



# BUSINESS CONDITIONS

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

RELEASED FOR PUBLICATION ON THE MORNING OF APRIL 29, 1938

FEDERAL RESERVE BANK OF ST. LOUIS

## DISTRICT SUMMARY

**T**AKEN as a whole, commerce and industry in the Eighth District during the past thirty days continued the downward trends which have been in effect in greater or lesser degree since last fall. As a result mainly of seasonal considerations, certain lines developed moderate improvement as contrasted with the similar period immediately preceding. The extent of this betterment, however, was considerably less than is expected at this time of year. In virtually all lines investigated by this bank, volumes in March were appreciably below those of the same period in 1937 and average for the month during the past several years. Reversing conditions a year earlier, when business generally throughout the district was moving rapidly upward, the first quarter of 1938 witnessed a steady contraction in activities and at the end of the three months a large majority of indicators employed for gauging trade and industry recorded the lowest levels since 1932. Production in the heavy industries, such as iron and steel, non-ferrous metals, lumber, cement and the entire classifications of building materials, receded further, despite the apparently more favorable position of consumer and distributor inventories. Total, as well as manufacturing employment, declined somewhat during March and early April. The reduction in unemployed farm help and common laborers engaged in outdoor occupations was more than offset by accretions to the number of idle workers elsewhere.

Reports relative to some of the lesser industries indicated smaller declines in operations from a year ago in comparison with the sharp recession in certain of the more important lines. Likewise some localities, particularly through the south, made a more favorable showing in the matter of general business activity than was the case in the large

industrial centers. Lateness of the Easter date this year was partly accountable for the smaller volume of retail sales in March as compared with a year ago. Adverse weather conditions during early April served to hold down the volume of distribution and Easter trade was universally below expectations. The continued downward drift of commodity prices tended to accentuate uncertainties due to other influences and merchants and ultimate consumers are disposed to purchase conservatively and only for immediate

requirements. Production of bituminous coal, consumption of electricity, car-loadings and building activities during the first quarter were measurably below the same interval in 1937.

The volume of retail trade in March, as reflected by department store sales in the principal cities, was 26.4 per cent more than in February and 12.8 per cent less than in March, 1937; for the first quarter cumulative sales showed a decrease of 5.2 per cent under the like interval last year. Combined sales of all wholesaling and jobbing firms whose statistics are available to this bank, were 8.4 per

<b>Agriculture:</b>	Apr. 1, 1938 comp. with 1937 Av. 1927-36	
Estimated produc. of Winter Wheat.....	8.6%	+43.1%
<b>Livestock:</b>	Mar. 1938 comp. with Feb. 1938 Mar. 1937	
Receipts at National Stock Yards.....	+ 5.1%	-18.8%
Shipments from aforesaid Yards.....	+ 2.7	-11.7
<b>Production and Distribution:</b>		
Sales by mfrs. and wholesalers.....	+ 8.4	-17.0
Department store sales.....	+26.4	-12.8
Car loadings.....	+13.9	-25.4
<b>Building and Construction:</b>		
Bldg. permits, incl. repairs { Number.....	+62.9	-12.7
{ Cost.....	+63.1	- 9.5
Value construc. contracts awarded.....	+88.3	-23.3
<b>Miscellaneous:</b>		
Commercial failures { Number.....	- 9.6	+80.8
{ Liabilities.....	-34.3	+17.4
Consumption of electricity.....	+13.5	-10.4
Debits to individual accounts.....	+14.9	-17.2
<b>Member Banks (24):</b>	Apr. 13,'38 comp. with Mar. 16,'38 Apr. 14,'37	
Gross deposits.....	- 0.8%	- 2.9%
Loans.....	- 2.1	+ 3.0
Investments.....	- 0.01	-10.6

cent more than in February and 17.0 per cent less than in March, 1937; for the first three months the cumulative total was smaller by 13.2 per cent than for the same period a year earlier. The dollar value of building permits issued for new construction in the chief cities in March was 90 per cent greater than in February and 1.6 per cent less than in March last year; cumulative total for the first quarter was 5.6 per cent smaller than a year earlier. The dollar value of construction contracts let in the Eighth District during March was 88.3 per cent more, than in February and 23.3 per cent less than in March, 1937; for the first three months the cumulative total was 27.5 per cent smaller than the like period last year.

While still somewhat behind the usual seasonal schedule, spring farm work made good progress during March and the first half of April. Prospects for crops, livestock and pastures in this district appear to be better at this season than in any of the past several years. Milk production showed the largest March increase in fourteen years and egg production also was of record size. Fruit trees came through the winter in good shape, but sub-freezing temperatures since April 1 have caused considerable damage to both fruits and early vegetables. Taking the district in its entirety, there are no signs of general expansion in acreage, and with prices of farm products low, some shifting towards less intensive cultivation is indicated. Farm wage rates during the

first quarter of 1938 made about the usual seasonal increase and average about 2½ per cent higher than a year ago, according to the U. S. Bureau of Agricultural Economics. Reports from farmers indicate a larger number of men seeking employment than last spring.

Mercantile and industrial interests report collections during the past thirty days as showing slight improvement over the similar period immediately preceding, but still much below a year and two years ago. In the large distributing centers wholesalers and jobbers with whom April is an important settlement month, report payments above expectations, with a particularly good showing being made by customers in the cotton and tobacco producing areas. In the large urban centers retailers report more spottiness in collections than has been the case in a number of months. Questionnaires addressed to representative interests in the several lines scattered through the district show the following results:

	Excellent	Good	Fair	Poor
March, 1938.....	1.2%	34.8%	44.5%	19.5%
February, 1938.....	0.6	32.5	44.4	22.5
March, 1937.....	3.6	46.3	43.9	6.2

Commercial failures in the Eighth Federal Reserve District in March, according to Dun and Bradstreet, numbered 47, involving liabilities of \$324,000, which compares with 52 defaults with liabilities of \$493,000 in February and 26 insolvencies for a total of \$276,000 in March, 1937.

## DETAILED SURVEY OF DISTRICT

### MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales			Stocks
	Mar. 1938 compared with Feb. '38	Mar. '37	3 months 1938 comp. with same period 1937	Mar. 31, 1938 comp. with Mar. 31, 1937
Boots and Shoes.....	+ 0.4%	-16.3%	- 7.5%	+18.1%
Drugs and Chemicals..	+11.1	-11.1	-10.0	- 7.0
Dry Goods.....	+14.2	-20.3	-23.5	-18.6
Electrical Supplies.....	+33.2	-34.5	-13.5	-13.0
Furniture.....	+41.1	-21.8	-24.2	+ 5.9
Groceries.....	+12.4	-14.1	-11.6	-11.0
Hardware.....	+22.6	-16.1	-12.0	-12.0
All above lines.....	+ 8.4	-17.0	-13.2	- 2.8

**Automobiles** — Combined passenger car, truck and taxicab production in the United States in March totaled 221,951 against 186,806 in February and 494,121 in March, 1937.

**Boots and Shoes** — The increase in March sales over the preceding month, as shown in the above table, was seasonal in character, but the smallest recorded in this comparison since these records began in 1924, with the exception of 1934, when a decrease was shown. Since April 1 a fair volume of reordering was reported, mainly of merchandise for the Easter trade. A number of the principal reporting firms have announced a wage cut of 10 per cent

for all their employees to be effective early in May.

**Clothing** — March sales of the reporting firms were 29 per cent and 2.2 per cent greater, respectively, than a month and a year earlier. The trend of prices continued lower, and throughout the period were measurably below a year ago. Owing to the unusually mild winter and early spring, clearance of heavyweight apparel through retail channels was disappointing.

**Drugs and Chemicals** — There was little change in the drug and chemical trade from the quiet conditions which have obtained in recent months. Demand for heavy chemicals from the general manufacturing trade was the principal factor in the decrease in March sales under the same month last year.

**Dry Goods** — Purchasing for prompt shipment has improved perceptibly since mid-March, but advance business on the books of reporting firms as of April 1 was reported about one-third smaller than on the same date in 1937.

**Electrical Supplies**—While more than one-third smaller than a year ago, sales of the reporting firms in March were the largest for the month in all other years since 1924. The increase from February to March was considerably greater than the expected seasonal amount. Advance ordering of seasonal merchandise, notably fans, has developed notable improvement since April 1.

**Furniture**—Ordering by retailers is reported exclusively on a necessity basis, with all lines showing sharp declines as contrasted with a year ago. First quarter sales this year were about one-fourth below those of the same period a year ago, when the total for the first three months was approximately 50 per cent greater than during the like interval in 1936.

**Groceries**—Purchasing on a somewhat broadened scale in the country, where retailers are more inclined than heretofore to replenish depleted stocks, was partly responsible for the somewhat larger than usual seasonal increase from February to March. With the exception of canned goods, inventories as of April 1 were measurably below a year ago.

**Hardware**—Further improvement in ordering of seasonal merchandise has taken place since mid-March, particularly of commodities used in the rural areas. Builders' tools and kindred lines continue dull.

**Iron and Steel Products**—The status of the iron and steel industry in this area during March and early April showed little change as contrasted with the similar period immediately preceding. Irregularity and spottiness continues, but on the whole the moderate betterment noted since January was maintained. Ordering of raw materials, notably pig iron, scrap and metallurgical coke during March for second quarter delivery was almost entirely absent. A considerable volume of pig iron was carried over from last year, and melters are disposed to draw on these reserves or to purchase only a sufficient amount to carry them from month to month in the open market. Purchasing by the automotive industry was on a limited scale, and this condition is likely to endure for some time as a number of important manufacturers plan to end production of present models in June and these have sufficient steel to carry out this program. Work on 1939 models is being advanced to start the new season earlier than usual. Except for shop and general repair materials, the railroads are buying practically nothing, the principal exception being the placement of 32,400 tons of rail by a system with St. Louis headquarters. Distribution of iron and steel through warehouse and jobbing interests in March

was approximately 8 per cent greater than in February, but one-third less than in March, 1937. March shipments of pig iron to district melters were about 28 per cent larger than in February and 12 per cent smaller than a year ago. Outlet through the building industry is still constricted, operations at fabricating plants being at only 30 per cent of capacity, as compared with 72 per cent at the corresponding period a year ago. Operations at plants producing steel ingots was at 42.4 per cent of capacity at mid-April, which compares with 37 per cent a month earlier and 94 per cent on April 15, 1937. Prices of finished steel were unchanged, and the same was true of raw materials, other than scrap iron and steel, which declined to the lowest average level since 1932. For the entire country production of pig iron in March, according to the magazine "Steel" totaled 1,483,368 tons, against 1,306,333 tons in February and 3,470,470 tons in March, 1937. March production of steel ingots in the United States amounted to 2,011,840 tons as compared with 1,703,245 tons in February and 5,216,243 tons in March, 1937.

#### 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	Stock Turnover
	Mar. 1938 compared with Feb. 1938	3 mos. 1938 to same period '37	Mar. 31, '38 comp. with Mar. 31, '37	Jan. 1, to Mar. 31, 1938	1937
Ft. Smith, Ark.....	+33.3%	-5.7%	-4.5%	-17.4%	.63 .59
Little Rock, Ark.....	+14.5	-16.9	9.4	-13.5	.62 .63
Louisville, Ky.....	+32.7	-28.6	+0.7	-0.4	.89 .85
Memphis, Tenn.....	+14.2	-19.2	6.5	-2.9	.71 .76
Pine Bluff, Ark.....	+52.6	-18.3	-23.6	-10.1	.49 .57
Quincy, Ill.....	+40.6	-8.7	-4.1	-4.5	.69 .78
St. Louis, Mo.....	+28.2	-7.9	-5.1	-9.5	.96 .96
Springfield, Mo.....	+54.8	-7.8	-6.3	-11.2	.56 .55
All Other Cities.....	+36.4	-17.2	-12.3	-12.5	.60 .64
8th F. R. District.....	+26.4	-12.8	-5.2	-8.1	.86 .87

Percentage of account and notes receivable outstanding March 1, 1938, collected during March, by cities:

	Installment Accounts	Excl. Instal. Accounts	Installment Accounts	Excl. Instal. Accounts
Fort Smith.....	.....%	40.8%	Quincy.....	.....%
Little Rock.....	15.2	37.5	St. Louis.....	18.8
Louisville.....	12.5	48.4	Springfield.....	.....
Memphis.....	24.0	39.9	Other Cities.....	14.9
Pine Bluff.....	.....	33.3	8th F. R. Dist.....	17.7
				47.2

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

	Net Sales			Stocks on Hand	Stock Turnover
	Mar. 1938 compared with Feb. 1938	3 mos. 1938 to same period '37	Mar. 31, '38 comp. with Mar. 31, '37	Jan. 1, to Mar. 31, 1938	1937
Men's Furnishings.....	+23.7%	-39.5%	-21.5%	+23.0%	.50 .70
Boots and Shoes.....	+61.5	-19.1	-7.3	-6.6	1.39 1.46

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

Men's Furnishings.....	34.5%	Boots and Shoes.....	38.0%
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## TRANSPORTATION

According to officials of railroads operating in this district, freight traffic handled during March and the first week of April increased in considerably less than the expected seasonal amount and was the smallest for any like period in recent years. With the exception of grain and grain products and livestock, all categories of freight show declines during the first quarter as compared with a year ago, with heaviest losses being in miscellaneous freight, coal and merchandise L. C. L. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 78,850 loads in March, against 69,249 loads in February and 105,712 loads in March, 1937. During the first nine days of April the interchange amounted to 20,436 loads, which compares with 22,885 loads during the like interval in March and 30,566 loads during the first nine days of April, 1937. Passenger traffic of the reporting lines in March fell 7.72 per cent in the number of passengers handled and 9.39 per cent in revenue as compared with the same month a year earlier. For the entire country loadings of revenue freight for the first thirteen weeks this year, or to April 2, totaled 7,158,227 cars, against 9,185,301 cars for the corresponding period in 1937 and 7,973,592 cars in 1936. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in March was 186,300 tons, against 155,487 tons in February and 130,954 tons in March, 1937; for the first quarter this year cumulative tonnage was 518,268 tons against 299,580 tons for the first three months of 1937.

## MINING AND OIL

**Coal** — Influences which made for reduction in bituminous coal production during the preceding several months continued in marked degree during March, with the result that output at Eighth District mines fell sharply below the preceding month and March last year. Mild weather militated against business of retail distributors, and depressed conditions in industry held down advance buying by manufacturing concerns, railroads and other important consuming groups. Since abandonment of the code, coal prices have been uncertain and unemployment in all fields of the district has increased noticeably. For the entire country, production of soft coal in March totaled 26,800,000 tons, against 27,000,000 tons in February and 51,315,000 tons in March, 1937; for the first three months this year 84,680,000 tons were lifted, which compares with 134,365,000 tons during the first quarter of 1937. At mines in this general area production in March was 14 per cent

smaller than in February and 41 per cent less than in March, 1937; cumulative output for the first quarter was about one-third under that of the first three months of 1937. Illinois mines produced 2,718,782 tons in March against 3,388,278 tons in February and 6,518,304 tons in March, 1937. There were 118 mines in operation in March and 32,588 men on payrolls, which compares with 133 active mines and 34,579 operatives in February.

**Petroleum** — February production in states of the Eighth District was 1.0 per cent greater than during the preceding month and 85.2 per cent more than in February, 1937. Cumulative total for the first quarter this year was larger by 83.2 per cent than during the same period in 1937. Stocks were 106.9 per cent larger in February than a year ago. Developments in the Schuler area were responsible for output in Arkansas rising to the highest point since February, 1931. According to the Bureau of Labor Statistics, the price index for petroleum in February was 58.0 per cent of the 1926 average, which compares with 58.8 per cent in January and 59.1 per cent in February, 1937.

Detailed production and stock figures by states are given in the following table:

(In thousands of barrels)	Production			Cumulative		Stocks	
	Feb., 1938	Jan., 1938	Feb., 1937	1938	1937	Feb., 1938	Feb., 1937
Arkansas .....	1,335	1,286	760	2,621	1,528	2,655	3,336
Illinois .....	1,108	1,128	343	2,236	711	11,356	3,073
Indiana .....	70	66	64	136	123	3,120	1,412
Kentucky .....	406	411	409	817	809	983	932
Totals.....	2,919	2,891	1,576	5,810	3,171	18,114	8,753

## AGRICULTURE

Combined receipts from the sale of principal farm products and Government payments to farmers in states including the Eighth District during the period January-February, 1936, 1937, 1938 and during February, 1937 and 1938 are given in the following table:

(In thousands of dollars)	February		Cumulative for 2 months		
	1938	1937	1938	1937	1936
Indiana.....	\$ 17,445	\$ 21,174	\$ 37,751	\$ 42,466	\$ 36,402
Illinois.....	31,979	34,485	69,752	76,024	62,460
Missouri.....	14,473	13,863	31,693	32,380	33,670
Kentucky.....	10,142	11,089	44,515	48,114	25,217
Tennessee.....	8,137	9,846	24,027	27,096	16,373
Mississippi.....	9,744	10,042	22,206	22,929	12,468
Arkansas.....	7,666	7,425	17,558	17,613	9,937
Totals.....	99,586	107,924	247,502	266,622	196,527

**Farming Conditions** — In the wake of one of the mildest winters of record in this general area, late March and early April brought unseasonably low temperatures, accompanied in many localities by severe rain and snow storms, sleet and ice. Prior to the cold snap considerable progress had been made in field work, but delays occasioned by adverse weather held up these operations and at mid-April preparations for spring crops were somewhat in arrears of the usual seasonal schedule. Widespread

damage was done to fruits in the northern tiers of the district, and in the south early vegetables sustained serious injury, necessitating replanting of some species. Surface and subsoil conditions were greatly benefited by the abundant rainfall and universally are the most favorable experienced in a number of years. Fall sown grain crops came through with a minimum of winter injury. Planting of spring oats had been about completed at mid-April and scattered reports reflected good germination and stands. Damage from floods to crops and farm property was severe in some sections, but this injury was localized and nothing like as extensive as in some recent flood years.

The trend of farm prices during the past thirty days was downward, and throughout the period values were measurably below those prevailing a year earlier. As of April 2, the farm products group of the Bureau of Labor Statistics Index stood at 68.8 per cent of the 1926 average, which compares with 71.1 per cent on March 5; 96.0 per cent on April 3, 1937; 76.3 per cent on April 4, 1936 and 43.4 per cent on April 1, 1933. As contrasted with former seasons, there has been marked improvement in the matter of financing spring operations. Governmental and other agencies have made considerable advances of funds to farmers at moderate interest rates and in all sections seed and other necessary supplies have been made available. The supply of farm labor continues in excess of requirements, with less than the usual seasonal reduction noted in idle workers.

**Corn** — Stocks on farms in Eighth District states as of April 1 are estimated at 470,950,000 bushels or 61 per cent more than average stocks on the date in the period, 1927-1936, but nearly twice the quantity on hand April 1, 1937. The heavy reserve stocks this year are due to smaller disappearance during the winter because of mild weather and to the smaller number of livestock on farms, also to the large 1937 crop.

**Cotton** — In the immediate past farm work has made excellent progress, with soil generally in condition to plant consistent with progress of the season. Flood conditions of more or less severity have delayed operations in lowlands of Arkansas and southern Missouri. Acreage intentions are still very indefinite, and will continue so until Government quotas have been fully worked out. According to the National Fertilizer Association, sales of fertilizer tags in states of this district in March were 72 per cent larger than in February and 23 per cent less than in March, 1937; for the first quarter the total was 8.1 per cent less than during the first three

months of 1937, but almost one-third greater than for the comparable period in 1936. In sympathy with other commodities, the price of raw cotton tended downward during March and the first half of April. In the St. Louis market the middling grade ranged from 7.55c to 8.50c per pound between March 15 and April 15, closing at 8.00c on the latest date, which compares with 8.50c on March 15 and 13.75c on April 15, 1937. Final ginnings for the 1937 crop, released by the Bureau of the Census on March 21, showed combined production in Eighth District states of 5,404,532 bales, which compares with 3,862,046 bales in 1936 and 2,572,844 bales in 1935. Receipts at Arkansas compresses from August 1, 1937, to April 8, 1938, totaled 1,743,514 bales, against 1,285,938 bales during the like period a year earlier. Stocks on hand as of April 8 amounted to 793,836 bales, against 263,163 bales on the corresponding date in 1937.

**Fruits and Vegetables** — Up until the middle of March, prospects for fruits and vegetables were exceptionally promising, due to the mild, open winter. In late March and early April, however, these prospects were reversed by frosts, freezes and severe rain and snow storms over practically the entire district. The low temperatures caught apple, peach, pear and cherry trees at the critical blossoming and budding stage, and reports from scattered sections reflect damage ranging from 10 per cent to as high as 50 per cent. Most seriously affected were the peach and pear crops, both of which are highly susceptible to cold. Relatively little injury was sustained by apples, particularly late varieties. Strawberries in the Ozark region suffered in varied degree, but increased acreage this year, it is believed, will offset the damage, and with average conditions to harvest, the crop should equal or slightly exceed that of last year.

**Livestock** — As has been the case since last fall, the condition of livestock throughout the district was unusually high during March and the first half of April. The mild, open winter, coupled with abundant feed and forage supplies, was reflected in a minimum of losses to herds. The condition of pastures as of April 1, according to the U. S. Department of Agriculture, was the highest for that date in almost a decade.

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

	Receipts			Shipments		
	Mar., 1938	Feb., 1938	Mar., 1937	Mar., 1938	Feb., 1938	Mar., 1937
Cattle and Calves.....	90,539	77,339	101,756	54,333	46,415	52,321
Hogs.....	186,092	173,603	243,838	113,012	112,863	133,945
Horses and Mules.....	4,469	6,741	7,452	5,207	6,725	7,819
Sheep.....	38,836	46,596	41,268	8,035	9,831	10,482
Totals.....	319,936	304,279	394,314	180,587	175,834	204,567

**Tobacco** — Final report of the U. S. Department of Agriculture estimates total production of burley tobacco in 1937 at 402,673,000 pounds, of which 364,210,000 pounds were produced in states of the Eighth District. This compares with 218,252,000 pounds in 1936, of which 195,907,000 were raised in this area. Tobacco growers recently voted in favor of the "marketing quota" for the 1938 crop. The vote was taken in pursuance of the amendment to the 1938 farm act, approved March 28.

In a special report as of March 1, the U. S. Department of Agriculture, places the indicated acreage of all types of tobacco to be planted in states of the Eighth District in 1938 at 574,000 acres, which compares with 557,500 acres in 1937, 408,600 acres in 1936 and 407,900 in 1935.

**Winter Wheat** — According to the U. S. Department of Agriculture, indicated yields per acre in all states of the Eighth District on April 1 were higher than the 10-year (1927-1936) average on that date. Based on the April 1 condition, the combined yield in these states is estimated at 126,946,000 bushels, which compares with 138,851,000 bushels harvested in 1937 and the 10-year average of 88,721,000 bushels. Stocks of wheat on farms on April 1 in district states was estimated at 16,765,000 bushels, against 6,611,000 a year earlier and the 10-year average of 11,180,000 bushels. Except where excessive rains have flooded the lowlands, conditions since April 1 have been mainly favorable for growth and development of the crop.

### COMMODITY PRICES

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

	High	Low	Close	
			April 15, 1938	April 15, 1937
<b>Wheat</b>				
*May .....per bu..	\$.89	\$.81	\$ .83½	\$ 1.34¾
*July .....	.86½	.79	.82½	1.21½
*Sept. ....	.85½	.79½	.83½	1.19¾
*No. 2 red winter	.91½	.84	.86½	1.41½
*No. 2 hard .....	.92½	.85	.87½	1.37
<b>Corn</b>				
*May .....	.62	.58½	.60½	1.28½
*July .....	.62½	.60¾	.62	1.20
*Sept. ....	.63½	.60½	.62½	1.10¾
*No. 2 mixed .....	.62	.58½	.59½	1.37
*No. 2 white .....	.63	.59	.60	1.37½
<b>Oats</b>				
*May .....	.34¾	.31½	.34¾	
*July .....	.33¾	.30½	.32½	
*Sept. ....	.33¾	.31½	.33	
*No. 2 white .....	.34	.31	.32½	.57½
<b>Flour</b>				
Soft patent.....per bbl.	4.75	4.25	4.25@4.50	6.55@ 7.05
Spring " .....	6.20	5.70	5.70@6.10	8.60@ 8.80
Middling Cotton...per lb.	.0850	.0755	.0800	.1375
Hogs on Hoof.....per cwt.	9.25	8.18	8.27	10.03

\*Nominal quotations.

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in March was 90.3 per cent larger than in February and

1.6 per cent smaller than in March, 1937. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in March amounted to \$12,587,000 which compares with \$6,683,000 in February and \$16,416,800 in March, 1937. Building figures for March follow:

	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1938	1937	1938	1937	1938	1937	1938	1937
Evansville.....	17	43	\$ 53	\$ 44	122	229	\$ 51	\$ 145
Little Rock.....	26	35	55	96	93	133	32	66
Louisville.....	123	88	462	266	63	54	38	68
Memphis.....	293	292	340	583	254	218	101	116
St. Louis.....	247	331	584	530	213	239	158	156
Mar. Totals...	706	789	1,494	1,519	745	873	380	551
Feb. " .....	372	334	785	951	519	618	364	371
Jan. " .....	276	353	642	624	405	280	445	490

### CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in March as being 13.5 per cent more than in February and 10.4 per cent smaller than in March, 1937. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Mar., 1938		Mar., 1937		March, 1938 compared with	
		K.W.H.	1937	K.W.H.	1937	Feb. 1938	Mar. 1937
Evansville.....	40	2,568	2,049	3,702	2,049	+25.3%	-30.6%
Little Rock.....	35	1,807	1,665	1,902	1,665	+ 8.5	- 5.0
Louisville.....	82	7,462	7,354	8,896*	7,354	+ 1.5	-16.1
Memphis.....	31	2,665	2,281	2,378	2,281	+16.8	+12.1
Pine Bluff.....	20	810	883	1,021	883	- 8.3	-20.7
St. Louis.....	194	19,377	16,320	20,827	16,320	+18.7	- 6.1
Totals.....	402	34,689	30,552	38,726	30,552	+13.5	-10.4

\*Revised.

### POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase of 1.0 per cent in combined postal receipts for the first three months this year over the corresponding period in 1937 and a decrease of 14.4 per cent under the final quarter of 1937. Detailed figures follow:

Quarter Ending	Mar. 31, 1938	Dec. 31, 1937	Mar. 31, 1937	Comp. first Qrs. 1938 and 1937
Evansville.....	\$160,399	\$185,811	\$147,364	+18.8%
Little Rock.....	216,832	228,463	209,729	+ 3.4
Louisville.....	698,355	818,576	661,208	+ 5.6
Memphis.....	661,509	821,128	658,025	+ 0.5
St. Louis.....	2,585,285	2,997,663	2,603,591	- 0.7
Totals.....	4,322,380	5,051,642	4,279,917	+ 1.0

### LIFE INSURANCE

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

(In thousands of dollars)	Mar., 1938	Feb., 1938	Mar., 1937	Cumulative Totals 1938	Cumulative Totals 1937	Cumul. change
Arkansas.....	\$ 4,270	\$ 2,781	\$ 4,124	\$ 9,990	\$ 11,248	-11.1%
Illinois.....	46,972	41,605	59,537	130,944	154,340	-15.2
Indiana.....	13,206	10,552	16,769	35,328	41,949	-15.8
Kentucky.....	7,300	5,825	7,401	19,668	16,397	+19.9
Mississippi.....	3,605	2,659	3,918	8,788	10,269	-14.4
Missouri.....	18,193	16,384	22,390	50,991	56,317	- 9.5
Tennessee.....	7,901	6,058	10,566	20,150	25,141	-19.9
Totals.....	101,397	85,864	124,705	275,859	315,661	-12.6
United States...	568,473	488,703	722,631	1,550,991	1,847,604	-16.1

## BANKING AND FINANCE

Banking and financial developments in the Eighth District during the past thirty days showed no significant changes as contrasted with earlier months this year. Demand for credit continued sluggish, and liquidation of commercial loans was in considerable volume, particularly in the large cities where banks supply accommodations to boot and shoe, dry goods and other wholesaling and jobbing lines with which April is an important settlement month. Payments of loans were for the most part in excess of new borrowings and extensions, with the result that loans of commercial banks receded further, the total reaching a new low for the year at mid-April. Despite earliness of the season, inquiries for funds to finance the planting of spring crops were less in evidence than is usually the case at this time of year. Commitments of flour milling and grain handling interests declined in about the expected seasonal volume. Demand for credit for conditioning livestock for market was reported in fair volume.

**Member Banks**—Reflecting the generally restricted demand for credit, total loans of the weekly reporting member banks in the principal cities declined 2.1 per cent between March 16 and April 13 and on the latter date reached the lowest point since the first report date in August last year. Investments showed no change during the four-week period except for a slight increase in holdings of Government securities. Gross deposits, which turned sharply downward in late March, have regained most of the lost ground since, and on April 13 were only 0.8 per cent less than a month earlier; total reserve balances declined 5.6 per cent.

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

(In thousands of dollars)	April 13, 1938	Mar. 16, 1938	April 14, 1937
<b>Loans—total</b> .....	<b>\$300,472</b>	<b>\$306,983</b>	<b>\$291,636</b>
Commercial, industrial, and agricultural:			
On securities.....	46,395	47,379	*
Otherwise secured and unsecured.....	136,060	141,033	*
Open market paper.....	9,767	9,928	*
Loans to brokers and dealers.....	5,007	4,661	5,608
Other loans to purchase or carry securities...	12,588	12,774	*
Real Estate loans.....	47,051	46,765	44,646
Loans to banks.....	5,758	6,518	4,972
Other loans:			
On securities.....	10,458	11,023	*
Otherwise secured and unsecured.....	27,388	26,902	*
<b>Investments—total</b> .....	<b>350,216</b>	<b>350,379</b>	<b>391,547</b>
U. S. Gov't obligations.....	204,601	203,512	230,102
Obligations guaranteed by U. S. Gov't.....	49,843	49,684	55,791
Other securities.....	95,772	97,183	105,654
<b>Gross deposits</b> .....	<b>894,550</b>	<b>901,564</b>	<b>921,449</b>
Demand deposits.....	705,514	710,515	734,150
Time deposits.....	189,036	191,049	187,299
<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.

Aggregate amount of savings deposits held in selected banks on April 6 was 0.1 per cent greater than on March 2 and 2.4 per cent in excess of the total on April 7, 1937.

Interest rates remained unchanged at the record low levels which have obtained in recent months. At downtown St. Louis banks, as of the week ended April 15, rates charged were as follows: Customers' prime commercial paper, 1½ to 5¾ per cent; collateral loans 2 to 6 per cent; loans secured by warehouse receipts, 1¾ to 5¼ per cent; interbank loans, 3½ to 4 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 March, 1938, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	5,186,618	\$1,065,243,216
Collections (non-cash items) handled.....	153,399	38,698,237
Transfers of funds.....	5,369	288,724,744
Currency and coin received and counted.....	21,157,488	33,245,293
Rediscounts, advances and commitments.....	31	2,105,350
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc.	18,886	53,328,543
Bills and securities in custody—coupons clipped	22,487	.....

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

(In thousands of dollars)	April 19, 1938	Mar. 19, 1938	April 19, 1937
Industrial advances under Sec. 13b.....	\$ 207	\$ 201	\$ 342
Other advances and rediscounts.....	151	300	238
Bills bought (including participations)	2	2	86
U. S. securities.....	119,173	114,189	109,925
<b>Total earning assets</b> .....	<b>119,533</b>	<b>114,692</b>	<b>110,591</b>
Total reserves.....	324,095	284,917	274,897
Total deposits.....	259,198	215,327	199,604
F. R. Notes in circulation.....	177,615	178,146	180,086
Industrial commitments under Sec. 13b	489	485	1,004
Ratio of reserve to deposit and F. R. Note liabilities.....	74.2%	72.4%	72.4%

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

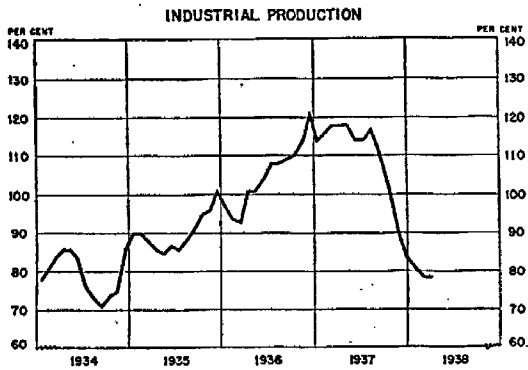
- (1) Rediscounts and advances to member banks, under Section 13 and 13a.....2 % per annum
- (2) Advances to member banks, under Section 10b.....1½ % per annum
- (3) Rediscounts, purchases, and advances to member banks, nonmember banks and other financing institutions, under Section 13b:
  - (a) On portion 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 to debits to individual accounts reflects spending trends in this district:

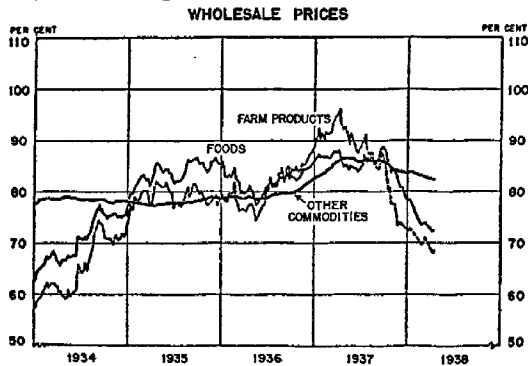
(In thousands of dollars)	Mar., 1938	Feb., 1938	Mar., 1937	Mar. 1938 comp. with Feb. 1938	Mar. 1937
<b>East St. Louis and Natl.</b>					
Stock Yards, Ill. \$ 29,901	\$ 25,959	\$ 34,819	\$ 4,870	+15.2%	—14.1%
El Dorado, Ark.....	5,833	4,695	4,870	+24.2	+19.8
Evansville, Ind.....	25,672	21,799	33,250	+17.8	—22.8
Fort Smith, Ark.....	11,733	9,956	12,339	+17.8	+ 4.9
Greenville, Miss.....	5,103	5,146	5,664	— 0.8	— 9.9
Helena, Ark.....	1,806	1,784	1,853	+ 1.2	— 2.5
Little Rock, Ark.....	36,009	29,070	42,976	+23.9	—16.2
Louisville, Ky.....	142,098	138,116	188,799	+ 2.9	—24.7
Memphis, Tenn.....	119,319	106,717	149,398	+11.8	—20.1
Owensboro, Ky.....	6,112	5,756	6,407	+ 6.2	— 4.6
Pine Bluff, Ark.....	9,358	6,479	8,512	+44.4	+ 9.9
Quincy, Ill.....	7,429	5,990	8,520	+24.0	—12.8
St. Louis, Mo.....	523,933	445,067	622,600	+17.7	—15.8
Sedalia, Mo.....	1,779	2,303	1,906	—22.8	— 6.7
Springfield, Mo.....	13,264	10,947	16,327	+21.2	—18.8
Texarkana, Ark-Tex.	9,778	6,142	8,276	+59.2	+18.1
<b>Totals</b> .....	<b>949,127</b>	<b>825,926</b>	<b>1,146,516</b>	<b>+14.9</b>	<b>—17.2</b>

# NATIONAL SUMMARY OF BUSINESS CONDITIONS

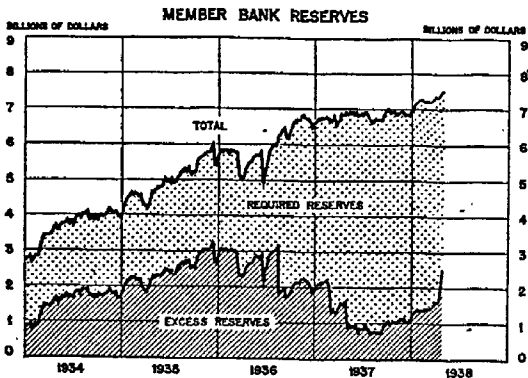
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



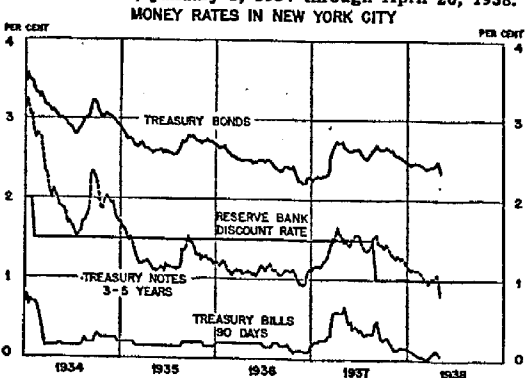
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, through March, 1938. Latest figure March, 79.



Indexes compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934, through week ending April 16, 1938. Latest figures, farm 68.9, foods 72.3, other 82.1.



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 3, 1934 through April 20, 1938.



Discount rate of Federal Reserve Bank; weekly averages of daily yields on 3 to 5 year Treasury notes and on Treasury bonds callable after 8 years, and weekly average of daily dealers' quotations on 90-day Treasury bills or rate on new bills offered in week. For weeks ending January 6, 1934, through April 23, 1938.

In March and the first three weeks of April industrial activity continued at about the same rate as in January and February. Distribution of commodities to consumers showed less than the usual seasonal increase and wholesale commodity prices declined further.

**Production**—Volume of industrial production showed little change from February to March and the Board's index, which is adjusted for the numbers of working days and for usual seasonal variations, remained at 79 per cent of the 1923-1925 average. In the steel industry, output of ingots averaged 33 per cent of capacity in March and continued at about this level in the first three weeks of April. Shipments of finished steel in March, as in other recent months, were at a somewhat higher rate than output. Automobile production, which usually expands sharply at this time of the year, showed little change from the low level of January and February, and output of tires and plate glass likewise remained at a low rate. In the lumber and cement industries there were considerable increases in output in March. At cotton and silk textile mills and shoe factories activity rose somewhat, while production at woolen mills declined following a rise in February. Declines were reported also for meat packing and sugar refining. At mines, where production decreased generally in February, output of bituminous coal and nonferrous metals continued to decline in March, while production of anthracite and crude petroleum increased somewhat.

Value of construction contracts awarded showed a considerable increase in March, according to figures of the F. W. Dodge Corporation. Awards for residential work, which had advanced moderately in February, increased sharply in March, but were still 12 per cent less than in March, 1937. Contracts for other private work also increased in March, but remained considerably smaller than a year ago. The value of public projects showed an increase and was higher than last year.

**Employment**—Factory employment declined somewhat and payrolls showed little change from the middle of February to the middle of March, although increases are usual at this season. The number employed in the machinery industries decreased considerably further and at woolen mills there was also a substantial decline, while most other manufacturing industries showed moderate declines or little change. Employment on the railroads and in the public utilities declined somewhat further in March, while in other nonmanufacturing lines there was little change in the number employed.

**Distribution**—Sales at variety stores and by mail order houses increased seasonally in March, while sales at department stores showed less than the usual rise. The Board's seasonally adjusted index of department store sales declined from 88 in February to 86 in March and figures for the first three weeks of April indicate some further decline. Freight-car loadings showed little change from February to March, although a rise is usual at this time of the year. Shipments of coal declined substantially and miscellaneous loadings increased by less than the usual seasonal amount.

**Commodity Prices**—Wholesale commodity prices generally declined from the middle of March to the third week of April. There were further decreases in prices of a number of raw and semifinished industrial commodities, and prices of some leading agricultural products also declined, reflecting in part seasonal influences. In the middle of April prices of some industrial materials advanced slightly from the lows reached earlier in the month.

**Bank Credit**—During March and the first three weeks of April, total loans at reporting member banks in 101 leading cities declined further, reflecting a substantial reduction in loans to brokers and dealers in securities and also declines in commercial loans. Holdings of investments showed little net change, declining in March and increasing in April. As a part of the Government's program for encouragement of business recovery, the Board of Governors reduced reserve requirements of member banks by about \$750,000,000, effective April 16, and excess reserves correspondingly increased. As a part of the same program the Treasury discontinued the inactive gold account and deposited about \$1,400,000,000 of gold certificates with the Federal Reserve banks. Additions to excess reserves from this source will occur as the Treasury draws upon these deposits to meet current expenditures and the retirement of Treasury bills.

**Money Rates and Bond Yields**—Yields on Treasury bonds declined from a level of 2.50 per cent in the first half of April to 2.32 per cent on April 22. The average yield on 3-5 year Treasury notes declined to a new low of 0.81 per cent, which compares with the previous low of 0.91 per cent in December, 1936. The rate on three-month Treasury bills declined to virtually a no-yield basis. Other short-term open-market money rates remained unchanged in the first three weeks of April.