



BUSINESS CONDITIONS

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

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FEDERAL RESERVE BANK OF ST. LOUIS

DISTRICT SUMMARY

THE downward trends in Eighth District trade and industry which have prevailed in greater or lesser degree since last fall, continued through June and the first half of July. In a number of important classifications the rate of decline was somewhat more rapid than during the similar period immediately preceding, but this was accounted for in large part by the usual seasonal influences. Vacations and the closing down of many plants for inventorying, repairs, etc., resulted in a further reduction in factory employment and production fell to the lowest levels recorded so far this year. While the inventory position as a whole continued the steady improvement of recent months, purchasing of commodities by both manufacturers and merchants continued chiefly on a necessity basis. In virtually all lines investigated distribution and production of merchandise in June fell measurably below a year ago. Relatively the decline was more pronounced in production than distribution. In manufacturing, heaviest curtailment was in the durable goods industries, particularly iron and steel, quarry products, lumber and the general category of building materials. While results reflected in statistics of merchants and manufacturers and other business barometers were disappointing, there was a very marked improvement in sentiment in the business community. This attitude was the result of a number of causes, among them the rise in security val-

ues, the favorable crop outlook, evidences of stabilization in commodity prices and heavy Government spending.

Production of bituminous coal at mines in this general area showed little change in June from May, but was about one-fifth smaller than the June, 1937, output. Output of lead and zinc at district mines

in June was about 15 per cent smaller than in May, and 40 per cent less than a year ago. Production of lumber declined slightly at district mills in June, but new orders and shipments were reported heavier than current output, resulting in a further reduction in inventories. Reflecting shutdowns incident to the Independence Day holiday and extremely high temperatures, steel ingot production at district mills declined sharply. Consumption of electricity by industrial users in the principal cities was 5.2 per

cent greater in June than May, but 18 per cent less than in June, 1937.

The favorable prospects for crops in this district which marked earlier months this season, continued through June and early July. In its report based on conditions as of July 1, the U. S. Department of Agriculture forecasts ample supplies of both food and feed crops, with per acre yields of most of the principal productions above their average prior to the drouth period. Wheat prospects declined slightly from May to June, but the yield will be considerably above the 15-year (1923-1937) average.

Agriculture:	July 1, 1938 comp. with Yield 1937 Av. 1923-37	
Estimated yield of 6 crops.....	— 6.3%	+ 0.9%
Livestock:	June, 1938, comp. with May, 1938 June, 1937	
Receipts at National Stock Yards.....	+ 1.6%	+ 5.8%
Shipments from aforesaid Yards.....	+10.5	+16.3
Production and Distribution:		
Sales by mfrs. and wholesalers.....	— 4.3	—23.3
Department store sales.....	— 6.3	—12.0
Car loadings.....	— 1.1	—21.3
Building and Construction:		
Bldg. permits, incl. repairs { Number.....	5.6	—23.2
{ Cost.....	+16.7	—41.4
Value construc. contracts awarded.....	6.6	—11.5
Miscellaneous:		
Commercial failures { Number.....	+40.0	+90.9
{ Liabilities.....	+17.2	+61.4
Consumption of electricity.....	+ 5.2	—18.1
Debits to individual accounts.....	— 0.04	—16.2
Member Banks (24):	July 13,'38 comp. with June 15,'38 July 14,'37	
Gross deposits.....	+ 2.7%	+ 4.4%
Loans.....	— 1.8	— 2.9
Investments.....	+ 0.02	— 2.0

The acreage planted to cotton this year is smaller than in 1937 and the average, but the condition of the crop is generally good. The tobacco crop has made a favorable start on a substantial reduction from the 10-year average.

As reflected in sales of department stores in the principal cities, the volume of retail trade in June was 6.3 per cent and 12.0 per cent smaller, respectively, than a month and a year earlier, and for the first half of 1938 the cumulative total was 7.7 per cent less than for the comparable period last year. Combined sales of all wholesaling and jobbing firms whose statistics are available to this bank were 4.3 per cent smaller than in May and 23.3 per cent less than in June, 1937; for the first six months aggregate sales were 16.6 per cent smaller than during the first half of 1937. The dollar value of building permits issued for new construction in the principal cities in June were 28.8 per cent greater than in May, but 41.8 per cent less than in June, 1937; for the first six months cumulative volume was 35.0 per cent smaller than that of the same interval last

year. Construction contracts let in the Eighth District during June were 6.6 per cent smaller than in May and 11.5 per cent less than in June, 1937; for the first six months the cumulative total was 12.8 per cent below that for the first half of 1937.

Mercantile and industrial interests report collections during the past thirty days as being somewhat less satisfactory than in the similar period immediately preceding and generally measurably below a year ago. Questionnaires addressed to representative interests in the several lines scattered through the district show the following results:

	Excellent	Good	Fair	Poor
June, 1938.....	0.8%	25.0%	40.2%	34.0%
May, 1938.....	1.0	28.2	42.8	28.0
June, 1937.....	3.7	51.3	23.5	11.5

Commercial failures in the Eighth Federal Reserve District in June, according to Dun and Bradstreet, numbered 42, involving liabilities of \$402,000, which compares with 30 failures in May with liabilities of \$343,000 and 22 defaults for a total of \$249,000 in June, 1937.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales			Stocks
	June, 1938 compared with May '38	June '37	6 months 1938 comp. with same period 1937	June 30, 1938 comp. with June 30, 1937
Boots and Shoes.....	6.7%	-30.2%	-13.8%%
Drugs and Chemicals..	+ 5.5	- 6.8	-10.1	- 9.8
Dry Goods.....	-10.2	-22.7	-21.0	-28.7
Electrical Supplies.....	- 6.7	-34.7	-21.0	-24.0
Furniture.....	-16.4	-28.7	-24.8	-42.5
Groceries.....	+ 2.7	-14.4	-13.9	-20.1
Hardware.....	- 1.9	-21.1	-17.2	-18.3
All above lines.....	- 4.3	-23.3	-16.6	-24.2

Automobiles — Combined passenger car, truck and taxicab production in the United States in June totaled 174,667, as against 192,068 in May and 497,298 in June, 1937.

Boots and Shoes — In both the sales comparisons shown in the above table, decreases were general, both with reference to the several lines and territories. Since the last week in June there has been a moderate pickup in sales and, according to two important firms, advance buying has shown decided improvement. There has been about the usual seasonal increase in production since mid-June.

Clothing — June sales of the reporting clothiers were 16.7 per cent smaller than in May and only about half as large as in June, 1937. While the movement of summer apparel during the early season was backward, owing to cool weather, there has been marked betterment since the third week in June. Ordering of heavyweight apparel for winter distribution is reported in smaller volume than at any similar time since 1932.

Drugs and Chemicals — Sales of chemicals for the general manufacturing trade continued at a low ebb, volume for the second quarter averaging about the same as for the March quarter. Fertilizer and insecticide sales, also sales of typical summer goods, made a relatively good showing in June, and largely accounted for the increase of 5.5 per cent shown over the May volume.

Dry Goods — Purchasing in this classification continues on a hand-to-mouth basis, being affected by price uncertainties and the general business depression. There was a further substantial decrease in inventories, and sentiment in the trade was more hopeful than in a number of months.

Electrical Supplies — The movement of fans and other seasonal merchandise was much below expectations. Outlet through the building industry continued narrow. Moderate improvement was noted in sales of household appliances and radio goods.

Furniture — Advance buying for fall and winter distribution is reported negligible. Retail stocks are in the main low, but there is a disposition to await general business improvement before replenishing.

Groceries — Increased purchasing by country retailers, mainly seasonal in character, was accountable for the increase in sales of the reporting firms from May to June, shown in the above table. There has been a heavy call for sugar and preserving supplies and equipment, incident to the large vegetable

and fruit crops. Carryover of canned goods from last season's pack is reported the largest in recent years.

Hardware—The downward trend in business, which has been in effect since last fall, was somewhat more marked in June than May. Since July 1 there has been moderate expansion in demand for builders hardware and kindred lines, also certain seasonal items.

Iron and Steel Products—Mixed conditions prevailed in the several divisions of the iron and steel industry during the past thirty days, but taken as a whole the situation developed moderate improvement, particularly from the viewpoint of sentiment. The outstanding influence was the drastic reduction in prices and recasting of the industry's basing point system. Effective July 1, the price of pig iron was reduced \$4 per ton and leading producers of steel announced reductions of from \$3 to \$8 per ton on their products. The immediate effect of these changes in the case of steel was to cause hesitation in purchasing pending clarification of the various competitive features involved. Users were disposed to continue the recent policy of covering only immediate requirements until they are able to figure what the lower prices will mean in their programs. The reduction in pig iron, however, has been followed by the heaviest buying movement experienced since the spring of 1937. At mills and foundries activities have shown about the usual seasonal contraction, a number of plants being completely down or on reduced schedules for inventorying, vacations, repairs, etc. Steel ingot production in this general area, which was at 39.3 per cent of capacity at mid-June, declined to 33.3 per cent in the last week of June and to 18.2 per cent in the week of July 11. Distribution of iron and steel from warehouses in June was about on a parity with May, but about one-fourth smaller than in June, 1937. June consumption of pig iron by district melters showed little change from the preceding months, while shipments reflected an increase of 4 per cent. Demand for structural steel developed moderate betterment, mainly because of the placement of an increased volume of public works contracts. Generally throughout the industry the inventory position showed further betterment, both with reference to raw, semi-finished and finished materials. Scarcity of offerings, coupled with a rather extensive dealer short interest, caused prices of scrap iron and steel to advance sharply, certain important grades recovering a large part of the decline sustained in the late spring and early summer downward movement. For the country as a whole, production of pig iron, according to the magazine "Steel," totaled 1,055,597

tons, the smallest since December, 1934, and comparing with 1,260,937 tons in May and 3,115,302 tons in June, 1937. Steel ingot production in the United States in June amounted to 1,638,277 tons, against 1,806,805 tons in May and 4,184,723 tons in June, 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
	June, 1938	6 mos. 1938 compared with	June 30, '38	June 30, '38	Jan. 1, to June 30, 1938
	May, 1938	June, 1937	period '37	June 30, '37	1937 1937
Ft. Smith, Ark.....	—19.2%	+ 4.8%	+ 1.4%	—13.3%	1.34 1.18
Little Rock, Ark.....	—13.2	— 3.8	— 7.1	—15.8	1.37 1.32
Louisville, Ky.....	— 4.0	—22.1	—12.8	— 8.6	1.87 2.03
Memphis, Tenn.....	—22.0	—14.3	— 6.3	— 9.7	1.49 1.55
Pine Bluff, Ark.....	—21.1	— 5.4	—17.9	— 0.5	1.12 1.25
Quincy, Ill.....	— 2.4	—11.4	— 7.5	— 6.3	1.50 1.66
St. Louis, Mo.....	— 0.9	—11.0	— 7.4	—12.2	1.97 1.95
Springfield, Mo.....	—10.3	— 7.3	— 3.1	—17.9	1.38 1.24
All Other Cities.....	— 1.9	— 7.4	— 7.5	—17.5	1.39 1.33
8th F. R. District.....	— 6.3	—12.0	— 7.7	—11.8	1.80 1.80

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

Installment Accounts	Excl. Instal. Accounts	Installment Accounts	Excl. Instal. Accounts
Fort Smith.....%	36.7%	Quincy.....%	47.4%
Little Rock..... 14.4	36.0	St. Louis..... 17.9	54.9
Louisville..... 11.7	50.1	Springfield.....	25.9
Memphis..... 25.9	40.0	Other Cities..... 13.1	55.3
Pine Bluff.....	31.0	8th F. R. Dist. 17.0	48.6

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

	Net Sales			Stocks on Hand	Stock Turnover
	June, 1938	6 mos. 1938 compared with	June 30, '38	June 30, '38	Jan. 1, to June 30, 1938
	May, 1938	June, 1937	period '37	June 30, '37	1937 1937
Men's Furnishings....	+ 4.2%	—22.6%	—16.6%	—15.2%	1.15 1.36
Boots and Shoes.....	+ 0.3	— 1.5	+ 1.0	— 0.3	3.59 3.52

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

Men's Furnishings.....	32.4%	Boots and Shoes.....	47.2%
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MINING AND OIL

Coal—As was the case for the country as a whole, daily average production of bituminous coal in the Eighth District in June declined sharply as compared with the June, 1937, average. Demand from industrial and other consumers continued slow, but inventories were reduced further, and there was about the average seasonal advance in prices. Production of bituminous coal in the United States in June was estimated by the National Bituminous Coal Commission at 22,850,000 tons, against 21,266,000 tons in May and 31,776,000 tons in June, 1937; for the first six months this year output totaled 151,534,000 tons against 222,917,000 tons in the first half of 1937. At mines in this general area June pro-

duction was 0.9 per cent and 20.3 per cent smaller, respectively, than a month and a year earlier, and for the first half of the year the cumulative total was 25.4 per cent below that of the comparable period in 1937. Illinois mines produced 2,112,508 tons in June, which compares with 1,874,332 tons in May and 2,492,189 tons in June, 1937. There were 88 mines in operation in June and 22,654 men on payrolls, as against 81 active mines and 11,020 operatives in May.

Petroleum—May output of crude oil in states of the Eighth District was 6.2 per cent less than in April and 79.4 per cent above that of May, 1937. Cumulative total for the first five months this year exceeded that of the like period in 1937 by 87.7 per cent. Stocks on June 1 were 0.1 per cent and 1.1 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	
	May, 1938	Apr., 1938	May, 1937	1938	1937	May, 1938	May, 1937
Arkansas.....	1,277	1,576	837	7,036	3,981	2,557	3,190
Illinois.....	1,440	1,388	416	6,394	1,923	11,501	11,313
Indiana.....	78	73	70	360	328	3,048	3,042
Kentucky.....	459	432	491	2,165	2,270	1,221	994
Totals.....	3,254	3,469	1,814	15,955	8,502	18,327	18,539

TRANSPORTATION

Officials of railroads operating in this district report volume of freight traffic handled during the first six months this year the smallest for any like period since 1932. With the exception of grain and grain products, decreases as compared with a year ago were shown in all classifications. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 71,597 loads in June, against 72,388 loads in May and 90,918 loads in June, 1937. During the first nine days of July the interchange amounted to 21,001 loads, which compares with 21,474 loads during the corresponding period in June and 26,322 loads during the first nine days of July, 1937. Passenger traffic of the reporting roads in June decreased 6 per cent in number of passengers carried and 8 per cent in revenue as compared with the same month last year, reflecting chiefly sharply reduced vacation travel. For the entire country, loadings of revenue freight for the first 26 weeks this year, or to July 2, totaled 14,230,302 cars, against 19,040,175 cars for the corresponding period in 1937 and 16,691,671 cars in 1936. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in June was 197,600 tons, against 217,800 tons in May and 155,335 tons in June, 1937; cumulative tonnage for the first half of 1938 was 1,120,484 tons, as against 802,780 tons for the like period last year.

WHISKEY

There has been no change during the past thirty days in the depressed conditions which obtained in the whiskey industry in this district during the preceding several months. Excessively large inventories, slack demand and summer curtailment in production have resulted in all but three of the sixty odd distilleries in Kentucky being closed down. There has been a slight advance in the 1935 product, but otherwise prices remain unchanged. A survey of stocks discloses that there are approximately 1,700,000 barrels of whiskey in bonded warehouses which was produced in 1937. This whiskey will not mature until 1941 and until that year distillers do not anticipate any substantial improvement.

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

(In thousands of dollars)	May		Cumulative for 5 months		
	1938	1937	1938	1937	1936
Indiana.....	\$ 22,389	\$ 22,872	\$102,032	\$118,900	\$ 98,789
Illinois.....	41,177	37,838	182,381	194,767	166,614
Missouri.....	19,933	19,987	83,463	89,387	86,365
Kentucky.....	8,686	7,226	76,171	75,708	42,742
Tennessee.....	8,378	7,024	52,225	53,492	34,940
Mississippi.....	5,169	5,832	41,003	49,094	26,606
Arkansas.....	4,914	7,679	36,649	41,924	22,851
Totals.....	110,646	108,458	573,924	623,272	478,907

Farming Conditions—Taken as a whole weather in the Eighth District during the past thirty days was seasonable and auspicious for most agricultural operations. The 1938 crops, according to the U. S. Department of Agriculture, agricultural departments of the several states and unofficial sources, have made a remarkably good start, and favorable prospects are general throughout the area. June rains, while excessive in a number of localities, materially helped commercial vegetable crops and gardens, which at mid-July gave promise of large yields. With the exception of wheat and several fruits, and the possible exception of cotton, sorghums and other late crops not yet estimated, practically all important crops show prospects for yields per acre above the generally excellent results secured last season. With crop losses as light as now estimated, the total acreage of crops finally harvested may equal the 10-year average, despite smaller plantings this year. Ample supplies of most food crops are indicated.

On July 9 the farm products group of the Bureau of Labor Statistics stood at 69.4 per cent of the 1926 average, a gain of .9 per cent over the preceding

week, and comparing with 68.3 per cent on June 11; 90.5 per cent on July 10, 1937; 82.5 on July 11, 1936, and 58.5 per cent on July 8, 1933. There was about the average seasonal increase in the number of laborers on farms from May to June, but as has been the case during recent months, the number employed was reported smaller than a year earlier.

Corn—In its report based on conditions as of July 1, the U. S. Department of Agriculture estimates production of corn in the Eighth District at 320,476,000 bushels, which compares with 363,227,000 bushels harvested in 1937 and the 15-year (1923-1937) average of 329,752,000 bushels. Stocks of corn on farms as of July 1 totaled 282,095,000 bushels, against 65,334,000 bushels a year earlier and the 10-year average of 151,573,000 bushels for that date. Hot weather since July 1 has favored rapid development of the crop, but growth varies sharply owing to the prolonged planting season, damage from water in lowlands and much necessary replanting.

Cotton—The U. S. Department of Agriculture in its report as of July 1 estimates the combined area of cotton under cultivation in states including the Eighth District at 6,419,000 acres which is 21.3 per cent less than the 8,158,000 acres on July 1, 1937, and 19.8 per cent smaller than the 10-year (1927-1936) average of 8,001,000 acres. Applying the 10-year (1928-1937) average abandonment to this year's planted acreage would indicate the smallest acreage for harvest since 1900. The decrease extends to all states of the district and is ascribed to a number of causes, among them the Agricultural Adjustment Program, relatively low prices received for last year's cotton crop and difficulties in securing stands because of unfavorable weather. Weather conditions have been mixed, but on the whole favorable for growth and development of the crop. Owing to the smaller acreage the crop has been unusually well cultivated, and is mainly free from grass and weeds. According to the National Fertilizer Association, sales of fertilizer tags for the 12-month period July-June was 7 per cent less than a year earlier but 28 per cent greater than two years ago. Mainly in sympathy with the upturn in other commodities, prices of raw cotton have advanced moderately since the end of June. In the St. Louis market the middling grade ranged from 7.40c to 8.20c per pound between June 15 and July 15, closing at 7.75c on the latest date, which compares with 7.40c on June 15 and 12.50c on July 15, 1937. As is usual at this season, the movement of cotton into and out of store is negligible. Of interest in this connection is an analysis of the stock on hand. In Arkansas warehouses as of June 24 there were 745,529 bales, com-

pared with 163,554 bales at the same time in 1937. The large increase is explained by the fact that there have been received this year in the 9-cent loan 567,342 bales, and this cotton still remains in stock. To this may reasonably be added about 100,000 bales of Government controlled cotton carried over from previous seasons in loans, which would leave on hand, subject to market, 78,187 bales.

Fruits and Vegetables—Considerable diversity exists in prospects for fruits and vegetables. Owing to faulty pollination, insect damage and injury from spring frosts, the apple and peach crops in this district will be much below the relatively large crops of last year. Outlook for vegetable crops, however, is mainly promising, particularly for early varieties. The U. S. Department of Agriculture in its report as of July 1, estimates the apple crop in states entirely or partly within the Eighth District at 7,815,000 bushels, against 26,669,000 bushels in 1937 and the 10-year (1927-1936) average of 13,257,000 bushels; peaches, 6,639,000 bushels, against 10,238,000 bushels in 1937 and the 10-year average of 6,552,000 bushels; grapes, 27,110 tons, against 44,930 tons in 1937 and 10-year average of 31,930 tons; sweetpotatoes, 21,760,000 bushels, against 21,029,000 bushels in 1937 and 10-year average of 18,163,000 bushels. In the district proper, the white potato crop is estimated at 13,784,000 bushels, against 12,716,000 bushels harvested in 1937 and the 15-year (1923-1937) average of 13,506,000 bushels. Prospects for the tomato crop are exceptionally fine.

Livestock—Under generally favorable weather, ample water and abundant feed and forage, the condition of livestock in June and early July maintained the high average which has obtained since last fall. The movement to market has been well sustained, influenced by the upturn in prices and betterment in the demand for dressed meats.

The condition of pastures, while somewhat lower than a month earlier, is still high. Hay prospects are exceptionally good, the U. S. Department forecasting the yield of tame hay in the Eighth District at 6,669,000 tons, against 6,162,000 tons in 1937 and the 15-year (1923-1937) average of 6,486,000 tons.

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

	Receipts			Shipments		
	June, 1938	May, 1938	June, 1937	June, 1938	May, 1938	June, 1937
Cattle and Calves.....	118,450	104,385	135,395	75,613	62,074	86,738
Hogs.....	177,032	201,684	134,141	112,575	124,670	80,292
Horse and Mules.....	2,260	2,572	2,618	1,916	2,430	2,842
Sheep.....	139,845	122,233	141,554	61,944	39,020	46,854
Totals.....	437,587	430,874	413,708	252,048	228,194	216,726

Tobacco—Reports from all sections of the district indicate that the tobacco crop has made a fav-

orable start on a slightly reduced acreage from last year, and a substantial reduction from the 10-year average. Based on conditions as of July 1, the U. S. Department of Agriculture estimates production of all types in the Eighth District at 289,797,000 pounds, which compares with 301,156,000 pounds harvested in 1937 and the 15-year (1923-1937) average of 287,280,000 pounds. Reports as of mid-July indicate tobacco has made good growth and cultivation is generally thorough. As a whole, the crop presents an unusually fine appearance.

Winter Wheat — Prospects for winter wheat in states of this district declined slightly from May to June. The U. S. Department of Agriculture's estimate as of July 1 was for 67,789,000 bushels as against 78,966,000 bushels harvested in 1937 and the 15-year (1923-1937) average of 52,858,000 bushels. Harvesting has progressed rapidly during the past three weeks, following early delays occasioned by rains. Almost universally threshing returns are showing a crop of high quality, much of the grain testing No. 1 and No. 2. Incident to a heavy movement of the new wheat to market, prices declined sharply in the early part of July. Reports generally from the principal wheat sections indicate that farmers will place a considerable part of their stocks in the Government 60-cent loan. Stocks of wheat on farms in states of the district on July 1 totaled 8,686,000 bushels, the largest in recent years, and comparing with 2,911,000 bushels a year earlier and the 10-year average for the date of 4,885,000 bushels.

COMMODITY PRICES

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

	High	Low	Close	
			July 15, 1938	July 15, 1937
Wheat				
*July.....per bu..	\$.80 3/4	\$.71 3/4	\$.71 3/4	\$ 1.24
*Sept....."	.81 7/8	.72 1/2	.72 1/2	1.24
*Dec....."	.83	.73 3/8	.73 3/8	1.26
*No. 2 red winter	.82 1/2	.70 1/2	.70 3/4	1.27
*No. 2 hard	.83 1/2	.70 3/4	.71	1.26
Corn				
*July....."	.60 3/8	.57	.59	1.28 3/4
*Sept....."	.62	.58 3/8	.60 1/2	1.13 1/2
*Dec....."	.62	.57 1/4	.60 1/8	.80 1/2
*No. 2 mixed	.58 1/2	.55	.58	1.27 1/2
*No. 2 white	.59	.57	.58	1.30 1/2
Oats				
*July....."	.28 1/4	.25 1/4	.27 1/2	.42 5/8
*Sept....."	.27 1/4	.25	.26 1/2	.37 3/4
*Dec....."	.28 1/4	.26 1/4	.27 1/2	.39 1/4
*No. 2 white	.30	.28 1/2	.28 1/2	.48 1/2
Flour				
Soft patent.....per bbl.	4.40	3.60	3.60@3.90	5.90@ 6.40
Spring....."	6.15	5.40	5.40@5.70	7.35@ 8.70
Middling Cotton.....per lb.	.0820	.0745	.0775	.1250
Hogs on Hoof.....per cwt.	10.10	6.60	7.25@9.90	9.50@12.65

*Nominal quotations.

POSTAL RECEIPTS

Returns from the five largest cities of the district show a decrease of 2.4 per cent in combined postal receipts for the second quarter this year un-

der the corresponding period in 1937, and of 1.1 per cent under the first quarter of 1938. Detailed figures follow:

Quarter Ending	June 30, 1938	Mar. 31, 1938	June 30, 1937	Comp. 2nd Qrs. 1938 and 1937
Evansville.....	\$167,923	\$160,399	\$177,118	— 7.2%
Little Rock.....	207,494	216,832	196,200	+ 5.8
Louisville.....	688,331	698,355	739,066	— 6.9
Memphis.....	623,617	661,509	645,187	— 3.3
St. Louis.....	2,584,483	2,585,285	2,621,121	— 1.4
Totals.....	4,271,848	4,322,380	4,378,692	— 2.4

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in June was 28.8 per cent greater than in May and 41.8 per cent less than in June, 1937. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in June amounted to \$16,178,000, which compares with \$17,318,000 in May and \$18,275,100 in June, 1937. Building figures for June follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1938	1937	1938	1937	1938	1937	1938	1937
Evansville.....	20	43	\$ 200	\$ 364	93	199	\$ 28	\$ 47
Little Rock.....	15	21	22	78	92	114	63	43
Louisville.....	99	129	235	589	57	79	57	61
Memphis.....	230	247	591	1,254	157	201	78	107
St. Louis.....	274	330	690	702	181	222	108	291
June Totals..	638	770	1,738	2,987	580	815	334	549
May " ..	624	681	1,349	1,861	666	962	427	1,403
April " ..	632	861	1,123	2,167	790	900	450	534

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in June as being 5.2 per cent greater than in May and 18.1 per cent less than in June, 1937. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	June, 1938	May, 1938	June, 1937	June, 1938 compared with May, 1938	June, 1938 compared with June, 1937
		K.W.H.	K.W.H.	K.W.H.	May, 1938	June, 1937
Evansville.....	40	2,620	2,185	3,648	+19.9%	—28.2%
Little Rock.....	35	2,157	1,904	2,341	+13.3	— 7.9
Louisville.....	82	8,051	7,370	10,462	+ 9.2	—23.0
Memphis.....	31	1,841	1,912	2,136	— 3.7	—13.8
Pine Bluff.....	20	529	604	659	—12.4	—19.7
St. Louis.....	202	22,851	22,206	27,185	+ 2.9	—15.9
Totals.....	410	38,049	36,181	46,431	+ 5.2	—18.1

LIFE INSURANCE

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

(In thousands of dollars)	June, 1938	May, 1938	June, 1937	Cumulative Totals 1938	Cumulative Totals 1937	Cum. change
Arkansas.....	\$ 3,164	\$ 3,358	\$ 4,361	\$ 19,671	\$ 24,071	—18.3%
Illinois.....	39,181	38,144	49,945	247,821	307,432	—19.4
Indiana.....	11,775	10,996	15,558	69,576	88,758	—21.6
Kentucky.....	5,742	5,465	7,159	37,100	37,829	— 1.9
Mississippi.....	3,158	3,432	3,746	18,536	22,178	—16.4
Missouri.....	16,360	15,486	22,716	98,538	120,185	—18.0
Tennessee.....	7,414	6,938	8,483	41,557	51,503	—19.3
Totals.....	86,794	83,819	111,968	532,799	651,956	—18.3
United States..	502,588	490,658	645,995	3,043,893	3,816,351	—20.2

BANKING AND FINANCE

Eighth District banking and finance underwent no changes worthy of note during the past thirty days as compared with earlier months this year. Loanable resources of the commercial banks continue in abundant supply at very low rates, and demand for credit from all the principal borrowing groups is quiet. Reports from member banks indicate that liquidation of prior loans exceeds the rate of new commitments and renewals with the result that their total loans have receded to the lowest levels since the winter of 1936. Borrowing by mercantile and manufacturing interests for purchasing and making up inventories of goods for late fall and winter distribution was in measurably smaller volume than a year ago. Demands for financing agricultural operations were also in smaller than average volume. Farmers in the principal wheat producing sections are disposed to hold back their stocks for higher prices. Slight improvement in demand for building loans was reported in some sections.

Member Banks — Between June 15 and July 13 gross deposits of reporting member banks in the principal cities moved sharply upward, and at \$930,307,000 on the latest date recorded a new high for the year and an increase of 4.4 per cent over the total on the corresponding report date in 1937. Reserves also established a new high mark for the year in the course of the four-week period. Total loans declined and on July 13 were 1.8 per cent and 2.9 per cent smaller, respectively, than a month and a year earlier. Investment portfolios showed practically no change during the period.

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

(In thousands of dollars)	July 13, 1938	June 15, 1938	July 14, 1937
Loans—total	\$276,744	\$281,778	\$285,135
*Commercial, industrial, and agricultural.....	163,721	166,527	164,274
Open market paper.....	5,403	6,994	10,797
Loans to brokers and dealers.....	4,890	5,098	6,212
Other loans to purchase or carry securities...	12,390	12,577	12,640
Real Estate loans.....	47,999	47,870	45,411
Loans to banks.....	6,467	6,757	8,184
*Other loans.....	35,874	35,955	37,617
Investments—total	359,410	359,345	366,638
U. S. Gov't obligations.....	199,148	204,401	212,695
Obligations guaranteed by U. S. Gov't.....	62,727	60,294	50,882
Other securities.....	97,535	94,650	103,061
Gross deposits	930,307	905,546	891,502
Demand deposits.....	738,382	718,344	701,615
Time deposits.....	191,925	187,202	189,887
Borrowings			

*Including both loans "on securities" and "otherwise secured and unsecured".

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.

The aggregate amount of savings deposits held by selected member banks on July 6 was 0.4 per cent less than on June 1, but 0.9 per cent greater than on July 7, 1937.

At downtown St. Louis banks as of the week ended July 15, interest rates charged were as follows: Customers' prime commercial paper, 1½ to 5 per cent; collateral loans, 2 to 5½ per cent; loans secured by warehouse receipts, 1½ to 5½ per cent; interbank loans, 3½ 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 June, 1938, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	5,110,343	\$1,081,346,313
Collections (non-cash items) handled.....	146,330	34,139,952
Transfers of funds.....	4,978	306,666,603
Currency and coin received and counted.....	20,457,165	37,557,923
Rediscounts, advances and commitments.....	18	574,500
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc....	39,175	157,728,036
Bills and securities in custody—coupons clipped.....	22,003	

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

(In thousands of dollars)	July 20, 1938	June 20, 1938	July 20, 1937
Industrial advances under Sec. 13b.....	\$ 150	\$ 204	\$ 323
Other advances and rediscounts.....	100	30	191
Bills bought (including participations)...	2	2	86
U. S. securities.....	114,411	118,708	111,385
Total earning assets	114,663	118,944	111,985
Total reserves	337,292	349,362	295,095
Total deposits	267,720	288,676	221,241
F. R. Notes in circulation	172,608	173,992	179,184
Industrial commitments under Sec. 13b..	605	569	1,045
Ratio of reserve to deposit and F. R. Note liabilities.....	76.6%	75.5%	73.7%

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

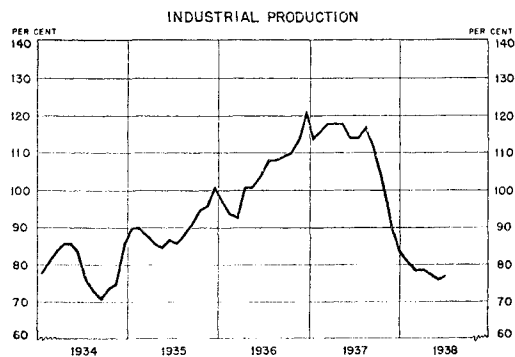
- (1) Rediscounts and advances to member banks, under Sections 13 and 13a.....1½% per annum
- (2) Advances to member banks, under Section 10b.....2 % per annum
- (3) Rediscounts, purchases, and advances to member banks, nonmember banks and other financing institutions under Section 13b:
 - (a) On portion 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:

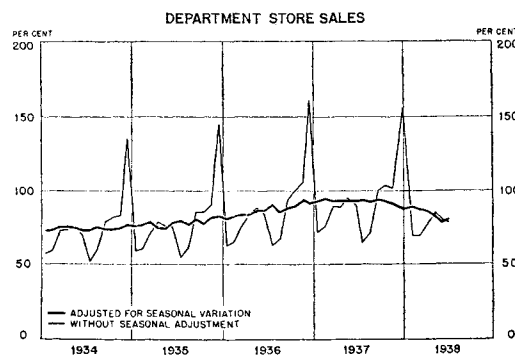
(In thousands of dollars)	June, 1938	May, 1938	June, 1937	June, 1938 comp. with May, 1938	June, 1937
East St. Louis and Natl.					
Stock Yards, Ill. \$ 35,583	\$ 30,758	\$ 36,012	+15.7%	— 1.2%	
El Dorado, Ark.....	5,701	4,907	+5.163	+10.4	
Evansville, Ind.....	25,605	24,237	+34,698	+ 5.6	—26.2
Fort Smith, Ark.....	10,759	10,268	+10,637	+ 4.8	+ 1.1
Greenville, Miss.....	3,705	3,823	+4,261	+ 3.1	—13.0
Helena, Ark.....	1,401	1,477	+1,677	+ 5.1	—16.5
Little Rock, Ark.....	32,844	31,888	+37,509	+ 3.0	—12.4
Louisville, Ky.....	148,154	135,577	+187,279	+ 9.3	—20.9
Memphis, Tenn.....	92,719	91,026	+113,073	+ 1.9	—18.0
Owensboro, Ky.....	5,157	5,052	+5,691	+ 2.1	— 9.4
Pine Bluff, Ark.....	7,294	6,551	+8,628	+11.3	—15.5
Quincy, Ill.....	8,311	6,958	+9,277	+19.4	—10.4
St. Louis, Mo.....	564,300	590,250	+670,660	+ 4.4	—15.9
Sedalia, Mo.....	1,778	1,797	+2,043	+ 1.1	—13.0
Springfield, Mo.....	13,384	13,638	+16,187	+ 1.9	—17.3
Texarkana, Ark-Tex.	7,023	5,889	+7,339	+19.3	— 4.3
Totals	963,718	964,096	1,150,134	— 0.04	—16.2

NATIONAL SUMMARY OF BUSINESS CONDITIONS

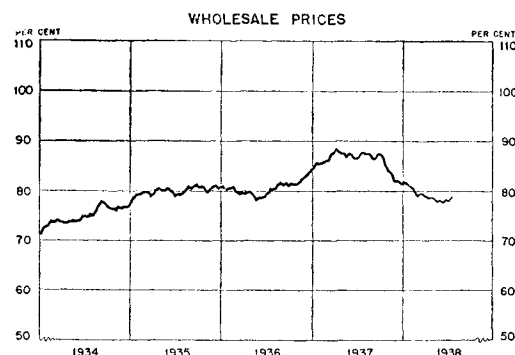
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



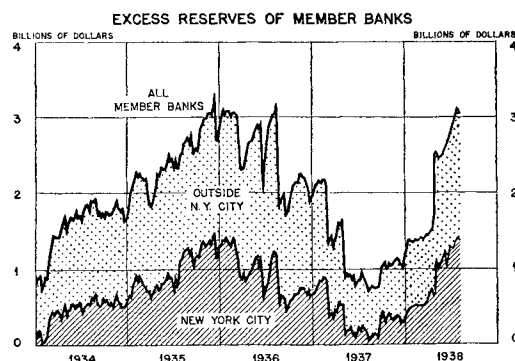
Index of physical volume of production, adjusted for seasonal variation, 1923-25 average = 100. By months, January, 1934, through June, 1938. Latest figure 77.



Indexes of value of sales, 1923-25 average = 100. By months, January, 1934, through June, 1938. Latest figures adjusted 82, unadjusted 79.



Index compiled by the U. S. Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 through week ending July 16, 1938. Latest figures 78.9.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City Banks, January 3, 1934, through July 20, 1938.

Industrial activity showed little change in June and increased in the first three weeks of July, although there is usually a considerable decline at this season. Prices of most staple commodities advanced sharply in the latter part of June and early July and there were substantial increases in prices of stocks and lower grade bonds.

Production—Volume of industrial production, as measured by the Board's seasonally adjusted index, was at 77 per cent of the 1923-1925 average in June as compared with 76 in May and an average of 79 in the first quarter of the year. Available data indicate that in July the index will show a considerable rise. In June activity in the textile industry increased, reflecting chiefly a further rise at woolen mills. Output at cotton and silk mills, which usually declines at this season, showed little change. Shoe production declined, following a considerable increase earlier in the year. Automobile output decreased further in June. Sales of new cars continued in excess of production, however, and stocks were further reduced. Steel production declined seasonally in June, and lumber production showed little change, although some increase is usual. Output of plate glass rose sharply from an exceptionally low level. Coal production remained in small volume in June, while output of crude petroleum, which had been sharply reduced in May, declined somewhat further. In the first three weeks of July activity at steel mills increased, although there is usually a decline in that period, and in the third week of the month ingot production was estimated at 36 per cent of capacity as compared with an average rate of 28 per cent in June. Crude petroleum output also rose sharply, reflecting chiefly a return to production on a 6-day week basis in Texas. Automobile output declined seasonally.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in June, following a considerable increase in May. Changes in both months reflected chiefly fluctuations in awards for publicly-financed construction. Awards for private residential building were maintained in June at about the same daily rate as in May, although there is usually some decline at this season, and were in slightly larger volume than a year ago. Other private construction work remained at recent low levels.

Employment—Factory employment and payrolls decreased further from the middle of May to the middle of June. Employment in the automobile, steel, machinery, and clothing industries continued to decline, while at woolen mills there was an increase and in most other manufacturing lines changes were small. In trade, employment was reduced, while in other nonmanufacturing industries changes in the number employed were largely seasonal.

Agriculture—A total wheat crop of 967,000,000 bushels was indicated by July 1 conditions, according to the Department of Agriculture. A crop of this size would be considerably larger than average and a Government program was announced for loans at close to current market prices. Cotton acreage on July 1 was estimated at 26,900,000 acres as compared with 34,500,000 acres last year when, with exceptionally high yield per acre, a record crop was harvested. Production estimates for most other major crops were slightly under the large harvests of last season.

Distribution—Distribution of commodities to consumers was maintained in June at about the May level, although a decline is usual at this season. Sales at department and variety stores showed little change and mail order sales increased. In the first half of July department store sales decreased less than seasonally. Freight-car loadings showed little change from May to June and were slightly above the low April level.

Commodity Prices—Prices of industrial materials, particularly rubber, hides, nonferrous metals, and steel scrap, showed advances from the middle of June to the third week of July, and there were also increases in prices of livestock and products. Wheat prices declined, following a rise early in June. Prices of iron and steel were reduced and there were also declines in some other industrial products.

Bank Credit—Excess reserves of member banks increased substantially in June and the first half of July, rising to above \$3,000,000,000, as compared with \$1,730,000,000 just prior to the reduction in reserve requirements the middle of April. The largest gain in excess reserves occurred at city banks through the retirement of Treasury bills and the continued growth of bankers' balances. Total loans and investments of reporting member banks in 101 leading cities, which had increased sharply in the first week of June, declined during the remainder of June, reflecting largely redemption of Treasury bills held by New York City banks and a decrease in loans to security brokers and dealers.

Money Rates—Rates on Treasury bills and notes were slightly firmer in July but continued at exceedingly low levels. Yields on Treasury bonds showed little change.