



# BUSINESS CONDITIONS

Monthly Review of Agricultural, Industrial, Trade and  
Financial Conditions in Eighth Federal Reserve District

RELEASED FOR PUBLICATION ON THE AFTERNOON OF MARCH 30, 1938

FEDERAL RESERVE BANK OF ST. LOUIS

## DISTRICT SUMMARY

THE course of Eighth District trade and industry during February and the first half of March was marked by a considerable degree of spottiness and irregularity, and considered as a whole, downward trends which began last fall were still very noticeably in evidence. Production of manufactured goods in a large majority of lines receded further, a notable exception being in iron and steel products, which increased moderately from January to February and have continued the improvement in March. As contrasted with a year ago, all manufacturing lines investigated recorded broad declines in February, and in a number of instances output was the smallest for the month since 1933. Boot and shoe production has moved upward from the low level of December, but is still measurably below a year ago. Unseasonably warm weather, coupled with lessened industrial requirements adversely affected the bituminous coal industry, production at all fields of the district in February showing sharp declines under a month and a year earlier. Output of zinc at district mines, on the other hand, was higher in February than last year, though about 10 per cent below January this year. Consumption of electric power by industrial users in the principal centers declined more than seasonally in February and the first weeks of March. Through the entire classification of building materials, including cement, glass, fire-clay products and lumber, February production fell below that of a month and a year earlier.

Volume of distribution through both retail and

wholesale channels failed to improve, and the exhibit made was no more favorable than in the case of production. The character of buying in all sections of the district continued to reflect extreme conservatism on the part of merchants and ultimate consumers. In all wholesaling and jobbing lines investigated, except boots and shoes, February sales fell considerably below the volume a year and two

years earlier, and in certain classifications were the smallest for the month since 1933. With the exception of a few lines affected directly by seasonal considerations, February volume was smaller than in January. The movement of seasonal merchandise throughout the entire winter has been curtailed by unseasonably mild weather, and recent special sales of such goods have met with indifferent response. Another factor affecting retail volume in

contrast with a year ago was the earlier Easter date in 1937. In the immediate past a moderate pickup in retail trade has taken place, attributable almost entirely to the Easter stimulus. Retail sales of automobiles in February were about 37 per cent greater than in January, but 37 per cent less than in February, 1937; for the first two months this year cumulative total was more than one-third smaller than for the like interval in 1937.

Agricultural conditions in the district underwent no notable changes during the past thirty days as contrasted with the similar period immediately preceding. Preparation of the soil for spring crops has made fair progress where uninterrupted by rains,

<b>Livestock:</b>	Feb. 1938	comp. with
	Jan. 1938	Feb. 1937
Receipts at National Stock Yards.....	-28.7%	- 13.2%
Shipments from aforesaid Yards.....	-24.0	- 0.3
<b>Production and Distribution:</b>		
Sales by mfrs. and wholesalers.....	+ 1.5	- 10.9
Department store sales.....	- 3.1	- 3.3
Car loadings.....	-11.9	- 27.3
<b>Building and Construction:</b>		
Bldg. permits, incl. repairs {	Number...+30.8	- 6.4
Cost.....	+ 5.7	- 13.1
Value construc. contracts awarded.....	-44.2	- 34.4
<b>Miscellaneous:</b>		
Commercial failures {	Number.....+ 4.0	+173.7
Liabilities.....	+ 8.6	+204.3
Consumption of electricity.....	- 1.1	- 2.1
Debits to individual accounts.....	-17.7	- 11.0
<b>Member Banks (24):</b>	Mar. 16,'38	comp. with
	Feb. 16,'38	Mar. 17,'37
Gross deposits.....	- 0.7%	- 3.6%
Loans.....	- 1.4	+ 6.6
Investments.....	+ 4.9	- 14.7

but taken as a whole these operations are somewhat behind the seasonal schedule. Prices of farm products fluctuated within a relatively narrow range, but throughout the period were measurably below levels obtaining a year ago. Rainfall has been abundant and well distributed and has served to considerably improve subsoil conditions and replenish water supplies depleted by recent drouth years. Late winter floods in Arkansas and sections of Missouri and Tennessee delayed farm work, but are believed to have wrought no permanent damage, areas inundated being chiefly farm lands. Marketing of the tobacco crop has been virtually completed, and while average prices were much lower than for the 1936 crop, returns to farmers are estimated to be somewhat higher because of the larger total yield. Supplies of farm labor are generally in excess of requirements, with wage scales slightly below a year ago.

The volume of retail sales in February, as reflected in sales of department stores in the principal cities, was 3.1 per cent less than in January and 3.3 per cent less than in February, 1937; cumulative total for the first two months was 0.3 per cent greater than for the comparable period in 1937. Combined sales of all wholesaling and jobbing firms whose statistics are available to this bank were 1.5 per cent larger in February than in January and 10.9 per cent less than in February, 1937; cumulative sales for the first two months this year were 10.1 per cent under the same interval a year earlier. The dollar value of permits issued for new construction

in the chief cities in February was 22 per cent larger than in January and 17.5 per cent less than in February, 1937; cumulative total for the first two months was 9.4 per cent smaller than for the same period in 1937. Value of construction contracts let in the Eighth District in February was 44 per cent and 34 per cent smaller, respectively, than a month and a year earlier, and for the first two months the cumulative total was 30 per cent less than for the like interval in 1937.

Reports relative to collections during the past thirty days indicated no change from trends which obtained during the similar period immediately preceding. The general average was below a year and two years earlier, despite the fact that in 1937 settlements in the important Ohio River Valley areas were seriously interfered with by flood conditions. Installment payment houses report backwardness in collections, most pronounced in the principal industrial centers. Questionnaires addressed to representative interests in the several lines show the following results:

	<u>Excellent</u>	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
February, 1938.....	0.6%	32.5%	44.4%	22.5%
January, 1938.....	0.8	34.8	48.7	15.7
February, 1937.....	2.0	42.4	37.2	18.4

Commercial failures in the Eighth Federal Reserve District in February, according to Dun and Bradstreet, numbered 52, involving liabilities of \$493,000, which compares with 50 defaults with liabilities of \$454,000 in January and 19 insolvencies for a total of \$162,000 in February, 1937.

## DETAILED SURVEY OF DISTRICT

### MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales			Stocks
	Feb. 1938 compared with Jan. '38	Feb. '37	2 months 1938 comp. with same period 1937	Feb. 28, 1938 comp. with Feb. 28, 1937
Boots and Shoes.....	- 3.4%	+13.8%	+ 2.8%	.....%
Drugs and Chemicals..	- 7.1	-14.1	- 9.5	- 9.0
Dry Goods.....	+ 4.1	-24.7	-24.9	-11.5
Electrical Supplies.....	- 8.2	-20.8	- 6.3	+ 2.8
Furniture.....	+35.7	-21.4	-25.7	+31.6
Groceries.....	- 1.0	- 4.8	- 9.6	-15.4
Hardware.....	+ 6.3	- 6.6	- 6.9	-10.8
All above lines.....	+ 1.5	-10.9	-10.1	- 8.5

**Automobiles** — Combined passenger car, truck and taxicab production in the United States in February totaled 186,806 against 210,450 in January and 364,193 in February, 1937.

**Boots and Shoes** — The decrease in sales of the reporting firms from January to February followed the experience of twelve of the fourteen years since 1924. Its extent, however, was somewhat greater than average. The trend of prices of finished goods was lower in sympathy with the decline in hides and other raw material. Production has been moving

steadily upward from the low point reached last December.

**Clothing** — Style and price uncertainties, more particularly the latter, are mainly accountable for a decline in February sales as contrasted with a year earlier. The volume of advance ordering is reported in measurably smaller volume than at the same time last season. Unseasonably warm weather in January and February was reflected in a disappointing movement of both men's and women's heavy apparel through retail channels.

**Drugs and Chemicals** — Conditions in this classification showed little change from the preceding month. Sales volume has been adversely affected by reduced requirements of the general manufacturing trade for heavy drugs and chemicals. In the immediate past some improvement has been noted in demand for insecticides and fertilizers, but advance orders of materials in this category are below seasonal expectations.

**Dry Goods**—Purchasing for immediate requirements is reported on a fairly liberal scale, reflecting Easter demands and generally small inventories in the hands of retailers. Advance business on books of the reporting firms as of March 1 was measurably smaller than on that date a year and two years earlier. Demand is reported less diversified than heretofore, with more interest shown in cheaper merchandise.

**Electrical Supplies**—Slack demand for new building installations, coupled with extremely conservative buying by retailers accounted in large part for the decrease in February sales of the reporting interests under a month and a year earlier. Moderate betterment in the movement of radio and refrigeration items since mid-February was noted by several important distributors.

**Furniture**—February sales of the reporting firms were the smallest for the month since 1933. Stock orders are almost entirely absent and retailers generally are purchasing on an immediate requirement basis. In the comparison with a year ago, heaviest declines were in household furniture and furnishing lines.

**Groceries**—Price changes during the past thirty days were narrow, and throughout the period remained sharply lower than at the corresponding time a year ago. Demand for canned goods continues slack, with indications for an unusually large carry-over from the 1937 pack.

**Hardware**—Ordering of seasonal merchandise improved moderately during February and early March. Goods for consumption chiefly in the rural areas were reported moving in larger volume than in the early winter. Builders' supplies of all descriptions were reported extremely quiet.

**Iron and Steel Products**—While purchasing of both raw and finished materials continued on an extremely conservative basis, the situation in the iron and steel industry in this area developed slight improvement, and as a whole was more favorable than in the closing weeks of last year. The betterment was somewhat spotty, and in some sections was entirely absent. Elsewhere there was a noticeable expansion in specification and new commitments, and the character of ordering indicated generally reduced inventories and actual need of the goods. In the case of both mills and foundries, demand comes mainly from miscellaneous sources, purchasing by the leading groups of consumers, such as railroads, automobile makers and the building industry, having shown no expansion. The melt of pig iron in February was about on a parity with

January, but the trend has been upward since March 1, due partly to resumption of operations by a number of stove manufacturers and higher schedules at jobbing foundries. Structural steel and reinforcing concrete bar inquiries were somewhat more numerous than heretofore, though involving for the most part individual jobs of small size. According to producers and distributors of plates, sheets, strip and other rolled materials, new orders have expanded moderately, but purchasing is entirely for immediate requirements and backlogs have sustained a further reduction. The usual seasonal demand for wire and wire products has begun to appear, but is less evident than has been the case during the past several years. Contracting for tin plate needs by can manufacturers and other users of tin plate is also in noticeably smaller volume than a year and two years earlier. Failure of the general manufacturing trade to accelerate its pace tended to hold down sales of warehouse and jobbing interests, their reported February volume being slightly below the preceding month and about one-fourth less than a year ago. Production of steel ingots at mills in this area at mid-February was 37 per cent of capacity, which compares with 27 per cent a month earlier and 82 per cent at the same time in 1937. Farm implement makers, which had been operating on an average of five days per week through February, cut their schedules to four days in the second week of March. Prices of finished and semi-finished steel and pig iron were unchanged, but scrap iron prices declined further, heavy melting steel recording a new low on the present retrograde movement. For the entire country, production of pig iron in February, according to the magazine "Steel" totaled 1,306,333 tons, against 1,444,862 tons in January and 3,020,006 tons in February, 1937. Production of steel ingots in the United States during February amounted to 1,703,245 tons, against 1,732,266 tons in January and 4,413,832 tons in February, 1937.

## TRANSPORTATION

Freight traffic of railroads operating in this district, according to officials of the reporting lines, turned sharply downward at mid-January and continued to recede irregularly through February and the first week of March. Volume for the first two months of the year was the smallest for any similar period since 1932. As contrasted with a year ago, decreases were recorded in all classifications other than grain and grain products and livestock, which latter showed slight gains. Relatively the heaviest decreases were in miscellaneous freight and merchandise L. C. L., which classifications most accu-

rately reflect the commercial and industrial status. The heavily curtailed movement of coal was attributed about equally to the business depression and unusually mild winter. Continued heavy forwardings of corn accounted for the increase in grain and grain products classification. As in January, passenger traffic of the reporting lines showed a moderate decline under the same month a year earlier, reflecting the recession in general business.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 69,249 loads in February, against 78,568 loads in January and 95,288 loads in February, 1937. During the first nine days of March the interchange amounted to 22,885 loads, which compares with 22,682 loads during the corresponding period in February and 29,607 loads during the first nine days of March a year ago. Passenger traffic of the reporting lines in February fell 2.5 per cent in point of number of passengers carried, but increased 1.5 per cent in revenue as compared with the same month a year earlier. For the entire country loadings of revenue freight for the first nine weeks this year, or to March 5, totaled 4,964,790 cars, as against 6,208,235 cars for the corresponding period in 1937 and 5,579,434 cars in 1936. Estimated tonnage of the Federal Barge Line between New Orleans and St. Louis in February was 155,600 tons, which compares with 176,481 tons in January and 79,418 tons in February, 1937; cumulative tonnage for the first two months was 332,081 tons against 168,418 tons for the same interval in 1937. The very favorable showing this year as compared with last was attributable to flood conditions existing in the earlier period which seriously hampered navigation.

#### MINING AND OIL

**Coal**—Uncertainty as to maintenance of minimum price standards, the depression in industry, large inventories accumulated last year and the unusually mild winter have combined to heavily curtail coal production. Reversing the situation a year ago, when output tended sharply upward, production of bituminous coal for the entire country in February amounted to only 27,000,000 tons, 30,880,000 tons (revised) in January and 42,110,000 tons in February, 1937; for the first two months this year 57,880,000 tons were lifted as compared with 83,050,000 tons for the corresponding period a year earlier. Output of mines in this general area in February were 14.0 per cent and 26.3 per cent smaller, respectively, than a month and a year earlier. At Illinois mines 3,388,278 tons were produced in February, which compares with 4,230,976 tons

in January and 5,390,630 tons in February, 1937. There were 133 mines in operation and 34,579 men on payrolls in February, against 140 active mines and 35,754 operatives in January.

**Petroleum**—January production in states of the Eighth District was 0.4 per cent less than during the preceding month and approximately 81.3 per cent more than during January, 1937. The total for the year 1937 was 18.8 per cent greater than in 1936. Stocks were 0.8 per cent smaller in January as compared with the previous year. Detailed figures of production and stocks by states are given in the following table:

(In thous. of bbls.)	Production			Cumulative		Stocks	
	Jan. '38	Dec. '37	Jan. '37	1937	1936	Jan. '38	Jan. '37
Arkansas .....	1,286	1,309	768	11,681	10,469	2,441	3,363
Illinois .....	1,128	1,085	368	7,426	4,470	11,340	11,030
Indiana .....	66	73	59	826	820	3,031	2,540
Kentucky ...	411	437	400	5,484	5,633	952	872
Totals.....	2,891	2,904	1,595	25,417	21,392	17,764	17,805

#### RETAIL TRADE

**Department Stores**—The trend of retail trade in the Eighth District, as reflected in statistics of department stores in the principal cities which report to this bank, is shown in the following comparative statement:

	Net Sales			Stocks on Hand Feb. 28, 1938	Stock Turnover Jan. 1, to Feb. 28, 1938
	Feb. 1938 compared with Jan. 1938	Feb. 1937	2 mos. 1938 to same period '37		
	%		%		
Ft. Smith, Ark.....	+ 5.5%	— 4.6%	— 3.6%	—14.5%	.38
Little Rock, Ark.....	+15.5	— 4.6	— 4.0	—11.2	.39
Louisville, Ky.....	— 7.1	+23.6	+36.6	— 0.9	.57
Memphis, Tenn.....	— 7.1	+ 1.0	+ 1.7	— 0.1	.47
Pine Bluff, Ark.....	—12.7	—38.8	—27.0	— 6.5	.29
Quincy, Ill.....	+21.5	— 4.8	— 0.1	+ 6.9	.39
St. Louis, Mo.....	— 3.6	— 6.7	— 3.3	+ 6.7	.60
Springfield, Mo.....	—10.7	— 9.7	— 5.2	—17.0	.33
All Other Cities.....	—12.0	— 9.0	— 8.9	—14.5	.38
8th F. R. District.....	— 3.1	— 3.3	+ 0.3	— 5.7	.54

Percentage of accounts and notes receivable outstanding February 1, 1938, collected during February, by cities:

	Installment Accounts	Excl. Instal. Accounts	Installment Accounts	Excl. Instal. Accounts
Fort Smith.....%	34.5%	34.5%	Quincy .....	46.4%
Little Rock.....14.3	35.5	35.5	St. Louis.....18.7	52.9
Louisville.....11.7	45.4	45.4	Springfield .....	23.0
Memphis.....23.7	38.1	38.1	Other Cities.....12.9	53.0
Pine Bluff.....	32.4	32.4	8th F. R. Dist.....17.6	46.6

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

	Net Sales			Stocks on Hand Feb. 28, '37	Stock Turnover Jan. 1, to Feb. 28, 1938
	Feb. 1938 compared with Jan. 1938	Feb. 1937	2 mos. 1938 to same period '37		
	%		%		
Men's Furnishings.....	—14.9%	—16.3%	+ 5.7%	+ 1.3%	.33
Boots and Shoes.....	+10.7	+ 7.3	+ 6.2	—14.0	.78

Percentage of accounts and notes receivable outstanding February 1, 1938, collected during February:

Men's Furnishings.....	33.6%	Boots and Shoes.....	34.6%
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#### AGRICULTURE

**Acresage**—The following table, based on the March report of the U. S. Department of Agricul-

ture, show intended plantings in 1938 by farmers in states including the Eighth District, also the number of acres of the several crops harvested in the two preceding years and the five year average (1928-32) :

	Acreage (in thousands)				
	Harvested			Indicated for Harvest	
	Average 1928-32	1936	1937	1938	1938 percent of 1937 harvested
Barley.....	498	252	354	344	97
Corn.....	30,100	29,922	28,720	28,130	94
Cowpeas.....	870	1,017	1,197	1,216	102
Oats.....	8,521	7,321	7,156	7,253	101
Peanuts.....	82	97	84	83	99
Potatoes.....	304	306	299	284	95
Rice.....	168	160	173	178	103
Soy Beans.....	1,985	3,722	3,808	3,540	93
Sweet Potatoes.....	195	209	222	222	0
Tame Hay.....	11,303	11,393	10,858	12,013	111
Tobacco.....	629	409	557	574	103
Wheat (Winter).....	6,337	7,389	9,779*	8,443*	86
<b>Totals.....</b>	<b>60,992</b>	<b>62,197</b>	<b>63,207</b>	<b>62,280</b>	<b>99</b>

\*Seeded in previous fall.

The purpose of this report is to assist growers generally in making such further changes in their acreage plans as may appear desirable. The acreage actually harvested in 1938 may turn out to be larger or smaller than the indicated acreages shown, by reason of weather conditions, price changes, labor supply, financial conditions, the soil conservation program, and the effect of the intentions report itself upon farmers' actions.

**Farming Conditions**—Mild weather prevailed generally through the district during February and the first half of March. Rains were also general and abundant, with many localities reporting excessive precipitation. Conditions were in the main favorable for growing grain crops, and as of mid-March winter wheat showed noticeable improvement as compared with earlier in the season, though condition is still slightly below the ten year average, due to late planting, slow growth and many uneven stands. Preparations for planting spring crops have made fair progress, except where interrupted by rain. The condition of livestock generally through the district is high. Lambs have come through the winter in excellent shape, and indications point to high quality and earlier marketings than in a number of years. The supply of farm labor in all states is reported in excess of requirements, with wage scales below those existing at this time a year ago. Marketing of the tobacco crop had been about completed at mid-March, with average prices sharply below those obtained on the 1936 crop. Prices of farm products during the past thirty days fluctuated in a narrow range, but continued sharply below levels during the similar period in recent years. As of February 26, the farm products group in the Bureau of Labor Statistics Index stood at 70.2 per cent of the 1926 average, which compares with 91.4 per cent on the

corresponding date in 1937; 78.4 per cent in 1936; 80 per cent in 1935, and 62 per cent in 1934.

**Cotton**—Preparations for the new crop, which were already backward, were further delayed by recent heavy precipitation. In sections of Arkansas, Tennessee and Missouri considerable acreages were inundated by late winter floods. Acreage intentions are still uncertain, but in all states of the district farmers are planning to raise large feed and forage crops. According to the National Fertilizer Association, sales of fertilizer tags in states of this district in February were 29 per cent greater than for the same month last year and 60.8 per cent above those for the same month in 1936; cumulative total for January and February exceeded that for the comparable period in 1937 by 24 per cent. The trend of prices of raw cotton during the past thirty days were very irregular. In the St. Louis market the middling grade ranged from 8.45c to 9.00c per pound between February 15 and March 15, closing at 8.50c on the latest date, which compares with 8.75c on February 15 and 14.25c on March 15, 1937. Receipts at Arkansas compresses between August 1, 1937, and March 11, 1938, totaled 1,741,993 bales, against 1,272,933 bales for the corresponding period a year earlier. Stocks on hand as of March 11 totaled 856,101 bales as against 323,105 bales on the corresponding date in 1937.

**Fruits and Vegetables**—At the middle of March relatively small damage had been sustained by fruits in this district from cold weather or any other cause. Considerable apprehension is felt, however, for the safety of the peach and some other tree fruit crops because of unusually early budding and blooming. In years when spring comes as early as this, there is always uncertainty as to whether fruit will come through unharmed by late frosts. The indicated acreage of strawberries in states including the Eighth District is 54,060 acres, an increase of 31.2 per cent over a year ago, but 10 per cent below the 5-year (1933-37) average. Universally farmers have taken good care of their fields, and beds generally are in good condition.

**Livestock**—The past thirty days have developed no change in the condition of livestock from the high average which has existed generally through the district since last fall. Throughout the area the mild, open winter has been beneficial to herds, and abundant rainfall has served to replenish water supplies which had been depleted in successive years of drouth. Egg production has been high and the same is true of milk in the typical dairying sections. There was the usual seasonal recession in

the movement of livestock to market from January to February, but for the first two months this year the movement was somewhat larger than during the same period in 1937.

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

	Receipts			Shipments		
	Feb., 1938	Jan., 1938	Feb., 1937	Feb., 1938	Jan., 1938	Feb., 1937
Cattle and Calves.....	77,339	99,078	81,427	46,415	59,911	39,635
Hogs .....	173,603	251,480	235,906	112,863	153,215	124,201
Horses and Mules.....	6,741	7,576	6,993	6,725	7,200	7,217
Sheep .....	46,596	68,804	26,092	9,831	11,027	5,334
Totals.....	304,279	426,938	350,418	175,834	231,353	176,387

**Tobacco** — All markets for sale of the 1937 crop have closed, except the dark tobacco markets and these are scheduled to close about April 1. Factories are completing the drying and sizing of the crop, which in the case of most types included a liberal portion of high grade leaf. While the average price of burley tobacco realized this season was approximately 43 per cent less than a year earlier, the crop was substantially larger, with the result that cash returns to producers were greater than for the 1936 crop. In Kentucky the total is estimated at about \$1,200,000 above the preceding season. It is also reported that good burley brought a much better price than indicated by the average. Another factor in the bolstering of returns was the fact that the sharp decline in average prices did not occur until after the Christmas recess, prior to which about half the crop had been sold, and after which most of the higher grade tobacco reached the market. Average price paid for burley tobacco was reported at \$20.40 per cwt., against \$35.37 for the 1936-37 sales season; Green River stemming district, \$9.18 per cwt. against \$15.11; one sucker tobacco, \$7.50 per cwt. against \$16.75; eastern dark fired district, \$11.75 per cwt., and western district, \$7.90.

In all tobacco growing sections of the district farmers are engaged in preparing land for the 1938 crop, and judging by the number of plant beds being seeded, intentions to plant burley tobacco this year include a somewhat larger acreage than in the spring of 1937.

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in February was 22.3 per cent larger than in January and 17.5 per cent less than in February, 1937. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in February amounted to \$6,683,000 which compares with \$11,986,000 in January and \$10,192,900 in February,

1937. Building figures for February follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1938	1937	1938	1937	1938	1937	1938	1937
Evansville....	12	24	\$ 26	\$ 136	65	102	\$ 27	\$ 30
Little Rock	9	20	13	43	68	103	15	37
Louisville....	82	20	253	55	43	31	9	17
Memphis.....	145	108	150	259	179	206	60	28
St. Louis.....	124	162	343	358	164	176	253	259
Feb. Totals	372	334	785	951	519	618	364	371
Jan. "	276	353	642	624	405	280	445	490

### COMMODITY PRICES

Range of prices in the St. Louis market between February 15, 1938 and March 15, 1938, with closing quotations on the latter date and on March 15, 1937, follows:

	High	Low	Close	
			March 15, 1938	March 15, 1937
Wheat				
*May .....per bu..	\$.95½	\$.87	\$.87¾	\$.87¾
*July .....	.93¾	.83½	.84¾	.84¾
*Sept. ....	.93¾	.84	.84¾	.84¾
*No. 2 red winter	1.00	.90	.89½	.89½
*No. 2 hard "	1.01¼	.90½	.90½	.90½
Corn				
*May .....	.59¾	.58¼	.58¼	.58¼
*July .....	.61½	.59½	.59½	.59½
*Sept. ....	.62½	.60¾	.60¾	.60¾
*No. 2 mixed .....	.62½	.55¼	.59	.59
*No. 2 white .....	.63½	.57½	.58¼	.58¼
Oats				
*May .....	.33¾	.32¼	.32¾	.32¾
*July .....	.32½	.30½	.30¾	.30¾
*Sept. ....	.33¼	.30¾	.30¾	.30¾
*No. 2 white .....	.35½	.32½	.32¾	.32¾
Flour				
Soft patent.....per bbl.	5.05	4.50	4.50@4.75	6.55@ 7.05
Spring ".....	6.55	5.80	5.80@6.20	8.20@ 8.40
Middling Cotton...per lb.	.09	.0845	.085	.1425
Hogs on Hoof.....per cwt.	9.36	8.44	9.07	10.14

\*Nominal quotations.

### CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in February as being 1.1 per cent less than in January and 2.1 per cent smaller than in February, 1937. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Feb., 1938	Jan., 1938	Feb., 1937	February, 1938 compared with	
		K.W.H.	K.W.H.	K.W.H.	Jan. 1938	Feb. 1937
Evansville ...	40	2,049	2,071	2,921	- 1.1%	-29.9%
Little Rock..	35	1,665	1,749	1,834	- 4.8	- 9.2
Louisville ...	82	7,354	6,748	3,217*	+ 9.0	+128.6
Memphis .....	31	2,281	2,336	2,077	- 2.4	+ 9.8
Pine Bluff....	20	883	884	1,029	+ 4.6	- 14.2
St. Louis.....	194	16,320	17,396	20,118	- 6.2	- 18.9
Totals.....402		30,552	31,144	31,196	- 1.1	- 2.1

\*Revised figures.

### LIFE INSURANCE

Sales of new, paid-for, ordinary life insurance in states including the Eighth District during February, the preceding month, and a year ago, together with the cumulative totals for the first two months this year and the comparable periods in 1937 are shown in the following table:

(In thousands of dollars)	Feb., 1938	Jan., 1938	Feb., 1937	Cumulative Totals 1938	Cumulative Totals 1937	Cum. change
Arkansas.....	\$ 2,781	\$ 2,939	\$ 3,206	\$ 5,720	\$ 7,124	-19.7%
Illinois.....	41,605	42,417	49,220	84,022	94,803	-11.4
Indiana.....	10,532	11,570	12,948	22,122	25,180	-12.1
Kentucky.....	5,825	6,343	4,078	12,368	8,996	+37.5
Mississippi.....	2,659	2,524	3,101	5,183	6,351	-18.4
Missouri.....	16,384	16,414	17,125	32,798	33,927	- 3.3
Tennessee.....	6,058	6,191	7,343	12,249	14,575	-16.0
Totals.....	85,864	88,598	97,021	174,462	190,956	- 8.6
United States...	488,703	493,815	577,090	982,518	1,124,973	-12.7

## BANKING AND FINANCE

Demand for credit for all purposes in the Eighth District during the past thirty days continued the rather sharply downward trend which has been in effect since the first of the year. The total volume of loans at commercial banks, however, was considerably higher throughout the period than a year earlier, though below the peak levels reached last fall. Reflecting decreased inventories held by merchants and manufacturers, and the depression in general business, requirements of these interests are relatively much smaller than is usual at this season. Liquidation has been in considerable volume at both city and country banks and investments of these institutions moved upward during February and the first half of March. In the tobacco sections, where marketing of the 1937 crop has been virtually completed, banks report prompt liquidation of loans made for financing that commodity. Balance of country banks with Louisville correspondents are reported relatively high. In the main loans made to country banks and merchants, based on tobacco, also have been repaid.

**Member Banks**—Between February 16 and March 16, total loans and investments of reporting member banks in the principal cities increased 1.9 per cent and on the latest date were 5.9 per cent smaller than a year ago. In the month-to-month comparison the increase was entirely in investments, the loan item showing a decrease of 1.4 per cent. Gross deposits decreased slightly, and throughout the four-week period were measurably below levels recorded at the same time in 1937. Reserve balances decreased 6.2 per cent, and at \$140,680,000 on March 16 were about even with the first report date in January.

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

(In thousands of dollars)	Mar. 16, 1938	Feb. 16, 1938	Mar. 17, 1937
<b>Loans—total</b> .....	<b>\$306,983</b>	<b>\$311,199</b>	<b>\$288,056</b>
Commercial, industrial, and agricultural:			
On securities.....	47,379	48,726	*
Otherwise secured and unsecured.....	141,033	143,566	*
Open market paper.....	9,928	10,484	*
Loans to brokers and dealers.....	4,661	4,274	5,301
Other loans to purchase or carry securities	12,774	12,719	*
Real Estate loans.....	46,765	46,905	44,273
Loans to banks.....	6,518	6,556	4,954
Other loans:			
On securities.....	11,023	11,233	*
Otherwise secured and unsecured.....	26,902	26,736	*
<b>Investments—total</b> .....	<b>350,379</b>	<b>334,092</b>	<b>410,808</b>
U. S. Gov't obligations.....	203,512	190,810	243,134
Obligations guaranteed by U. S. Gov't.....	49,684	47,957	60,561
Other securities.....	97,183	95,325	107,113
<b>Gross deposits</b> .....	<b>901,564</b>	<b>908,191</b>	<b>934,815</b>
Demand deposits.....	710,515	718,002	745,645
Time deposits.....	191,049	190,189	189,170
<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 in selected banks on March 2 was 0.1 per cent great-

er than on February 2 and 2.9 per cent larger than on March 3, 1937.

At downtown St. Louis banks, as of the week ended March 15, rates charged were as follows: Customers' prime commercial paper, 1½ to 5¾ per cent; collateral loans, to 6 per cent; loans secured by warehouse receipts, 1¾ to 5 per cent; interbank loans 3½ per cent to 4½ per cent and cattle loans, 5 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 February, 1938, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	4,284,199	\$ 870,451,882
Collections (non-cash items) handled.....	85,081	25,653,719
Transfers of funds.....	4,492	226,194,125
Currency and coin received and counted.....	19,135,006	30,985,855
Rediscounts, advances and commitments.....	18	1,777,100
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.	11,893	15,864,472
Bills and securities in custody—coupons clipped	7,781	.....

Changes in the principal assets and liabilities of this bank appear in the following table:

(In thousands of dollars)	Mar. 18, 1938	Feb. 18, 1938	Mar. 18, 1937
Industrial advances under Sec. 13b.....	\$ 201	\$ 202	\$ 345
Other advances and rediscounts.....	300	409	102
Bills bought (including participations)	2	2	86
U. S. securities.....	114,742	114,478	116,054
<b>Total earning assets</b> .....	<b>115,245</b>	<b>115,091</b>	<b>116,587</b>
Total reserves.....	286,893	291,918	265,704
Total deposits.....	217,354	224,298	198,522
F. R. Notes in circulation.....	178,339	178,074	179,104
<b>Industrial commitments under Sec. 13b</b>	<b>485</b>	<b>485</b>	<b>1,287</b>
Ratio of reserve to deposit and F. R. Note liabilities.....	72.5%	72.5%	70.4%

Following are the rates of this bank for accommodations under the Federal Reserve Act:

- (1) Rediscounts 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) Rediscounts, 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 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:

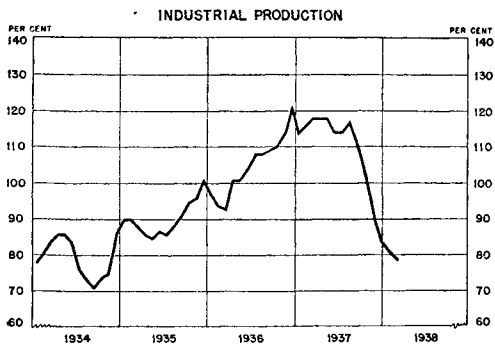
(In thousands of dollars)	Feb., 1938	Jan., 1938	Feb., 1937	Feb. 1938 comp. with Jan. 1938	Feb. 1937
<b>East St. Louis and Natl. Stock Yards, Ill.</b> .....	\$ 25,959	\$ 30,604	\$ 30,280	—15.2%	—14.3%
El Dorado, Ark.....	4,695	4,950	3,645	— 5.2	+28.8
Evansville, Ind.....	21,799	28,633	22,966	—23.9	— 5.1
Fort Smith, Ark.....	9,956	12,654	11,282	—21.3	—11.8
Greenville, Miss.....	5,146	5,341	4,372	— 3.7	+17.7
Helena, Ark.....	1,784	1,831	1,206	— 2.6	+47.9
Little Rock, Ark.....	29,070	32,297	31,848	—10.0	— 8.7
Louisville, Ky.....	138,116	168,585	141,616	—18.1	— 2.5
Memphis, Tenn.....	106,717	128,600	119,002	—17.0	—10.3
Owensboro, Ky.....	5,756	6,698	5,478	—14.1	+ 5.1
Pine Bluff, Ark.....	6,479	8,499	7,527	—23.8	—13.9
Quincy, Ill.....	5,990	7,469	7,101	—19.8	—15.6
St. Louis, Mo.....	445,067	543,700	519,700	—18.1	—14.4
Sedalia, Mo.....	2,303	1,910	2,143	+20.6	+ 7.5
Springfield, Mo.....	10,947	13,458	12,517	—18.7	—12.5
Texarkana, Ark.-Tex.....	6,142	7,822	7,405	—21.5	—17.1
<b>Totals</b> .....	<b>825,926</b>	<b>1,003,051</b>	<b>928,088</b>	<b>—17.7</b>	<b>—11.0</b>

(Completed March 24, 1938)

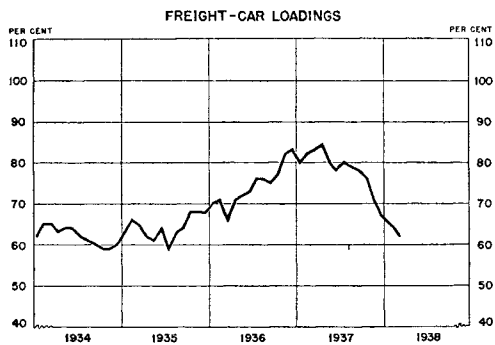


# NATIONAL SUMMARY OF BUSINESS CONDITIONS

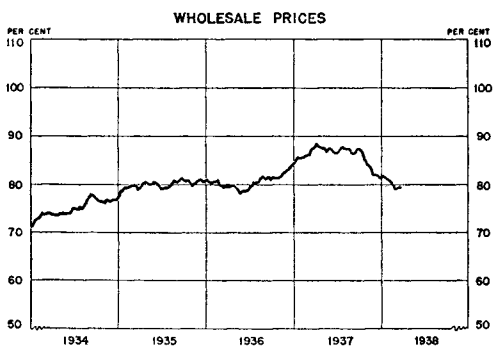
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



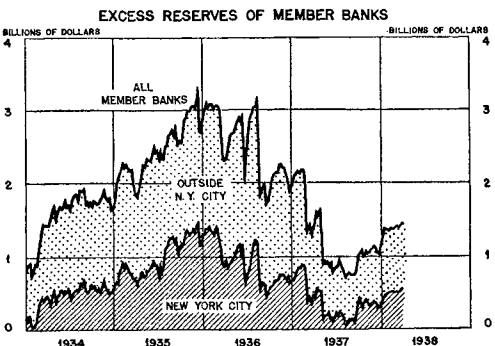
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through February, 1938. Latest figure February, 1938, 79.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through February, 1938. Latest figure February, 1938, 62.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 through week ending March 19, 1938. Latest figure March 19, 1938, 79.5.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, through March 16, 1938.

Volume of manufacturing production showed little change from January to February, while output of minerals declined further. Awards for residential building increased somewhat in February and rose considerably in the first half of March.

**Production**—The Board's seasonally adjusted index of industrial production, which includes both manufacturing and mining, was 79 per cent of the 1923-1925 average in February as compared with 80 per cent in January. The decline in the total index was accounted for chiefly by a reduction in output of minerals, particularly of crude petroleum. Steel ingot production showed about the usual seasonal increase and averaged 32 per cent of capacity in February. Automobile production decreased slightly further, and output of plate glass continued to decline. Lumber production rose seasonally. In the first three weeks of March activity at steel mills and automobile factories was at about the same average rate as in February. In the nondurable goods industries there were moderate increases in output in February at textile mills and shoe factories, where production has recently been at low levels, while at meat-packing establishments activity declined.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a sharp decline from January to February, reflecting chiefly a marked reduction in awards for publicly-financed projects. Contracts for residential building increased moderately. In the first half of March there was a considerable further increase reported for residential building and awards for other construction also increased.

**Employment**—Factory employment and payrolls increased by somewhat less than the usual seasonal amount between the middle of January and the middle of February. The Board's seasonally adjusted index of factory employment was at 83 per cent of the 1923-1925 average in February as compared with 84 per cent in January. In the durable goods industries decreases were general in February, though not so large as in preceding months. Employment in nondurable goods industries increased somewhat following a period of rapid decline. Employment in trade, at mines, on the railroads, and in the construction and public utility industries decreased somewhat from the January level.

**Distribution**—Value of department store sales, as measured by the Board's seasonally adjusted index, declined from 90 per cent of the 1923-1925 average in January to 88 per cent in February, and in the first three weeks of March there was a further decrease. Sales at variety stores and mail order houses in February showed somewhat less than the usual seasonal increase. Freight-car loadings decreased further in February, reflecting chiefly reduced shipments of coal and grain, and showed a seasonal increase in the first two weeks of March. The current level of carloadings is about 25 per cent less than a year ago.

**Commodity Prices**—The general level of wholesale commodity prices, as measured by the Bureau of Labor Statistics' index, showed little change from the middle of February to the third week of March. There were seasonal increases in prices of livestock and meats, while prices of such basic commodities as wheat, cotton, rubber, zinc, and bituminous coal declined.

**Bank Credit**—Excess reserves of member banks increased during the first three weeks of March to over \$1,500,000,000, the highest level since last April. The bulk of the increase occurred at New York City banks, which in the third week of the month held over \$700,000,000 of excess reserves. During February and the first half of March, there was little net change in deposits and in total loans and investments at reporting member banks in 101 leading cities. Holdings of United States Government obligations declined at banks in New York but increased in Chicago. Commercial loans, which had decreased sharply in the four preceding months, showed a further moderate decline.

**Money Rates and Bond Yields**—Conditions in the short-term money market continued easy in March. Rates on Treasury bills were slightly lower and prime commercial paper was quoted at a range of from 3/4 to 1 per cent as against the flat 1 per cent rate which had prevailed since a year ago. Yields on Treasury bonds and notes, after declining for the past six months, advanced slightly around the middle of March. Yields on corporate bonds also advanced in March, reflecting principally declines in prices of railroad bonds.