



BUSINESS CONDITIONS

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

RELEASED FOR PUBLICATION ON THE AFTERNOON OF MAY 31, 1938

FEDERAL RESERVE BANK OF ST. LOUIS

DISTRICT SUMMARY

BUSINESS in the Eighth District failed to improve during April, and save in a very limited number of lines which were directly affected by seasonal influences, the volume was under that of the preceding month and the smallest of the present depression. Since May 1 the same general trends have been in effect and about the same rate as during the preceding sixty days. The angle of decline, however, was nothing like as acute as that which reflected conditions during the final quarter of 1937, and in certain branches of industry and distribution of commodities indicated relative stability. As an instance, steel ingot production in this area declined only about three points from mid-April to the third week in May, whereas the decline from October to December, 1937, was approximately 45 per cent. Similar flattening tendencies were noted in glass, lumber, cement and the general run of building materials in the area. Withal production as a whole so far this year is markedly below that of a year earlier; the production index of the Board of Governors, adjusted for seasonal variation, stood at 77 per cent of the 1923-1925 average in April, as against 118 per cent in April, 1937. The total volume of distribution of commodities through wholesale and jobbing channels, as measured by statistics of firms reporting to this bank, decreased 35 per cent from October to December last year, while the loss from January to April this year was approxi-

mately 11 per cent. The momentum of decline in retail distribution is also less precipitous than in the earlier period.

There has been no deviation from the policy of extreme conservatism which has obtained in purchasing of merchandise of all descriptions during the past several months. In all lines investigated,

buying is for immediate requirements only, and with the lower trend in prices there is no incentive for future buying, either of finished goods or raw materials. This situation is reflected in the smallest volume of advance orders on books of producers and distributors recorded at this time in a number of years. There is also a reluctance to expend capital in new enterprise or in expansions and improvements of existing plants and facilities. As contrasted with earlier this year, however, there has been

a substantial reduction in inventories, a considerable portion of which represents goods acquired early last year, when expanding business and expected higher prices were stimulating buying. The employment situation as a whole continued unfavorable, the number of idle workers increasing and payrolls declining. Wage reductions and proposals for reductions were more numerous. April construction contracts in the district were 14 per cent above March, but 10 per cent under last year. Permits issued for new construction in the principal cities were lower in both comparisons.

Agriculture:	May 1, 1938 comp. with 1937 Av. 1927-36	
Estimated produc. of Winter Wheat.....	7.8%	+ 44.3%
Livestock:	April 1938 comp. with Mar. 1938 April 1937	
Receipts at National Stock Yards.....	+ 3.0%	- 18.5%
Shipments from aforesaid Yards.....	- 1.2	- 11.2
Production and Distribution:		
Sales by mfrs. and wholesalers.....	-12.8	- 20.8
Department store sales.....	+ 5.8	- 4.2
Car loadings.....	-13.8	- 30.3
Building and Construction:		
Bldg. permits, incl. repairs { Number.....	- 2.0	- 19.3
{ Cost.....	-16.1	- 41.8
Value construc. contracts awarded....	+14.3	- 10.4
Miscellaneous:		
Commercial failures { Number.....	+ 2.1	+128.6
{ Liabilities.....	+52.2	+138.2
Consumption of electricity.....	+ 0.8	- 15.3
Debits to individual accounts.....	- 4.8	- 18.4
Member Banks (24):	May 11, '38 comp. with Apr. 13, '38 May 12, '37	
Gross deposits.....	+ 0.3%	+ 1.3%
Loans.....	- 2.4	+ 0.1
Investments.....	+ 4.8	- 2.2

As reflected in sales of department stores in the principal cities, the volume of retail trade in April was 5.8 per cent larger than in March and 4.2 per cent less than in April, 1937; for the first four months the cumulative total was 4.9 per cent smaller than that for the corresponding period a year ago. Combined sales of all wholesaling and jobbing firms whose statistics are available to this bank were 12.8 per cent and 20.8 per cent smaller, respectively, than a month and a year earlier, and cumulative total for the year to May 1 was 14.9 per cent under that of the like interval in 1937. The dollar value of new building permits issued for new construction in the principal cities in April was about one-fourth less than a month earlier and 45.7 per cent below April, 1937; cumulative total for the first four months was smaller by one-third than in the same period a year earlier. Construction contracts let in the Eighth District in April exceeded those of the preceding month by 14.3 per cent, but were 10.4 per cent below a year ago, and for the first four months this year the cumulative total was 22.8 per cent under that of comparable interval in 1937.

Agricultural conditions throughout the district underwent no marked change between mid-April and the third week in May. Outlook generally is for large production, both of the major and minor crops. The season to date, barring the cold spell in early April, has been favorable for vegetation and livestock. Farm work, except where interfered with by rains, is mainly up to the seasonal schedule. Wheat prospects improved moderately from March to April, and the condition of all winter cereals is high. Planting of corn has progressed rapidly during the past three weeks. As of May 15 about half of the crop had been planted as against only 25 per

cent on the same date last year. As an offset to the favorable outlook for production has been the sharp downward trend in prices of farm products. This fact, coupled with heavy carryover of many productions and a disposition to await final decisions on quotas and other features connected with the Government's agricultural program, has made for much uncertainty relative to ultimate acreages to be planted.

The status of collections in the district during the past thirty days developed no marked change from the trends which have been in evidence during the past several months, and general conditions considered, results made a fairly favorable exhibit as contrasted with a year ago. Payments to wholesalers in the principal distributing centers in April and the first half of May were on the whole about up to expectations. This fact, however, was attributable to much reduced volume of outstanding indebtedness and the general policy of hand-to-mouth purchasing by retail merchants. Considerable spottiness was noted in city retail collections, and in the country settlements were interfered with somewhat by preoccupation of farmers with spring planting operations. Inquiries made in the large urban centers indicate increasing delinquency and backwardness in domestic housing rental payments. Time payment houses report a very noticeable slowing down in collections in recent weeks. Questionnaires addressed to representative interests in the several lines scattered through the district show the following results:

	Excellent	Good	Fair	Poor
April, 1938.....	1.8%	30.2%	40.5%	27.5%
March, 1938.....	1.2	34.8	44.5	19.5
April, 1937.....	4.5	44.5	44.0	7.0

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		4 months 1938 comp. with same period 1937	Stocks April 30, 1938 comp. with April 30, 1937
	April, 1938 compared with Mar. '38	Apr. '37		
Boots and Shoes.....	-18.4%	-24.2%	-10.1%	-21.1%
Drugs and Chemicals..	-10.3	-15.1	-11.3	-11.8
Dry Goods.....	-21.5	-20.5	-22.9	-25.5
Electrical Supplies.....	+11.8	-19.4	-15.3	+ 3.0
Furniture.....	+ 1.8	-20.0	-22.9	-20.5
Groceries.....	- 4.5	-20.3	-14.1	-17.6
Hardware.....	- 9.7	-19.9	-14.7	-12.6
All above lines.....	-12.8	-20.8	-14.9	-19.9

Automobiles — Combined passenger car, truck and taxicab production in the United States in April totaled 219,314 against 221,951 in March and 536,334 in April, 1937.

Boots and Shoes — The decline in sales in April from March, shown in the above table, was contra-seasonal in character, and the April total was the smallest for the month, with the exception of 1936

and 1932, since these records began in 1924. Production slowed down materially in April and early May, following the more than seasonal gain in April. The trend of prices was lower, with specific reductions in certain lines announced by several interests.

Clothing — Decreases in April sales under a month and a year earlier affected all lines, but most pronounced in outing and sports clothes and work clothes. Clearance of heavy weight apparel through retail channels was universally disappointing, and carryover of goods in this category was reported the heaviest in a number of years.

Drugs and Chemicals — April sales were the smallest for the month since 1935, and reports covering the first half of May reflect a continuance of the recessionary trend. Sales of certain stable lines,

including insecticides, were in considerable volume, but sharp decreases were reported in miscellaneous items and the general run of luxury goods. In contrast with a year ago, demand for heavy drugs and chemicals from the general manufacturing trade was light.

Dry Goods — The decline in April sales of the reporting firms of about one-fifth as contrasted with a year ago was accounted for largely by heavily reduced volume of future business. Advance orders on books of the reporting firms as of May 1 ranged from 30 per cent to as much as 75 per cent below those on the same date in 1937.

Electrical Supplies — A noticeable pick-up in demand for seasonal merchandise, especially electric fans and refrigeration materials, was responsible for the larger than usual seasonal increase in April sales over the preceding month. The status of business generally, however, is reported slow, with outlet through the building industry and public utilities narrower than at this season in more than a decade.

Furniture — The decrease in sales in this classification from March to April was much smaller than the usual experience, which fact is attributed to the very small volume in March rather than improvement in demand. In the comparison with a year ago, a large part of the decline was occasioned by light advance business and almost entire absence of stock orders.

Groceries — Business in the rural areas was reported relatively better than in the large cities, reflecting largely the low ebb of industrial employment. Retail stocks are in the main below normal for this season, but there is a general disposition to defer replenishing. The unusually early movement of fresh fruits and vegetables has adversely affected ordering of canned products.

Hardware — All lines of hardware shared in the decline in April sales under those for the same month last year. Most marked decreases were in the general classification of builders' hardware and tools, including paints, varnishes and kindred lines. Advance sales of sporting, outing and tourist goods and supplies were reported in the smallest volume since 1932.

Iron and Steel Products — The usual seasonal influences which make for improvement in the iron and steel industry in this area have failed to stimulate purchasing; April and the first half of May were marked by a further decline in activities, which in some lines receded to the lowest point so far reached on the present recessionary movement. Miscella-

neous demands for manufactured goods, which earlier in the year offered the principal support to the market, have diminished in volume, and no expansion has been noted in purchasing by the major consuming groups. Lettings of structural steel, including reinforcing concrete bars, are running measurably below a year ago, and such business as has been placed represents almost exclusively public works. Operations at structural steel fabricating plants were from 25 to 30 per cent of capacity, which contrasts with 60 per cent a year ago. Tin plate sales so far this year reflect a sharp decline in demands from can manufacturers and the building industry. Production at farm implement plants, beginning in early April, turned downward, in conformity with the usual seasonal trend. Sales of warehouse and jobbing interests in April was about on a parity with the preceding month, but approximately one-fourth below the April volume in 1937.

At mid-May operations at mills producing steel ingots were at 33.3 per cent of capacity, which compares with 42.4 per cent a month earlier and 94 per cent on May 14, 1937. Shipments of pig iron to district melters in April were slightly below the March total and a further decrease in the movement has taken place since May 1. With the exception of scrap iron and steel, which dropped to a new low for the year, prices showed no change worthy of note during the past thirty days. For the entire country, production of pig iron in April, according to the magazine "Steel," totaled 1,388,008 tons, the smallest for the month since 1933, and comparing with 1,470,211 tons in March and 3,400,636 tons in April, 1937. Steel ingot production in the United States in April amounted to 1,925,166 tons against 2,011,840 tons in March and 5,070,445 tons in April, 1937.

TRANSPORTATION

Freight traffic of railroads operating in this district during April and early May, according to officials of the reporting lines, continued below a year ago, and for the first four months this year, total volume was the smallest for any similar period in more than a decade. Decreases occurred in all classifications, but were most pronounced and significant in miscellaneous freight and fuels. The St. Louis Terminal Railway Association, which handles interchanges for 28 lines, interchanged 67,958 loads in April, against 78,850 loads in March and 97,454 loads in April, 1937. During the first nine days of May the interchange amounted to 21,102 loads, which compares with 20,436 loads during the same interval in April and 27,068 loads during the first nine days of May, 1937. Passenger traffic of the

reporting lines in April fell 2 per cent in number of passengers carried and 6 per cent in revenue as compared with the same month a year earlier. For the entire country, loadings of revenue freight for the first 18 weeks this year, or to May 7, totaled 9,820,772 cars, against 12,940,473 cars in the corresponding period in 1937 and 11,243,416 cars in 1936. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in April was 187,000 tons, against 186,621 tons in March and 179,180 tons in April, 1937; for the first four months this year, cumulative tonnage was 705,589 tons, against 470,580 tons during the same period a year earlier.

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	Stock
	April, 1938 compared with Mar. 1938	Apr. 1937	4 mos. 1938 to same period '37	on Hand Apr. 30,'38 comp. with Apr. 30,'37	Turnover Jan. 1, to Apr. 30, 1938 1937
Ft. Smith, Ark.....	- 5.2%	+ 8.2%	- 1.3%	-17.1%	.87 .77
Little Rock, Ark.....	+16.3	+ 3.6	- 5.8	-15.8	.89 .85
Louisville, Ky.....	+11.1	-16.5	- 5.2	- 8.4	1.25 1.26
Memphis, Tenn.....	+ 7.3	+ 1.3	- 4.5	- 4.2	.95 1.00
Pine Bluff, Ark.....	+12.6	-12.7	-20.4	-14.9	.72 .80
Quincy, Ill.....	- 4.9	- 1.3	- 3.3	- 6.9	.96 1.04
St. Louis, Mo.....	+ 3.6	- 4.3	- 4.9	-12.0	1.34 1.31
Springfield, Mo.....	+25.5	+17.0	+ 0.6	-17.8	.86 .76
All Other Cities.....	+23.2	+ 0.7	- 7.0	-19.2	.88 .85
8th F. R. District.....	+ 5.8	- 4.2	- 4.9	-11.0	1.20 1.19

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

	Installment Accounts	Excl. Instal. Accounts	Installment Accounts	Excl. Instal. Accounts
Fort Smith.....%	42.6%		Quincy.....%	49.8%
Little Rock..... 16.5	36.9		St. Louis..... 19.8	55.0
Louisville..... 12.8	46.6		Springfield.....	30.2
Memphis..... 24.5	40.9		Other Cities..... 15.0	62.3
Pine Bluff.....	32.3		8th F. R. Dist.. 18.4	48.9

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

	Net Sales			Stocks	Stock
	April, 1938 compared with Mar. 1938	Apr. 1937	4 mos. 1938 to same period '37	on Hand Apr. 30,'38 comp. with Apr. 30,'37	Turnover Jan. 1, to Apr. 30, 1938 1937
Men's Furnishings.....	+37.6%	+23.9%	-10.6%	- 9.3%	.74 .86
Boots and Shoes.....	+37.4	+43.5	+ 7.6	- 0.9	2.21 2.01

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

Men's Furnishings.....	33.1%	Boots and Shoes.....	35.5%
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MINING AND OIL

Coal — Stocks of bituminous coal held by industrial consumers have declined steadily since last December, and on April 30, the latest available figure, stood at 30,280,000 tons, a decrease of 6.2 per cent from March 1. Decreases were general among all industries, but most marked at byproduct coke

ovens, where inventories fell off 10.2 per cent. Mild weather and sluggish industrial demand were reflected in reduced consumption during the past thirty days and the lower trend in prices. At mines in this district there was a sharp decrease in employment from March to April. For the entire country, estimated production of soft coal in April was 22,195,000 tons, against 26,745,000 tons in March and 26,041,000 tons in April, 1937; cumulative output for the first four months was 107,233,000 tons which compares with 161,064,000 tons during the comparable period in 1937. At mines in this general area production in April was 13 per cent less than in March and 5 per cent below a year ago; for the first four months a decrease of 28.5 per cent under the like interval in 1937. Illinois mines produced 2,167,039 tons in April, against 2,718,782 tons in March and 1,967,339 tons in April, 1937. There were 95 mines in operation in April and 25,226 men on payrolls, which compares with 118 active mines and 32,588 operatives in March.

Petroleum — March output in states of the Eighth District was 17 per cent greater than in February and 92 per cent above March, 1937. Cumulative total for the first four months this year exceeded that of the like period in 1937 by 86.5 per cent. Stocks on March 31 were 1 per cent and 2.1 per cent smaller, respectively, than a month and a year earlier. Detailed production and stock figures by states are given in the following table:

(In thousands of barrels)	Production			Cumulative		Stocks	
	Mar., 1938	Feb., 1938	Mar., 1937	1938	1937	Mar., 1938	Mar., 1937
Arkansas.....	1,562	1,335	809	4,183	2,337	2,659	3,340
Illinois.....	1,330	1,108	410	3,566	1,121	10,998	11,176
Indiana.....	73	70	67	209	190	3,271	2,959
Kentucky.....	457	406	494	1,274	1,303	998	988
Totals.....	3,422	2,919	1,780	9,232	4,951	18,126	18,463

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-March, 1936, 1937, 1938 and during March, 1937 and 1938 are given in the following table:

(In thousands of dollars)	March		Cumulative for 3 months		
	1938	1937	1938	1937	1936
Indiana.....	\$ 19,070	\$ 26,845	\$ 56,821	\$ 69,311	\$ 54,897
Illinois.....	33,018	40,125	102,770	116,149	95,182
Missouri.....	15,074	17,853	46,767	50,233	47,696
Kentucky.....	15,861	12,894	60,376	61,008	30,653
Tennessee.....	11,965	11,625	35,992	38,721	22,399
Mississippi.....	7,047	13,539	29,253	36,468	15,928
Arkansas.....	7,537	8,495	25,095	26,108	13,563
Totals.....	109,572	131,376	357,074	397,998	280,318

Farming Conditions — Eighth District crop prospects as a whole are somewhat spotty, both with reference to the various species and several localities, but latest available advices from the U. S. Department of Agriculture, state agricultural de-

partments and other sources indicate that they are better than at this season during any of the last several years. High temperatures in March and the latter part of April gave the winter wheat crop, grass and pastures an early start and abundant rains have stimulated growth of all vegetation. Weather has also permitted farmers to make good progress in spring work. Rainfall has been above average and in some localities rains delayed operations, and serious to light damage was done by freezes in early April. At mid-May, however, the condition of ground fruit and vegetable crops was unusually high. Injury from insect pests of various descriptions is reported extensive, and because of the mild winter and other conditions favorable for propagating, visitations during the summer and fall are expected to be of considerable severity.

As an offset to the promising outlook for crops in promoting optimism in the farming community has been the decline in prices of farm products. Producers fear that with heavy yields this season, the market, under conditions incident to the business depression, will be unable to absorb the output and that prices may recede to still lower levels. This attitude has been reflected in a disposition to curtail acreage in certain localities, and to liquidate surplus carryover stocks of grain. At mid-May wheat prices declined to the lowest point in four years, due partly to favorable crop reports and slack export demand. As of May 7, the farm products group of the Bureau of Labor Statistics Index stood at 67.4 per cent of the 1926 average, which compares with 68.1 per cent on April 9; 91.0 per cent on May 8, 1937; 72.2 per cent on May 9, 1936 and 60.5 per cent on May 12, 1934.

Farm employment showed more than the usual seasonal increase during April, mainly as a result of the early spring and conditions generally favorable for early season work. The May 1 average, however, was somewhat lower than a year earlier. This situation apparently is the result of declining farm incomes. The drop in income also is reflected in the increased use of family labor. In part this indicates, according to the U. S. Department of Agriculture, a shift in the status of some members of the family from a cash-wage worker to that of an unpaid worker. It likewise reflects the scarcity of off-the-farm jobs.

Corn — Preparations for and planting of corn has made generally good progress. Considerable uncertainty in regard to acreage exists, however, mainly because numerous farmers, particularly in Illinois, Indiana and Missouri are refusing to sign

agreements with the Government owing to dissatisfaction with tentative allotments for the present year. The heaviest carryover in recent years and low prices are also factors in making for acreage uncertainty.

Cotton — Planting of the new crop has been virtually completed, except in the extreme northern counties and where rains and standing water have held back work. Indications at this time point to less replanting than in recent seasons. Less fertilizer is being used this year than last, and farmers are endeavoring to hold expenses to a minimum. According to the National Fertilizer Association, sales of fertilizer tags in states of the district in April were 11.5 per cent less than for the same month in 1937 and for the January-April period the total was 9.4 per cent below that of the like interval a year ago. In the St. Louis market the middling grade ranged from 7.9c to 8.10c per pound between April 15 and May 16, closing at 8c on the latest date, which compares with 8.0c on April 15 and 13c on May 13, 1937. Receipts at Arkansas compresses between August 1, 1937, and May 20, 1938, totaled 1,771,624 bales against 1,297,267 bales during the same period a year earlier. Stocks on hand as of May 20 totaled 770,188 bales, against 185,221 bales on the corresponding date last year.

Fruits and Vegetables — Early April freezes caused considerable damage to fruit and certain vegetable crops, but May 1 prospects are reported generally favorable in most of the important producing sections of the district. Frost injury was most pronounced in the case of peaches and early apples. While a large portion of the apple crop had set early in May, a heavier than usual drop is expected because of the weakening effect of low temperatures and faulty pollination resulting from cold, wet weather at blossom time, also heavy infestation of worms. All varieties of berries promise large yields, and the early outlook for grapes is favorable. Production of strawberries in the chief producing states is estimated at 1,130,000 crates, or about 73 per cent greater than the very small crop last year, but 8 per cent less than the 10-year (1927-1936) average. The peach crop in Mississippi and Arkansas is estimated at 3,340,000 bushels, which compares with 2,762,000 bushels harvested in 1937 and the 10-year average of 2,334,000 bushels.

Livestock — The general condition of livestock throughout the district in April and early May maintained the high average which has marked earlier months this year. The month was particularly aus-

icious for dairying operations, and milk production was reported 10.6 per cent greater than a year ago and 6.6 per cent in excess of the 10-year (1927-1936) average. Fattening of livestock for market continued on a large scale, but in many sections farmers complained of scant profits and even losses from conditioning cattle, present market prices being below those originally paid for the feeders.

Condition of hay crops and pastures is mainly high, and in all states of the district, above a year ago. Stocks of hay on farms in these states on May 1 are estimated at 2,882,000 tons, against 1,232,000 tons a year ago and 1,939,000 tons for the 10-year average.

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

	Receipts			Shipments		
	April, 1938	Mar., 1938	April, 1937	April, 1938	Mar., 1938	April, 1937
Cattle and Calves.....	87,000	90,539	94,383	53,254	54,333	49,771
Hogs.....	188,121	186,092	221,027	107,764	113,012	122,088
Horses and Mules.....	2,409	4,469	3,813	2,412	5,207	3,884
Sheep.....	52,014	38,836	85,051	14,984	8,035	25,084
Totals.....	329,544	319,936	404,274	178,414	180,587	200,827

Tobacco—As a consequence of the early spring, tobacco plants have developed rapidly, but growth has been uneven and there are complaints of blue mold, field fire and insect damage to plants in certain localities. In the burley and fired districts transplanting in a small way is reported, but farmers lack definite understanding as to the limitation of acreage to be planted under the agricultural control measure, which limits the quantity of tobacco to be sold at 350,000,000 pounds; however, they are proceeding to prepare the soil for full-sized planting, awaiting full details of the Government quota limitation plan.

Winter Wheat—Based on the May 1 condition the U. S. Department of Agriculture estimates production of winter wheat in Eighth District states at 128,029,000 bushels, an increase of 1,183,000 bushels over the April 1 forecast and comparing with 138,851,000 bushels harvested in 1937 and the 10-year (1927-1936) average of 88,721,000 bushels. Acreage abandonment is unusually light in all states.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in April was 24.8 per cent smaller than in March and 45.7 per cent less than in April, 1937. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in April amounted to \$14,384,000 which compares with \$12,587,000 in March and

\$16,054,600 in April, 1937. Building figures for April follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1938	1937	1938	1937	1938	1937	1938	1937
Evansville.....	16	66	\$ 55	\$ 91	128	207	\$ 37	\$ 83
Little Rock....	24	39	66	173	92	127	17	67
Louisville.....	99	99	215	306	69	82	34	31
Memphis.....	209	327	313	973	291	244	147	87
St. Louis.....	284	330	474	624	210	240	215	266
April Totals..	632	861	1,123	2,167	790	900	450	534
Mar. " ..	706	789	1,494	1,519	745	873	380	551
Feb. " ..	372	334	785	951	519	618	364	371

COMMODITY PRICES

Range of prices in the St. Louis market between April 15, 1938 and May 16, 1938, with closing quotations on the latter date and on May 15, 1937, follows:

	High	Low	Close	
			May 16, 1938	Mar. 15, 1937
Wheat				
*May .....per bu..	\$.83 3/4	\$.78 3/4	\$.81 1/2	\$ 1.27 1/2
*July .....	.81 5/8	.77 1/2	.77 1/2	1.17 1/2
*Sept. ....	.82 3/8	.78 1/2	.78 1/2	1.16 3/8
*No. 2 red winter " ..	.88 1/2	.81	.82	1.33 1/2
*No. 2 hard " ..	.87	.81	.83	1.31
Corn				
*May .....	.60 1/4	.57	.58	1.30 1/2
*July .....	.61 3/8	.57 3/4	.59 1/8	1.20
*Sept. ....	.62 3/4	.58 3/4	.60 1/8	1.10 3/4
*No. 2 mixed " ..	.60 1/2	.56 1/2	.58	1.35
*No. 2 white " ..	.60	.56 1/2	.59	1.31
Oats				
*May .....	.34 5/8	.27 1/8	.28 1/2	.50 1/4
*July .....	.32 7/8	.26 1/4	.26 1/4	.44 1/2
*Sept. ....	.33	.26	.26	.39 3/8
*No. 2 white " ..	.34	.29 1/2	.31	.57
Flour				
Soft patent.....per bbl.	4.50	4.15	4.15 @ 4.40	6.20 @ 6.70
Spring " ..	6.25	5.70	5.75 @ 6.15	7.70 @ 8.10
Middling Cotton...per lb.	.0810	.0790	.0800	1.300
Hogs on Hoof.....per cwt.	8.44	7.72	8.07	9.60 @ 11.00

*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 April as being slightly greater than in March and 15.3 per cent less than in April, 1937. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	April, 1938	Mar., 1938	April, 1937	April, 1938 compared with Mar. 1938	April, 1938 compared with April, 1937
		K.W.H.	K.W.H.	K.W.H.		
Evansville.....	40	2,195	2,568	3,648	-14.5%	-39.8%
Little Rock....	35	1,880	1,807	1,787	+ 4.0	+ 5.2
Louisville.....	82	7,453	7,462	9,335*	- 0.1	-20.2
Memphis.....	31	1,958	2,665	2,448	-26.5	-20.0
Pine Bluff.....	20	678	810	1,103	-16.3	-38.5
St. Louis.....	196	20,846	19,429	23,022	+ 7.3	- 9.5
Totals.....	404	35,010	34,741	41,343	+ 0.8	-15.3

*Revised.

LIFE INSURANCE

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

(In thousands of dollars)	April, 1938	Mar., 1938	April, 1937	Cumulative Totals 1938	Cumulative Totals 1937	Cum. change
Arkansas.....	\$ 3,159	\$ 4,270	\$ 4,287	\$ 13,149	\$ 15,535	-15.4%
Illinois.....	39,552	46,922	54,282	170,496	208,622	-18.3
Indiana.....	11,477	13,206	15,900	46,805	57,849	-19.1
Kentucky.....	6,225	7,300	7,339	25,893	23,736	+ 9.1
Mississippi.....	3,158	3,605	4,082	11,946	14,351	-16.8
Missouri.....	15,701	18,193	21,654	66,692	77,971	-14.5
Tennessee.....	7,055	7,901	9,332	27,205	34,473	-21.1
Totals.....	86,327	101,397	116,876	362,186	432,537	-16.3
United States...	499,656	568,473	692,062	2,050,647	2,539,666	-19.3

BANKING AND FINANCE

The principal developments in Eighth District banking and finance during the past thirty days have been a continued decline in loans and a rather sharp upturn in deposits of commercial banks. Reflecting the depressed status of general business, demand for credit from commercial and industrial interests receded to the lowest levels experienced in many months. Interest rates remained unchanged at or around the record low levels which have obtained since the beginning of this year. Calls on the banks for funds for agricultural financing were less in evidence than is ordinarily the case at this season, partly because farmers are endeavoring to raise this year's crops as cheaply as possible and for the reason that their requirements are being met by Governmental and other agencies. Liquidation generally has been in considerable volume. It is reported that tobacco jobbers have paid off their loans somewhat in advance of the season, which is taken to indicate that tobacco stocks have largely been sold.

Member Banks — Reflecting scant demand for credit, total loans of weekly reporting banks in the principal cities declined 2.4 per cent between April 13 and May 11, and on the latter date were about even with a year earlier. Investments increased 4.8 per cent to a new high for the year, but on May 11 were still 2.2 per cent below the corresponding report date in 1937. Gross deposits fluctuated unevenly during the four-week period, showing only a slight net change at its close. Total reserve balances increased 2 per cent and continued moderately higher than a year ago.

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

(In thousands of dollars)	May 11, 1938	April 13, 1938	May 12, 1937
Loans—total	\$293,387	\$300,472	\$293,172
Commercial, industrial, and agricultural:			
On securities.....	43,530	46,395	172,974
Otherwise secured and unsecured.....	129,492	136,060	
Open market paper.....	9,399	9,767	10,735
Loans to brokers and dealers.....	5,101	5,007	6,237
Other loans to purchase or carry securities...	12,471	12,588	13,844
Real Estate loans.....	46,980	47,051	45,379
Loans to banks.....	7,289	5,758	8,526
Other loans:			
On securities.....	10,977	10,458	35,477
Otherwise secured and unsecured.....	28,148	27,388	
Investments—total	367,155	350,216	375,349
U. S. Gov't obligations.....	218,855	204,601	219,249
Obligations guaranteed by U. S. Gov't.....	54,608	49,843	50,650
Other securities.....	93,692	95,772	105,540
Gross deposits	897,606	894,550	885,991
Demand deposits.....	710,279	705,514	699,015
Time deposits.....	187,327	189,036	186,976
Borrowings			

Above figures are for 24 member banks in St. Louis, Louisville, Memphis, Little Rock and Evansville. Their resources comprise approximately 62.0 per cent of the resources of all member banks in this district.

Aggregate amount of savings deposits held by selected banks on May 4 was 0.4 per cent larger than on April 6 and 2.3 per cent more than on May 5, 1937.

At St. Louis downtown banks, as of the week ended May 15, interest rates charged were as fol-

lows: Customers' prime commercial paper, 1½ to 5½ per cent; collateral loans, 2 to 6 per cent; loans secured by warehouse receipts, 1¾ to 5¼ per cent; interbank loans, 3 to 5 per cent and cattle loans, 4½ to 5½ 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 April, 1938, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	5,008,482	\$ 964,213,208
Collections (non-cash items) handled.....	128,286	30,090,747
Transfers of funds.....	4,657	284,494,304
Currency and coin received and counted.....	20,602,175	34,336,785
Rediscounts, advances and commitments.....	12	524,650
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc.	12,153	15,496,490
Bills and securities in custody—coupons clipped	12,454	.....
Totals	25,768,219	1,293,156,184

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

(In thousands of dollars)	May 19, 1938	April 19, 1938	May 19, 1937
Industrial advances under Sec. 13b.....	\$ 205	\$ 207	\$ 336
Other advances and rediscounts.....	.....	151	625
Bills bought (including participations)	2	2	86
U. S. securities.....	119,220	119,173	111,385
Total earning assets	119,427	119,533	112,432
Total reserves	317,005	324,095	283,427
Total deposits	255,941	259,198	211,921
F. R. Notes in circulation	175,307	177,615	178,247
Industrial commitments under Sec. 13b	508	489	1,201
Ratio of reserve to deposit and F. R. Note liabilities.....	73.5%	74.2%	72.6%

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

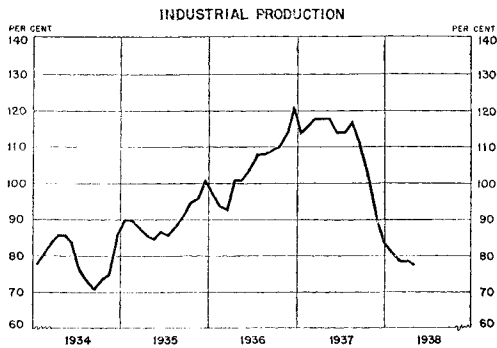
- Rediscounts and advances to member banks, under Sections 13 and 13a.....1½ % per annum
- Advances to member banks, under Section 10b.....2 % per annum
- Rediscounts, purchases, and advances to member banks, nonmember banks and other financing institutions, under Section 13b:
 - On portion for which such institution obligated....3½ % per annum
 - On remaining portion.....4 % per annum
- Commitments not exceeding six months to member banks, nonmember banks and other financing institutions, to rediscount, purchase, or make advances, under Section 13b.....½ % flat
- Advances to established industrial or commercial businesses, under Section 13b.....1 5½ % per annum
- 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:

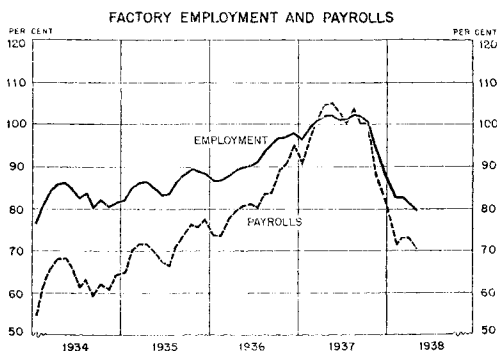
(In thousands of dollars)	April, 1938	Mar., 1938	April, 1937	April 1938 comp. with Mar. 1938	Apr. 1937
East St. Louis and Natl.					
Stock Yards, Ill. \$ 28,916	\$ 29,901	\$ 34,604	— 3.3%	—16.4%	
El Dorado, Ark.....	5,805	5,833	— 0.5	+ 9.7	
Evansville, Ind.....	26,620	25,672	33,132	+ 3.7	
Fort Smith, Ark.....	10,480	11,733	12,146	—10.7	
Greenville, Miss.....	4,131	5,103	4,868	—19.0	
Helena, Ark.....	1,435	1,806	1,766	—20.5	
Little Rock, Ark.....	32,237	36,009	39,031	—10.5	
Louisville, Ky.....	137,035	142,098	175,986	— 3.6	
Memphis, Tenn.....	102,579	119,319	130,987	—14.0	
Owensboro, Ky.....	5,074	6,112	5,395	—17.0	
Pine Bluff, Ark.....	7,647	9,358	10,726	—18.3	
Quincy, Ill.....	7,353	7,429	9,343	— 1.0	
St. Louis, Mo.....	513,450	523,933	616,200	— 2.0	
Sedalia, Mo.....	1,783	1,779	2,081	+ 0.2	
Springfield, Mo.....	12,636	13,264	16,003	— 4.7	
Texarkana, Ark-Tex.	6,476	9,778	9,357	—33.8	
Totals	903,657	949,127	1,106,935	— 4.8	—18.4

NATIONAL SUMMARY OF BUSINESS CONDITIONS

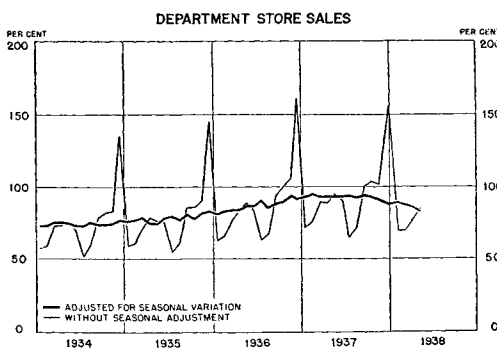
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



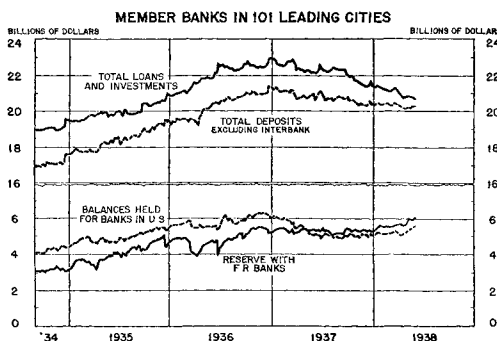
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through April, 1938. Latest figure, April, 1938, 77.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through April, 1938. Latest figures, April, 1938, employment 79.6, payrolls 70.5.



Indexes of value of sales, 1923-1925 average = 100. By months, January, 1934, through April, 1938. Latest figures, April, 1938, adjusted 83, unadjusted 86.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, through May 18, 1938.

Industrial production declined in April, reflecting chiefly reduced activity in the cotton textile and lumber industries. Distribution of commodities increased less than seasonally but continued to be somewhat in excess of production. Commodity prices showed a further decrease.

Production— In April, volume of industrial production, as measured by the Board's seasonally adjusted index, was at 77 per cent of the 1923-1925 average as compared with the level of about 79 per cent maintained during the first quarter of the year. The decline reflected, chiefly, considerable reductions in output at cotton textile mills and lumber mills, where there had been moderate increases in production in March. In most other manufacturing industries changes in activity were largely seasonal in character. Output at steel mills continued around 33 per cent of capacity and in the automobile industry showed little change, amounting in April to about 40 per cent of the volume of a year ago. In the first three weeks of May production of steel and automobiles was at a lower rate than in April. At mines there was a considerable decline in output of anthracite in April, while bituminous coal production showed somewhat less than the usual seasonal decrease. Crude petroleum production continued in large volume. Value of construction contracts awarded, which had increased considerably in March, showed little change in April, according to figures of the F. W. Dodge Corporation. Awards usually increase somewhat further in April. In the first four months of this year private residential building was about one-fourth less than in the corresponding period last year, while other private work, particularly industrial and utility construction was only about one-half as large as a year ago. Awards for public projects were somewhat larger than last year.

Employment— Factory employment and payrolls declined from the middle of March to the middle of April, and the Board's seasonally adjusted index of employment was at 79 per cent of the 1923-1925 average as compared with 82 per cent in March and 84 per cent at the beginning of the year. The number employed at automobile factories declined sharply and there were further substantial decreases in the steel and machinery industries and at railroad repair shops. Smaller declines were reported in most other manufacturing industries. Employment at mines and on the railroads also decreased, while in trade there was some increase in the number employed, reflecting partly increased business at the Easter season.

Distribution— Distribution of commodities to consumers showed less than the usual seasonal rise in April. The Board's adjusted index of department store sales was 83 in April compared with 86 in March and 90 at the beginning of the year, and figures for the first half of May indicate a further decrease.

Freight-car loadings also declined from March to April, reflecting largely reduced shipments of miscellaneous freight, and were about 30 per cent less than in April, 1937.

Commodity Prices— Wholesale prices of industrial commodities continued to decline from the middle of April to the third week of May and prices of agricultural products also decreased somewhat further. Steel scrap, copper, and rayon showed considerable declines and there were reductions in prices of some finished industrial products. It was announced that prices of most finished steel products would be unchanged for third quarter delivery.

Bank Credit— Total loans and investments of reporting member banks in 101 leading cities showed little change during April and the first half of May. Holdings of United States Government obligations increased somewhat, while holdings of other securities and loans declined. Adjusted demand deposits in leading cities increased during the period as a result of expenditures by the Treasury from its balances with the reserve banks. Interbank deposits also increased substantially. Member bank reserves increased further, reflecting principally Treasury disbursements from its deposits at the reserve banks, including retirement of \$50,000,000 of Treasury bills each week.

Money Rates and Bond Yields— Yields on Government securities declined slightly further in the four weeks ending May 21 to an average of longer-term Treasury Bonds of 2.28 per cent. The average yield on 3- to 5-year Treasury notes declined to a new low of 0.73 per cent. The rate on three-month Treasury bills continued at record low levels, and other open-market money rates remained unchanged.