....	431,552	462,288	407,841	270,656	279,097	230,061

**Rice**—Production of rice in Arkansas this year is estimated by the U. S. Department of Agriculture at 8,640,000 bushels, as compared with 7,950,000 bushels in 1936 and the 5-year average (1928-1932) of 8,502,000 bushels. Harvesting of early prolific rice has been about completed and threshing returns indicate generally high quality. Owing to disappointing prices, more than the usual amount of rough rice is being stored by producers.

**Tobacco**—Prospects for the tobacco crop improved during September, under generally favorable weather conditions. Based on October 1 conditions, the Government estimates the output in the Eighth District at 275,844,000 pounds, an increase of 3,938,000 pounds over the September 1 forecast, and comparing with 176,784,000 pounds harvested in 1936 and the 14-year (1923-1936) average of 287,796,000

pounds. Recent rainy weather has been favorable for curing burley tobacco and making for uniform color. At mid-October virtually the entire crop had been housed. The one sucker crop has also been housed, is curing satisfactorily and gives promise of being attractive to users. Approximately 90 per cent of the dark fired crop has been harvested.

### COMMODITY PRICES

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

	High	Low	Close	
			Oct. 15, 1937	Oct. 15, 1936
Wheat				
*Dec. ....per bu.	\$1.10½	\$ .97½	1.01½	\$ 1.16¾
*May .....	1.10½	.98¾	1.01½	1.15½
*July .....	1.09½	1.00¾	1.00¾	.99½
*No. 2 red winter ..	1.14½	1.01	1.01	1.23
*No. 2 hard ..	1.13	1.03½	1.03½	1.24
Corn				
*Dec. ....	.65½	.57	.58¾	1.18¾
*May .....	.66½	.59	.60	1.14½
*July .....	.69¾	.63½	.64¾	1.10¾
*No. 2 mixed .....	.99	.60	.60	1.17
*No. 2 white .....	1.07	.71	.71	1.22
Oats				
*Dec. ....	.33¾	.30¾	.32½	
*May .....	.32¾	.27¾	.29	
*July .....	.32¾	.29¾	.32¾	
*No. 2 white .....	.35½	.32½	.34	.44½
Flour				
Soft Patent.....per bbl.	6.05	5.35	5.35@ 5.85	5.45@ 5.90
Spring " .....	7.45	6.50	6.50@ 6.90	7.25@ 7.45
Middling Cotton...per lb.	.0875	.0755	.0805	.1300
Hogs on hoof.....per cwt.	12.60	9.25	9.50@ 11.15	6.75@ 10.70

\*Nominal quotations.

### TRANSPORTATION

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 87,820 loads in September, against 95,935 loads in August and 86,506 loads in September, 1936. During the first nine days of October the interchange amounted to 27,233 loads, which compares with 24,759 loads during the corresponding period in September and 26,971 loads during the first nine days of October, 1936. Passenger traffic of the reporting roads in September increased 9 per cent in passengers carried and 10 per cent in revenue as compared with the same month a year ago. For the entire country, loadings of revenue freight for the first 40 weeks this year, or to October 2, totaled 29,886,090 cars, against 26,993,140 cars for the corresponding interval in 1936 and 23,818,058 cars in 1935. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in September was 163,100 tons, against 180,847 tons in August and 127,082 tons in September, 1936; cumulative tonnage for the first nine months this year was 1,335,926 tons, as against 1,291,125 tons during the first three-quarters of 1936.

### BUILDING

The dollar value of building permits issued for new construction in the five largest cities of the district in September was 24.3 per cent smaller than in

August and 18.9 per cent less than in September, 1936. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in September amounted to \$13,818,600 which compares with \$16,160,000 in August and \$23,101,362 in September, 1936. Building figures for September follow:

(Cost in thousands)	New Construction				Repairs, etc			
	Permits		Cost		Permits		Cost	
	1937	1936	1937	1936	1937	1936	1937	1936
Evansville.....	7	194	\$ 62	\$ 172	160	125	\$ 49	\$ 79
Little Rock.....	19	28	53	59	125	90	51	34
Louisville.....	126	135	384	514	54	57	37	27
Memphis.....	220	200	307	485	174	191	449	172
St. Louis.....	319	238	484	360	189	176	196	154
Sept. Totals	691	795	1,290	1,590	702	639	782	466
Aug. "	668	620	1,704	2,571	711	615	570	557
July "	650	567	1,998	1,380	684	656	624	491

### CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in September as being 4.3 per cent less than in August, and 2.9 per cent more than in September, 1936. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Sept., 1937	Aug., 1937	Sept. 1937 comp. with Aug. 1937	Sept., 1936	Sept. 1937 comp. with Sept. 1936
		K.W.H.	K.W.H.		K.W.H.	
Evansville.....	40	2,172	3,078	-29.3%	2,264	-4.1%
Little Rock.....	35	2,488	2,398	+ 3.8	2,469	+ 0.8
Louisville .....	82	9,931	9,916	+ 0.2	9,308*	+ 6.7
Memphis .....	31	2,500	2,231	+12.1	2,513	- 0.5
Pine Bluff.....	20	865	552	+56.1	708	+22.2
St. Louis.....	183	26,034	28,001	- 7.0	25,487	+ 2.1
Totals.....	391	43,990	46,176	- 4.3	42,749	+ 2.9

\*Revised.

### POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase of 3.7 per cent in combined postal receipts for the third quarter of this year over the corresponding period in 1936 and a decrease of 4.5 per cent as compared with the quarter ended June 30, 1937. Detailed figures follow:

Quarter Ending	Sept. 30, 1937	June 30, 1937	Sept. 30, 1936	Comp. 3rd Qtrs. '37-'36
Evansville, Ind.....	\$165,638	\$177,118	\$154,625	+ 7.1%
Little Rock, Ark.....	202,577	196,200	205,372	- 1.4
Louisville, Ky.....	697,606	739,066	674,001	+ 3.5
Memphis, Tenn.....	620,820	645,187	599,258	+ 3.6
St. Louis, Mo.....	2,493,218	2,621,121	2,396,142	+ 4.1
Totals.....	4,179,859	4,378,692	4,029,398	+ 3.7

### LIFE INSURANCE

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

(In thousands of dollars)	Sept., 1937	Aug., 1937	Sept., 1936	Cumulative Totals 1937	Cumulative Totals 1936	Cum. change
Arkansas.....	\$ 3,430	\$ 3,701	\$ 3,357	\$ 35,063	\$ 33,808	+ 3.7%
Illinois.....	38,721	43,735	38,600	436,662	407,284	+ 7.2
Indiana.....	11,981	13,216	11,012	127,974	121,361	+ 5.4
Kentucky.....	6,642	6,827	6,078	58,437	57,542	+ 1.6
Mississippi.....	3,310	3,250	3,287	32,070	27,961	+14.7
Missouri.....	14,890	16,428	14,389	171,345	161,497	+ 6.1
Tennessee.....	7,578	8,650	7,976	75,748	68,706	+10.2
Totals.....	86,552	95,807	84,699	937,299	878,159	+ 6.7
United States...	500,434	546,067	507,199	5,451,375	5,194,885	+ 4.9

## MONEY AND BANKING

Eighth District banking and financial conditions during the past thirty days developed little variation from the trends noted during the similar period immediately preceding. Seasonal requirements of mercantile and industrial interests and for financing the movement of crops were reflected in a further moderate expansion in demand for credit. Liquidation has been in considerable volume, and with loanable resources of the commercial banks continuing at the relatively high levels of recent months, there was no appreciable change in interest rates. Commitments of flour milling and grain handling interests decreased noticeably during the period, reflecting a disposition on the part of farmers to hold their wheat for higher prices. Owing to the bumper feed and forage crops, there has been a more active demand for funds to purchase livestock to condition for market than has been the case in a number of years. In the immediate past there has been an appreciable increase in demand from cotton producers for credit to carry their stocks.

**Member Banks**—Between September 15 and October 13, total loans of weekly reporting member banks in the principal cities recorded a nominal increase, and on the latter date were 16 per cent larger than a year ago. Total investments of these banks during the four-week period decreased 2.9 per cent and were 13.1 per cent smaller than on October 14, 1936. After declining rather sharply in late September, gross deposits turned upward and at mid-October were 1.6 per cent greater than a month earlier and 4.4 per cent below the total a year earlier. Reserve balances also moved upward, and on October 13 were 3 per cent and 9.6 per cent larger than a month and a year earlier, respectively.

Comparative statement of the principal resource and liability items of the reporting member banks follows:

(In thousands of dollars)	Oct. 13, 1937	Sept. 15, 1937	Oct. 14, 1936
<b>Loans—total</b> .....	<b>\$315,921</b>	<b>\$313,690</b>	<b>\$272,377</b>
Commercial, industrial, and agricultural:			
On securities.....	53,676	55,874	*
Otherwise secured and unsecured.....	142,338	136,630	*
Open market paper.....	11,599	11,701	*
Loans to brokers and dealers.....	5,697	5,891	5,298
Other loans to purchase or carry securities	12,894	12,389	*
Real estate loans.....	45,881	45,869	43,191
Loans to banks.....	5,821	7,554	7,489
Other loans:			
On securities.....	10,713	11,288	*
Otherwise secured and unsecured.....	27,302	26,494	*
<b>Investments—total</b> .....	<b>345,214</b>	<b>352,046</b>	<b>397,179</b>
U. S. Gov't obligations.....	197,669	205,495	229,397
Obligations guaranteed by U. S. Gov't....	45,726	45,735	58,920
Other securities.....	101,819	100,816	108,862
<b>Gross deposits</b> .....	<b>896,756</b>	<b>882,352</b>	<b>937,792</b>
Demand deposits.....	706,402	692,203	752,268
Time deposits.....	190,354	190,149	185,524
<b>Borrowings</b> .....			

Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 61.6% of the resources of all member banks in this district.

\*Comparable figures not available.

The aggregate amount of savings deposits held by selected member banks on October 6 was 0.2 per

cent smaller than on September 1 and 4.6 per cent greater than on October 7, 1936.

At downtown St. Louis banks, as of the week ending October 15, interest rates charged were as follows: Customers' prime commercial paper, 1½ to 5½ per cent; collateral loans, 2½ to 6 per cent; loans secured by warehouse receipts, 2 to 5½ per cent; interbank loans 3½ to 4½ per cent and cattle loans, 4 to 6 per cent.

**Federal Reserve Operations**—The volume of the major operations of the Federal Reserve Bank of St. Louis (including its Louisville, Memphis and Little Rock branches), during September, 1937, is indicated by the following figures:

	Pieces	Amount
Checks (cash items) handled.....	4,689,221	\$1,129,368,000
Collections (noncash items) handled.....	157,763	36,522,000
Transfers of funds.....	5,708	266,780,000
Currency and coin received and counted.....	19,137,437	36,633,000
Rediscunts, advances, and commitments.....	48	2,267,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc..	16,421	49,359,000
Bills and securities in custody—coupons clipped	21,752	.....

Changes in the principal assets and liabilities of this bank are shown below:

(In thousands of dollars)	Oct. 18, 1937	Sept. 18, 1937	Oct. 17, 1936
Industrial advances under Sec. 13b.....	\$ 247	\$ 267	\$ 515
Other advances and rediscunts.....	322	682	59
Bills bought (including participations).....	78	85	87
U. S. securities.....	111,385	111,385	115,809
<b>Total earning assets</b> .....	<b>112,032</b>	<b>112,419</b>	<b>116,470</b>
Total reserves.....	294,983	294,197	269,361
Total deposits.....	217,753	220,302	199,006
F. R. Notes in circulation.....	182,826	180,565	180,155
Industrial commitments under Sec. 13b.....	1,035	1,037	1,494
Ratio of reserve to deposit and F. R. Note liabilities.....	73.6%	73.4%	71.0%

Following is a complete schedule of rates of this bank for accommodations under the F. R. Act:

- (1) Rediscunts and advances to member banks, under Section 13 and 13a.....1½% per annum
- (2) Advances to member banks, under Section 10b.....2 % per annum
- (3) Rediscunts, purchases, and advances to member banks, nonmember banks and other financing institutions, under Section 13b:
  - (a) On portion for which such institution 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 rediscunt, 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)	Sept., 1937	Aug., 1937	Sept., 1936	Sept. 1937, comp. with Aug. 1937	Sept. 1936
<b>East St. Louis and Natl.</b>					
Stock Yards, Ill.....	\$ 39,206	\$ 37,816	\$ 31,288	+ 3.7%	+25.3%
El Dorado, Ark.....	5,241	4,943	4,404	+ 6.0	+19.0
Evansville, Ind.....	29,276	34,038	24,965	+14.0	+17.3
Fort Smith, Ark.....	12,578	10,725	11,201	+17.3	+12.3
Greenville, Miss.....	6,110	3,849	7,904	+58.7	+22.7
Helena, Ark.....	2,183	1,453	2,957	+50.2	+26.2
Little Rock, Ark.....	42,432	32,754	44,222	+29.5	+ 4.0
Louisville, Ky.....	152,251	150,903	158,580	+ 0.9	+ 4.0
Memphis, Tenn.....	140,420	99,844	170,425	+40.6	+17.6
Owensboro, Ky.....	5,749	6,162	4,947	+ 6.7	+16.2
Pine Bluff, Ark.....	11,728	7,878	12,938	+48.9	+ 9.4
Quincy, Ill.....	8,490	8,151	7,599	+ 4.2	+11.7
St. Louis, Mo.....	566,500	567,750	523,366	+ 0.2	+ 8.2
Sedalia, Mo.....	2,093	1,991	1,874	+ 5.1	+11.7
Springfield, Mo.....	14,199	14,783	14,225	+ 4.0	+ 0.2
Texarkana, Ark.-Tex.	8,591	7,600	8,445	+13.0	+ 1.7
<b>Totals</b> .....	<b>1,047,047</b>	<b>990,640</b>	<b>1,029,340</b>	<b>+ 5.7</b>	<b>+ 1.7</b>

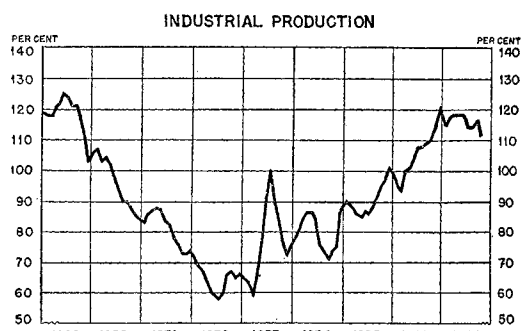
(Compiled October 21, 1937)

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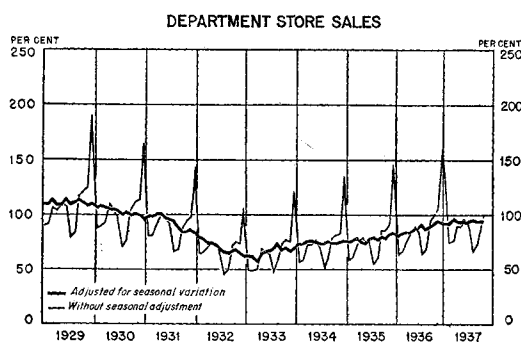


# NATIONAL SUMMARY OF BUSINESS CONDITIONS

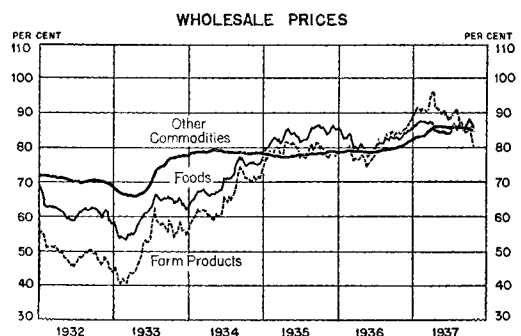
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



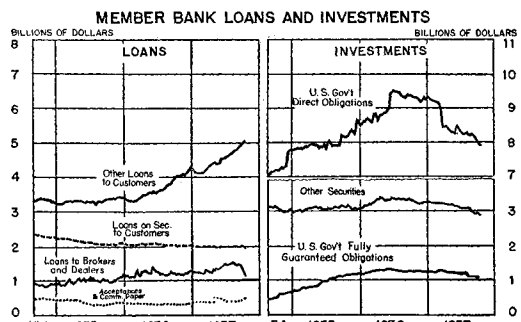
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, through September, 1937. Latest figure 111.



Indexes of value of sales, 1923-1925 average = 100. By months, January, 1929, through September, 1937. Latest figures September, unadjusted 100, adjusted 94.



Indexes compiled by the U. S. Bureau of Labor Statistics, 1926 = 100. By weeks, 1932 to date. Latest figures, farm 80.3, foods 85.4, other commodities 85.2, are for week ending October 16, 1937.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, through October 20, 1937. Loans on real estate and loans to banks excluded.

Declines in industrial production in September and the first part of October reduced output to the level of a year ago, and commodity prices continued to decline. The volume of distribution to consumers was maintained at the level of previous months.

**Production and Employment**—Volume of industrial production, as measured by the Board's seasonally adjusted index, declined in September to 111 per cent of the 1923-1925 average as compared with 114 in June and July and 117 in August. At steel mills, where output in August had been at a high level, partly on the basis of orders placed earlier in the year, activity was reduced to an average rate of 75 per cent of capacity in September. This decline continued in October, as new orders were in limited volume, and the rate of steel output in the fourth week of the month is estimated at about 52 per cent of capacity. There were also declines in September in activity at woolen mills, shoe factories, and at sugar refineries, and activity at cotton mills showed little change, although an increase is usual at this season. Increases in output were reported at silk mills and meat packing establishments where activity recently has been at a low level. Automobile production showed a decline from the high level of August, but in the first three weeks of October advanced sharply as most manufacturers began assembling 1938 models. Mineral output increased in September, reflecting an expansion in coal production. Output of crude petroleum declined somewhat but continued in large volume.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was smaller in September and the first half of October than in the preceding six weeks, with a moderate decline in private residential building and sharp declines in awards for other private work and for publicly-financed work. Currently the dollar volume of private work is about the same as a year ago, while awards for public work are in smaller volume.

Factory employment showed little change from August to September, although an increase is usual at this season. There were declines in the number employed at textile mills, shoe factories, railroad repair shops, and lumber mills. At canning establishments employment increased seasonally. Factory payrolls, which usually expand in September, declined substantially, reflecting principally a reduction in the average number of hours worked by those employed. The levels of employment and payrolls continued to be considerably above last year.

**Distribution**—Distribution of commodities to consumers by department stores and mail order houses increased more than seasonally in September, and variety store sales showed about the usual seasonal expansion. Freight-car loadings increased by the usual seasonal amount from August to September.

**Commodity Prices**—The general level of wholesale commodity prices, according to the Bureau of Labor Statistics' Index, declined from 87.5 per cent of the 1926 average in the latter part of September to 85.2 per cent in the middle of October. During that period price declines occurred in most commodities traded in on organized exchanges and in some manufactured products. In the ten days ending October 25 commodity markets were steadier. New models of automobiles are currently being introduced at higher prices.

**Bank Credit**—Excess reserves of member banks, after increasing in September from \$750,000,000 to over \$1,000,000,000, showed little further change in October. Total loans and investments of reporting member banks in 101 leading cities declined somewhat in the four weeks ending October 20, reflecting chiefly a steady reduction throughout the period in loans to security brokers and dealers. Commercial loans increased further.

**Money Rates and Security Prices**—Rates on 9-month Treasury bills in October declined to about 3/8 of one per cent, the lowest since last January. Prices of high-grade bonds showed little change in September and October, while prices of lower-grade bonds and of common stocks declined sharply to the lowest levels since the middle of 1935.