



# BUSINESS CONDITIONS

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

RELEASED FOR PUBLICATION ON THE MORNING OF AUGUST 31, 1938

FEDERAL RESERVE BANK OF ST. LOUIS

## DISTRICT SUMMARY

**M**OST of the measurements and statistical series used to gauge business activity in the Eighth District, as well as sales and production figures of commercial and industrial interests reporting to this bank, reflected quite distinct improvement during July and early August as contrasted with the similar period immediately preceding. In addition to concrete results shown, there was a noticeable improvement in sentiment in the business community quite generally throughout the area. In a number of instances, betterment shown in July was contra-seasonal in character and, where seasonal gains were expected, their extent was greater than average in recent years. In distributive lines a relatively better showing was made in wholesaling and jobbing, which fact was accounted for largely by a disposition on the part of retailers to replenish depleted inventories. For the first time in many months, advance orders on books of wholesalers showed moderate increases. Purchasing for late fall and winter distribution was reported to be on a freer and more confident basis than had been expected. While still making an unfavorable showing as contrasted with a year ago, the employment situation as a whole underwent noticeable improvement. This betterment would have been more pronounced except for scattered strikes and the extremely high temperatures which prevailed during part of July.

Production moved upward in a number of im-

portant lines, and orders booked by manufacturers indicate that further progress is likely during the fall. Production of lumber increased during July and early August, and new orders and shipments continued to exceed output. As was the case for the entire country, production of bituminous coal at mines in this area registered a measurable increase

over the preceding month, though the quantity lifted was still substantially below a year ago. Lead and zinc production at district mines in July was about even with the June output. Reflecting greater activity at manufacturing plants, consumption of electric power by industrial users was 5.7 per cent higher in July than June though about one-fifth less than a year ago. Activities in the building industry receded from June to July, but projects which have reached or are nearing the contract stage have broadened and indi-

cations for fall construction activities are more hopeful. Steel production increased, and there were gains in certain building materials, including glass, cement and fireclay products. Sales of beverages, other than hard liquor, increased in July, both as compared with a month and a year earlier.

Taken as a whole, agricultural conditions in the district, as reflected in reports of the U. S. Department of Agriculture and agricultural departments of the several states, underwent no marked changes from June to July. Promises of large yields of the principal feed and food crops which marked

<b>Agriculture:</b>		Aug. 1, 1938 comp. with	
Estimated yield of 7 crops.....	— 6.1%	Yield 1937	Av. 1923-37
			+ 1.4%
<b>Livestock:</b>		July, 1938, comp. with	
Receipts at National Stock Yards.....	— 4.4%	June, 1938	July, 1937
Shipments from aforesaid Yards.....	— 6.5		+ 27.3
<b>Production and Distribution:</b>			
Sales by mfrs. and wholesalers.....	+ 5.9		— 12.2
Department store sales.....	— 19.0		— 7.5
Car loadings.....	+ 7.7		— 20.1
<b>Building and Construction:</b>			
Bldg. permits, incl. repairs {	Number— 9.5		— 17.4
	Cost.....— 20.5		— 37.2
Value construc. contracts awarded....	— 12.1		— 16.7
<b>Miscellaneous:</b>			
Commercial failures {	Number.....— 2.4		+ 141.2
	Liabilities.....+ 38.6		+ 318.8
Consumption of electricity.....	+ 5.7		— 18.5
Debits to individual accounts.....	— 2.6		— 16.3
<b>Member Banks (24):</b>		Aug. 17, '38 comp. with	
Gross deposits.....	+ 0.1%	July 20, '38	Aug. 18, '37
Loans.....	+ 0.7		+ 6.9%
Investments.....	+ 2.7		+ 2.0

earlier months this year, were well sustained. The wheat harvest has been completed, and early threshing returns indicate high quality and total yield considerably above the average. Indicated corn yield is about average, while all feed and fodder crops are large. Yields of vegetables and certain fruits are higher than average. An exception is the case of apples and peaches, which in many important growing sections are a virtual failure. The condition of livestock remains high, with the movement to market of all species about of expected seasonal proportions. An offset to the large prospective production has been the sharp decline in prices of farm products. especially heavy declines were registered in cotton, corn and wheat, the latter grain selling at the lowest point in more than five years. Since August 1 there have been numerous reports of injury to the tobacco crop from fungus diseases. It is still too early to estimate what effect the infestation will have on the season's production.

As reflected in sales of department stores in the principal cities, the volume of retail trade in July was 19.0 per cent and 7.5 per cent smaller, respectively, than a month and a year earlier and for the first seven months this year the cumulative total fell 7.6 per cent under that of the comparable period in 1937. Combined sales of all wholesaling and jobbing firms reporting to this bank in July were 5.9 per cent ahead of June, but 12.2 per cent smaller

than in July, 1937; cumulative total for the first seven months was 16.1 per cent below that of the same interval in 1937. The dollar value of building permits issued for new construction in the principal cities in July was 21.7 per cent and 31.9 per cent smaller, respectively, than a month and a year earlier, and for the first seven months the total was 35.3 per cent below that of the same period in 1937. Construction contracts let in the Eighth District in July were 12.1 per cent less than in June and 16.7 per cent smaller than a year ago; cumulative total for the seven months this year was 13.4 per cent below that of the same period in 1937.

The same general trends which have featured collections since last spring, continued during July and the early part of August. Questionnaires sent to representative interests in the several lines scattered through the district disclose the following results:

	Excellent	Good	Fair	Poor
July, 1938.....	0.5%	23.8%	37.5%	38.2%
June, 1938.....	0.8	25.0	40.2	34.0
July, 1937.....	2.5	48.0	37.5	12.0

Commercial failures in the Eighth District in July, according to Dun and Bradstreet, numbered 41, involving liabilities of \$557,000, which compares with 42 defaults in June with liabilities of \$402,000 and 17 defaults for a total of \$133,000 in July, 1937.

### DETAILED SURVEY OF DISTRICT

#### MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks	
	July, 1938 compared with June '38	July '37	7 months 1938 comp. with same period 1937	July 31, 1938 comp. with July 31, 1937
Boots and Shoes.....	+39.3%	+19.0%	-11.2%	.....%
Drugs and Chemicals..	-11.4	- 8.8	- 9.9	-10.6
Dry Goods.....	+17.3	-22.1	-21.1	-30.9
Electrical Supplies.....	+ 0.5	-26.0	-21.6	-22.8
Furniture.....	-31.7	-36.6	-26.3	-36.2
Groceries.....	- 0.5	-16.0	-14.3	- 8.6
Hardware.....	- 9.6	-26.7	-18.8	-17.2
All above lines.....	+ 5.9	-12.2	-16.1	-21.6

**Automobiles** — Combined passenger car, truck and taxicab production in the United States in July totaled 141,437, as against 174,667 in June and 438,834 in July, 1937.

**Boots and Shoes** — The increase in sales of the reporting firms from June to July was seasonal in character, but considerably larger than the average during the past decade. Advance buying during late July and the first half of August underwent quite distinct betterment. Work shoes and stable lines were reported more active than styled goods.

**Clothing** — July sales of the reporting firms were 17 per cent greater than in June, though about one-fourth less than in July, 1937. Inventories showed little change during the month, and as of

August 1 were approximately 10 per cent below a year ago. Slight improvement was noted in demand for working clothes, and advance buying of children's and women's garments was somewhat better than earlier in the season.

**Drugs and Chemicals** — Sales of drugs and chemicals showed a slight contraseasonal decrease from June to July. In the comparison with a year ago, the major part of the decrease was accounted for by the smaller volume of heavy drugs and chemicals taken by the general manufacturing trade.

**Dry Goods** — Ordering for fall and winter distribution has developed marked betterment during the past thirty days. Sales of heavyweight underwear and similar lines have exceeded expectations. The decrease in price of raw cotton has tended to retard ordering of fabrics based on that staple.

**Electrical Supplies** — Seasonal merchandise, including fans and refrigeration, were more active than earlier in the season. Moderate improvement in demand for household appliances, including washing machines, was reported. Outlet through the building industry continued narrow.

**Furniture**—Sales in this classification in July continued the steady decline of recent months. Purchasing by retailers is on an absolute necessity basis, with large stock orders almost entirely absent. Slight betterment was noted in office furniture.

**Groceries**—Sales of groceries continue to run sharply below a year ago. Part of the decline, however, is accounted for by lower prices. Inventories of canned goods are reported the largest at this season in a number of years.

**Hardware**—Aside from a slight pickup in demand for builders' tools and hardware, business in this classification showed no betterment from the dull conditions which have obtained since last fall. The trend of prices was slightly easier, reflecting the decline in steel and some other raw materials.

**Iron and Steel Products**—Further moderate gains in activities were reflected in reports from virtually all sections of the iron and steel industry. Placement of new business with mills, foundries, machine shops and specialty makers was on a larger and more diversified scale than during the preceding several months, and improvement extended to specifications on goods previously acquired. Stove manufacturers reported more than the usual seasonal increase in production. Implement and machinery makers slightly improved their rate of operations and are preparing for still higher schedules during September and early October. July sales of iron and steel by warehouses and jobbers was about 4 per cent greater than in June, though 12 per cent under a year ago. Moderate betterment was noted in demand for structural steel, both in point of contracts let and projects in prospect. Operations at fabricating plants advanced five points to 35 per cent of capacity. The melt of pig iron in July slightly exceeded that of the preceding month, while shipments were approximately one-fourth greater than in June. Production of steel ingots at mid-August was at 36.3 per cent of capacity, which compares with 18.2 per cent a month earlier and 77.7 per cent on August 15, 1937. Jobbing foundries were operating at from three to four days per week, the higher rate over a month earlier being supported chiefly by increased demand for miscellaneous castings. Some additional railroad business was booked by steel mills. Prices of finished and semi-finished materials were steady at the general reductions announced about July 1. Scrap iron continued to advance, heavy melting steel and some other important grades recording a new high on the present upward movement. Pig iron production for the entire country in July, according to the magazine

"Steel", registered the first increase since last March. Total output for the month was 1,212,784 tons, against 1,060,747 tons in June and 3,501,359 tons in July, 1937. July production of steel ingots in the United States was 1,982,058 tons, against 1,638,277 tons in June and 4,556,304 tons in July, 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
	July, 1938 compared with June, 1938	July, 1937	7 mos. 1938 to same period '37	July 31, '38 comp. with July 31, '37	Jan. 1, to July 31, 1938 1937
Ft. Smith, Ark.....	-17.3%	+ 1.1%	+ 1.3%	- 9.1%	1.55 1.37
Little Rock, Ark.....	-15.4	- 0.8	- 6.4	-16.2	1.59 1.50
Louisville, Ky.....	-20.7	-16.9	-13.3	- 9.3	2.14 2.33
Memphis, Tenn.....	-13.9	- 4.7	- 6.1	-12.9	1.72 1.77
Pine Bluff, Ark.....	-10.8	- 2.4	-16.2	- 4.7	1.30 1.42
Quincy, Ill.....	-31.8	- 9.2	- 7.7	-11.9	1.71 1.87
St. Louis, Mo.....	-20.1	- 7.6	- 7.4	-18.3	2.25 2.19
Springfield, Mo.....	-12.9	+ 6.3	- 2.0	-17.6	1.62 1.42
All Other Cities.....	-15.7	- 3.5	- 7.0	-20.3	1.62 1.52
8th F. R. District.....	-19.0	- 7.5	- 7.6	-16.2	2.06 2.04

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

Installment Accounts		Excl. Instal. Accounts	Installment Accounts		Excl. Instal. Accounts
Fort Smith.....	%	35.8%	Quincy.....	%	49.5%
Little Rock.....	14.3	33.6	St. Louis.....	17.2	53.0
Louisville.....	11.6	49.9	Springfield.....		30.3
Memphis.....	20.7	40.1	Other Cities.....	13.7	56.1
Pine Bluff.....		31.9	8th F. R. Dist..	16.0	47.5

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

	Net Sales			Stocks on Hand	Stock Turnover
	July, 1938 compared with June, 1938	July, 1937	7 mos. 1938 to same period '37	July 31, '38 comp. with July 31, '37	Jan. 1, to July 31, 1938 1937
Men's Furnishings.....	-35.9%	- 8.7%	-15.8%	-16.5%	1.31 1.50
Boots and Shoes.....	-36.5	- 6.1	+ 0.2	-18.8	4.12 3.98

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

Men's Furnishings.....	33.5%	Boots and Shoes.....	37.8%
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## MINING AND OIL

**Coal**—Reflecting seasonal contracting by retail yards, public utilities, municipalities, etc., and moderate upturn in industrial activities, demand for soft coal in this general area underwent moderate expansion. Following the trend in the country as a whole, production of bituminous coal at district mines in July slightly exceeded that of the preceding month, but was substantially less than in July, 1937. July production in the United States was estimated by the National Bituminous Coal Commission at 23,460,000 tons, against 22,470,000 tons in June and 31,990,000 tons in July, 1937; for the first seven months this year 174,560,000 tons were lifted,

which compares with 253,454,000 tons during the same interval in 1937. At mines in this general area July production was 10.0 per cent greater than in June and 18.2 per cent less than a year ago; cumulative total for the first seven months was smaller by 25.4 per cent than for the comparable period in 1937. July output at Illinois mines was 2,192,384 tons, as against 2,112,508 tons in June and 2,732,473 tons in July, 1937. There were 87 mines in operation in July, with 23,633 men on payrolls, as against 88 active mines and 22,654 operatives in June.

**Petroleum** — June output of crude oil in states of the Eighth District was 1.5 per cent less than in May and 71.5 per cent greater than that of June, 1937. Cumulative total for the first six months this year exceeded that of the like period in 1937 by 84.8 per cent. Stocks on July 1 were 1.5 per cent smaller and 0.7 per cent greater, respectively, than a month and a year earlier. Detailed production and stocks by states are given in the following table:

(In thousands of barrels)	Production			Cumulative		Stocks	
	June, 1938	May, 1938	June, 1937	1938	1937	June, 1938	June, 1937
Arkansas.....	1,272	1,277	833	8,308	4,814	2,310	2,677
Illinois.....	1,361	1,440	463	7,755	2,386	11,511	11,159
Indiana.....	84	78	74	444	402	3,018	3,051
Kentucky.....	487	459	498	2,652	2,768	1,219	1,043
Totals.....	3,204	3,254	1,868	19,159	10,370	18,058	17,930

#### TRANSPORTATION

Reflecting the movement of a large wheat crop and other seasonal farm products, freight traffic of railroads operating in this district turned upward during July and early August. Total volume, however, continued below that of any similar period since 1932. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 77,141 loads in July, as against 71,597 loads in June and 96,594 loads in July, 1937. During the first nine days of August the interchange amounted to 21,392 loads, which compares with 21,001 loads during the corresponding period in July and 27,937 loads during the first nine days of August, 1937. Passenger traffic of the reporting lines in July decreased 10.0 per cent in number of passengers carried and 11.0 per cent in revenue as compared with the same month a year earlier. For the entire country loadings of revenue freight for the first 31 weeks this year, or to August 6, totaled 17,087,250 cars, against 22,798,260 cars for the corresponding period in 1937 and 20,343,188 cars in 1936. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in July was 226,700 tons, compared with 196,013 tons in June and 179,172 tons in July, 1937; cumulative tonnage for the first seven months this year was 1,344,929 tons, as against 958,580 tons for the comparable period in 1937.

#### WHISKEY

Save for slightly improved sentiment, conditions in the whiskey industry in this area show little change from the dull status which has obtained for the past several months. There was an increase of 25c per gallon in the wholesale price of buk green whiskey, but the increase reflects the removal of selling pressure on distress stocks rather than real improvement in demand. As indicating the low current market, two-year old bulk whiskey can be purchased at wholesale, including the production tax, for 65c per gallon, as against \$1 a year ago. While there is some demand for three-year old stock and a scarcity in some instances, the process of aging will increase supplies next spring. As of mid-August only three out of some sixty-odd distilleries in Kentucky were in operation.

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

(In thousands of dollars)	June		Cumulative for 6 months		
	1938	1937	1938	1937	1936
Indiana.....	\$ 20,030	\$ 22,235	\$122,062	\$141,135	\$121,741
Illinois.....	37,513	38,679	219,894	233,446	204,247
Missouri.....	20,187	20,773	103,650	110,160	107,752
Kentucky.....	8,324	10,181	84,495	85,889	52,605
Tennessee.....	7,677	9,066	59,902	62,558	42,997
Mississippi.....	6,466	7,489	47,469	56,583	33,410
Arkansas.....	5,007	6,252	41,656	48,176	28,560
Totals.....	105,204	114,675	679,128	737,947	591,312

**Farming Conditions** — Considerable unevenness prevailed in weather and other factors influencing agricultural results in the Eighth District during the past thirty days. This was true of both various localities and different crops, but taken as a whole the promise for heavy yields noted earlier in the season was maintained. According to the U. S. Department of Agriculture, agricultural departments of district states and other available sources, there will be an abundance of food, feed and fiber crops, with per acre production of most species above the average in recent years. Even after allowing for the less promising prospects for some of the principal fruits, the August 1 composite of indicated yield per acre of all crops is well above the 1923-1932 average, although below the exceptionally high yields secured last season. There were moderate declines in indicated production from June to July in winter wheat, oats, white potatoes, apples, peaches and some less important crops. Outlook for corn, tobacco, sweetpotatoes, melons and hay underwent some improvement.

As an offset to the generally favorable crop outlook on farm incomes and psychology of the agricultural community has been the sharp decline in prices of agricultural products. As of August 13 the farm products group of the Bureau of Labor Statistics stood at 67.0 per cent of the 1926 average, a decrease of 1.7 per cent under the preceding week and comparing with 70.7 per cent on July 16; 87.5 per cent on August 14, 1937; 83.6 per cent on August 15, 1936, and 80.3 per cent on August 17, 1935.

**Corn** — In its August 1 report the U. S. Department of Agriculture estimates the corn crop in the Eighth District at 323,683,000 bushels, an increase of 3,207,000 bushels over the July 1 forecast and comparing with 363,227,000 bushels harvested in 1937 and the 15-year (1923-1937) average of 329,752,000 bushels. Weather during July and the first half of August was almost ideal for growth and development of the crop. There is some variation in stages of development owing to the unusually long planting season. However, even much of the latest seeded corn is reported in good condition and, barring an unusually early frost, should turn out well. Reflecting the heavy indicated crop and one of the largest carryovers in recent years, prices declined sharply in early August, and at the middle of the month No. 2 white corn in St. Louis sold at 50c per bushel, which compares with \$1.08 a year earlier and \$1.24 on August 15, 1936.

**Cotton** — The U. S. Department of Agriculture in its initial forecast for the season estimates the cotton crop in the Eighth District, based on conditions as of August 1, at 3,021,000 bales, which compares with 4,891,000 bales harvested in 1937 and the 15-year (1923-1937) average of 2,881,000 bales. In all district states the condition as of the report date was higher than the 10-year average and, under favorable weather, the crop as a whole has undergone improvement during the first half of August. The smaller indicated yield than a year ago is accounted for almost entirely by reduced acreage under the Government agricultural program. There are increasing reports of boll weevil and cutworm infestation and farmers are making extensive preparations for combating these pests with poison. As of mid-August actual insect damage was relatively light. Reflecting the favorable crop prospects, slack foreign and domestic buying and the large quantity of cotton held as security for Government loans, prices declined sharply during the first half of August. In the St. Louis market the middling grade ranged from 7.25c to 8.10c per pound between July 15 and August 15, closing at 7.25c on the latest date,

which compares with 7.75c on July 15 and 10.65c on August 15, 1937. Receipts at Arkansas compresses from August 1 to August 12 totaled 6,032 bales, which compares with 397 bales during the corresponding period in 1937. Stocks on hand as of August 12 totaled 716,335 bales, as against 151,297 bales on the same date a year ago.

**Fruits and Vegetables** — Growing conditions during July and the first half of August were auspicious in most sections for the development of vegetable and fruit crops. There are marked contrasts, however, in prospective production of the several species in different states. As an example, the peach crop in Missouri is a virtual failure, whereas in Illinois and the district as a whole it is about average. The Government's report based on August 1 conditions, places production of apples in states including the Eighth District at 7,767,000 bushels, as against 26,669,000 bushels in 1937 and the 10-year (1927-1936) average of 13,257,000 bushels; peaches, 6,443,000 bushels, against 10,238,000 bushels in 1937 and the 10-year average of 6,552,000 bushels; pears, 1,890,000 bushels, against 3,379,000 bushels in 1937 and 10-year average of 1,900,000 bushels; grapes, 26,550 tons, against 44,930 tons in 1937 and 10-year average of 31,930 tons; sweetpotatoes, 21,877,000 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 forecast at 14,084,000 bushels, which compares with 12,716,000 bushels harvested last year and the 15-year (1923-1937) average of 13,506,000 bushels. Reduced fruit production this year is attributed to a number of causes, chief among them being spring frosts and the heaviest insect infestation in recent years.

**Livestock** — As has been the case since last fall, general conditions affecting livestock during the period covered by this review have been unusually favorable, and the status of herds has maintained the high average which marked earlier months this year. Supplies of prepared feeds have been abundant and pastures are generally above the 10-year average condition. The Eighth District tame hay crop is estimated by the U. S. Department of Agriculture in its August 1 report at 6,669,000 tons, which compares with 6,162,000 tons produced last year and the 15-year (1923-1937) average of 6,486,000 tons. Under these conditions, plus an unusually large proportion of milk cows in production, milk production per cow on August 1, at 11.5 pounds per head, was 5.5 per cent and 10.6 per cent, respectively, above a year ago and the 10-year average.

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

	Receipts			Shipments		
	July, 1938	June, 1938	July, 1937	July, 1938	June, 1938	July, 1937
Cattle and Calves.....	133,615	118,450	143,858	87,653	75,613	93,394
Hogs.....	174,500	177,032	107,847	109,996	112,575	66,701
Horse and Mules.....	1,391	2,260	3,935	1,157	1,916	3,189
Sheep.....	108,697	139,845	91,521	36,828	61,944	21,818
Totals.....	418,203	437,587	347,161	235,634	252,048	185,102

**Tobacco**—In its report of conditions on August 1, the U. S. Department of Agriculture estimates production of all types of tobacco in the Eighth District at 291,346,000 pounds. This represents an increase of 1,549,000 pounds over the July 1 forecast, and compares with 301,156,000 pounds produced in 1937 and the 15-year (1923-1937) average of 287,280,000 pounds. Since August 1 the crop as a whole has sustained considerable damage from wildfire and blackfire, fungus field infection caused by excessive rainfall at a crucial stage of crop development. Unofficial reports range from slight to as high as 25 per cent damage. Heaviest injury is reported in the one sucker, eastern fired and western fired districts. Apparently the burley crop has escaped with relatively little actual damage. Losses to the dark tobacco crop are expected to keep production well within the 1938 poundage quotas to be fixed under the Government farm program, with the possibility of cancellation of over-production penalties.

### COMMODITY PRICES

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

	High	Low	Close	
			Aug. 15, 1938	Aug. 16, 1937
Wheat				
*Sept. ....per bu..	\$ .71 3/4	\$ .62	\$ .62	\$ 1.10 5/8
*Dec. ....	.73 5/8	.64 1/2	.64 1/2	1.11 1/2
*May ....	.75 1/8	.67	.67	1.17 1/2
No. 2 red winter ..	.71 1/4	.60 1/4	.63 1/2	1.13
No. 2 hard ..	.72	.61 1/4	.63	1.13
Corn				
*Sept. ....	.59 3/4	.49 1/2	.50 1/2	.98 3/4
*Dec. ....	.58 3/4	.47	.47	.67 1/4
*May ....	.58 1/2	.49 3/4	.49 7/8	.69 3/4
No. 2 mixed ..	.58 1/2	.49	.49	1.07
No. 2 white ..	.59 1/2	.49 1/2	.51 3/4	1.08
Oats				
*Sept. ....	.26 5/8	.22 1/2	.23	.28 5/8
*Dec. ....	.27 3/8	.23 5/8	.23 5/8	.30 3/8
*May ....	.28 1/8	.25 5/8	.25 5/8	.31 7/8
No. 2 white ..	.27 1/2	.24 1/2	.25 3/4	.32
Flour				
Soft patent.....per bbl.	3.80	3.25	3.25@3.55	5.75@ 6.25
Spring ..	5.70	5.15	5.15@5.45	7.65@ 8.05
Middling Cotton...per lb.	.0810	.0725	.0725	.1065
Hogs on Hoof.....per cwt.	10.05	5.00	6.50@8.85	9.75@13.00

\*Nominal quotations.

**Winter Wheat**—According to the U. S. Department of Agriculture's estimate, based on August 1 conditions, the output of winter wheat in the Eighth District, is placed at 67,121,000 bushels, a decrease of 668,000 bushels under the July 1 forecast, and comparing with 78,966,000 bushels harvested in

1937, and the 15-year (1923-1937) average of 52,858,000 bushels. The decrease under a month earlier was attributed in large part to injury to the crop disclosed by late threshing returns. In the main, however, quality of the crop is high. In Illinois test weights of winter wheat are averaging 58 pounds per bushel as compared with last year's 54-pound average.

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in July was 21.7 per cent less than in June and 31.9 per cent less than in July, 1937. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in July amounted to \$14,214,000 which compares with \$16,178,000 in June and \$17,054,000 in July, 1937. Building figures for July follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits 1938	Permits 1937	Cost 1938	Cost 1937	Permits 1938	Permits 1937	Cost 1938	Cost 1937
Evansville.....	24	17	\$ 134	\$ 371	77	155	\$ 29	\$ 83
Little Rock....	15	21	38	36	68	35	27	57
Louisville.....	80	80	206	555	56	111	29	149
Memphis.....	239	276	421	270	156	204	98	149
St. Louis.....	215	256	561	766	172	179	104	186
July Totals..	573	650	1,360	1,998	529	684	287	624
June ..	638	770	1,738	2,987	580	815	334	549
May " ..	624	681	1,349	1,861	666	962	427	1,403

### CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in July as being 5.7 per cent greater than in June and 18.5 per cent less than in July, 1937. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	July, 1938 K.W.H.	June, 1938 K.W.H.	July, 1937 K.W.H.	July, 1938 compared with June, 1938	July, 1938 compared with July, 1937
Evansville.....	40	2,559	2,620	3,680	+ 2.3%	—30.5%
Little Rock....	35	2,264	2,157	2,377	+ 5.0	— 4.8
Louisville.....	82	7,957	8,051	10,521	+ 1.2	—24.4
Memphis.....	31	1,805	1,841	2,112	+ 2.0	—14.5
Pine Bluff.....	20	597	529	743	+12.9	—19.7
St. Louis.....	203	25,170	22,992	30,072	+ 9.5	—16.3
Totals.....	411	40,352	38,190	49,505	+ 5.7	—18.5

### LIFE INSURANCE

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

(In thousands of dollars)	July, 1938	June, 1938	July, 1937	Cumulative Totals 1938	Cumulative Totals 1937	Cum. change
Arkansas.....	\$ 3,029	\$ 3,164	\$ 3,861	\$ 22,700	\$ 27,932	—18.7%
Illinois.....	37,603	39,181	46,774	285,424	354,206	—19.4
Indiana.....	10,996	11,775	14,019	80,572	102,777	—21.6
Kentucky.....	4,962	5,742	7,139	42,062	44,968	— 6.5
Mississippi.....	2,610	3,158	3,332	21,146	25,510	—17.1
Missouri.....	15,483	16,360	19,842	114,021	140,027	—18.6
Tennessee.....	6,287	7,414	8,107	47,844	59,520	—19.6
Totals.....	80,970	86,794	102,984	613,769	754,940	—18.7
United States...	457,224	502,588	588,523	3,501,117	4,404,874	—20.5

## BANKING AND FINANCE

Demand for credit in the Eighth District continued to broaden during late July and the first half of August. The improvement came mainly in the form of requirements for financing the movement of crops and other seasonal agricultural operations. While somewhat more active than earlier in the year, demand from mercantile and manufacturing interests continued quiet, with volume of borrowing at mid-August below that at the corresponding time last year. Completion of the wheat harvest has been accompanied by a considerable volume of liquidation at country banks, and a rather sharp rise in commitments of grain handling and flour milling interests in the large cities. Relative to the marketing of tobacco, certain bankers report that wholesalers and jobbers liquidated their loans in July rather than August, the usual seasonal procedure. This is taken to indicate a preseasonal demand for burley types and should be reflected in a good demand for the 1938 crop.

**Member Banks**—Gross deposits of reporting member banks established a new high for the year at \$935,759,000 on August 3. At the close of the four week period ending August 17 they were slightly more than a month earlier and 6.9 per cent larger than last year. Total loans and investments were 1.8 per cent greater than a month earlier due to an increase of 2.7 per cent in the investment portfolios of reporting banks, loans being only 0.7 per cent higher than on the earlier report date. Reserves decreased about 7.0 per cent during the four week period but were approximately one-fourth larger than on the corresponding report date last year.

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

(In thousands of dollars)	Aug. 17, 1938	July 20, 1938	Aug. 18, 1937
<b>Loans—total</b> .....	<b>\$284,005</b>	<b>\$281,915</b>	<b>\$308,217</b>
*Commercial, industrial, and agricultural.....	174,612	168,311	186,320
Open market paper.....	4,858	5,223	11,451
Loans to brokers and dealers.....	4,837	5,637	6,070
Other loans to purchase or carry securities....	12,705	12,388	12,484
Real Estate loans.....	47,952	48,521	45,547
Loans to banks.....	6,420	6,626	8,279
*Other loans.....	32,621	35,209	38,066
<b>Investments—total</b> .....	<b>370,603</b>	<b>360,857</b>	<b>363,303</b>
U. S. Gov't obligations.....	209,916	199,358	217,243
Obligations guaranteed by U. S. Gov't.....	63,117	64,129	45,941
Other securities.....	97,570	97,370	100,119
<b>Gross deposits</b> .....	<b>928,455</b>	<b>927,643</b>	<b>868,318</b>
Demand deposits.....	736,248	735,910	677,927
Time deposits.....	192,207	191,733	190,391
<b>Borrowings</b> .....			

\*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 banks on August 3 was 0.8 per cent more than on July 6, and 1.6 per cent greater than on August 4, 1937.

At downtown St. Louis banks as of the week ended August 15, interest rates charged were as follows: Customers' prime commercial paper, 1½ to 4½ per cent; collateral loans, 2 to 5½ per cent; loans secured by warehouse receipts, 1½ to 5 per cent; interbank loans, 3 to 5 per cent, and cattle loans, 4 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 July, 1938, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	4,952,765	\$ 976,292,545
Collections (non-cash items) handled.....	94,064	28,433,604
Transfers of funds.....	4,526	261,506,074
Currency and coin received and counted.....	20,830,328	31,480,728
Rediscounts, advances and commitments.....	16	589,471
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.....	11,947	11,196,721
Bills and securities in custody—coupons clipped.....	14,204	

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

(In thousands of dollars)	Aug. 20, 1938	July 20, 1938	Aug. 20, 1937
Industrial advances under Sec. 13b.....	\$ 150	\$ 150	\$ 301
Other advances and rediscounts.....	140	100	399
Bills bought (including participations)....	2	2	86
U. S. securities.....	114,411	114,411	111,385
<b>Total earning assets</b> .....	<b>114,703</b>	<b>114,663</b>	<b>112,171</b>
Total reserves.....	326,297	337,292	284,396
Total deposits.....	263,625	267,720	210,620
F. R. Notes in circulation.....	171,686	172,608	179,791
Industrial commitments under Sec. 13b..	585	605	1,039
Ratio of reserve to deposit and F. R. Note liabilities.....	75.0%	76.0%	72.8%

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

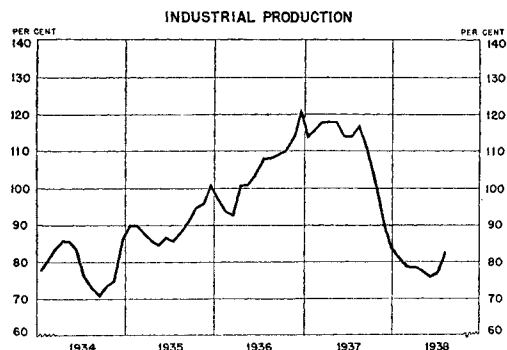
**Debits to Individual Accounts**—The following comparative table of debits to individual accounts reflects spending trends in this district:

(In thousands of dollars)	July, 1938	June, 1938	July, 1937	July, 1938 comp. with June, 1938	July, 1937
<b>East St. Louis and Natl.</b>					
Stock Yards, Ill. \$	34,492	\$ 35,583	\$ 35,489	— 3.1%	— 2.8%
El Dorado, Ark.....	5,177	5,701	5,620	— 9.2	— 7.9
Evansville, Ind.....	28,975	25,605	40,530	+13.2	—28.5
Fort Smith, Ark.....	10,386	10,759	11,524	— 3.5	— 9.9
Greenville, Miss.....	3,761	3,705	4,678	+ 1.5	—19.6
Helena, Ark.....	1,294	1,401	1,577	— 7.6	—17.9
Little Rock, Ark.....	30,822	32,844	34,488	— 6.2	—10.6
Louisville, Ky.....	142,067	148,154	170,452	— 4.1	—16.7
Memphis, Tenn.....	93,305	92,719	109,696	+ 0.6	—14.9
Owensboro, Ky.....	5,379	5,157	6,134	+ 4.3	—12.3
Pine Bluff, Ark.....	6,647	7,294	8,980	— 8.9	—26.0
Quincy, Ill.....	7,179	8,311	8,664	—13.6	—17.1
St. Louis, Mo.....	547,020	564,300	656,900	— 3.1	—16.7
Sedalia, Mo.....	1,755	1,778	1,974	— 1.3	—11.1
Springfield, Mo.....	13,467	13,384	15,798	+ 0.6	—14.8
Texarkana, Ark-Tex.	6,904	7,023	8,414	— 1.7	—17.9
<b>Totals</b> .....	<b>938,630</b>	<b>963,718</b>	<b>1,120,918</b>	<b>— 2.6</b>	<b>—16.3</b>

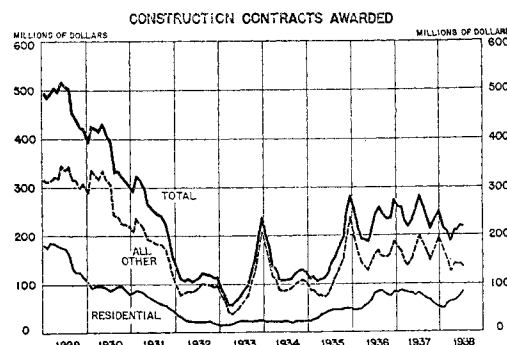


# NATIONAL SUMMARY OF BUSINESS CONDITIONS

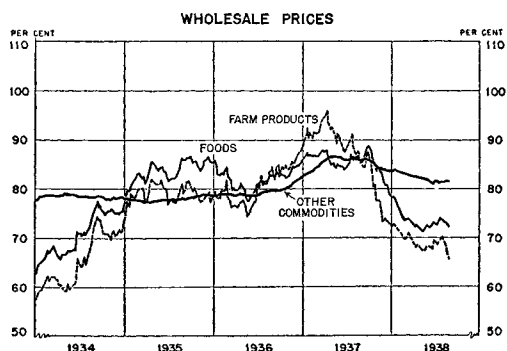
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



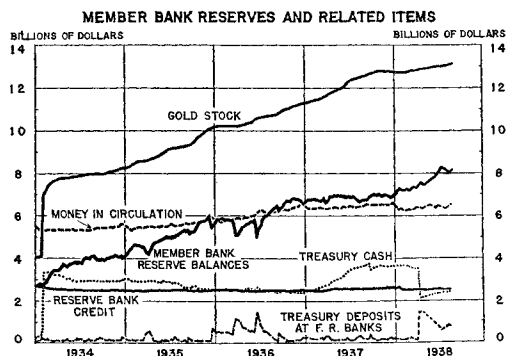
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through July, 1938. Latest figure 83.



Three-month moving averages of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for May and June and estimate for July, 1938.



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 through week ending August 20, 1938.



Wednesday figures, January 3, 1934 through August 17, 1938.

Industrial activity increased in July, when there is usually a considerable decline, and rose somewhat further in the first three weeks of August.

**Production**—Volume of industrial production increased from 77 per cent of the 1923-1925 average in June to 83 per cent in July, according to the Board's index which is adjusted for changes in the number of working days and for usual seasonal variations. Steel output rose sharply, lumber production also increased, and output of cement and glass was maintained. Automobile production declined somewhat further. In the first three weeks of August activity at steel mills was at a rate of around 40 per cent of capacity as compared with an average of 35 per cent in July, while in the automobile industry there was more than the usual seasonal reduction in output as producers closed plants somewhat earlier than in other recent years to prepare for the shift to new model production.

At textile mills activity in July showed a further rise, marked increases being reported in mill consumption of cotton and wool and in shipments of rayon yarn. Shoe production also increased substantially, following a decline in June. Bituminous coal production advanced somewhat in July, and output of crude petroleum was at a much higher rate, reflecting chiefly a return to production on a six-day week basis in Texas. Anthracite production decreased sharply following a considerable volume of output during May and June. Value of construction contracts awarded in 37 eastern states showed little change from June to July, according to figures of the F. W. Dodge Corporation. Contracts for residential building continued to increase, and there was an increase also in commercial building, reflecting the award of a contract for a large office building. Factory construction remained at a low level and declines were reported in most other types of construction.

**Employment**—Factory employment and payrolls, which usually decline at this season, increased somewhat from the middle of June to the middle of July. There were substantial increases in the number employed at textile mills, clothing establishments, and shoe factories, and at railroad repair shops there was a slight increase. In the machinery and automobile industries employment declined somewhat further. In nonmanufacturing industries the principal changes in employment were a decrease at mines and an increase on the railroads.

**Agriculture**—A domestic cotton crop of 12,000,000 bales was indicated on August 1, according to the Department of Agriculture. Last season the crop was 19,000,000 bales and, with world consumption of American cotton about 11,000,000 bales, the carryover increased sharply to 13,500,000 bales. The wheat crop was forecast at 956,000,000 bushels, as compared with 874,000,000 bushels harvested last year and usual domestic consumption of about 670,000,000 bushels. Production estimates for most other major crops were slightly under the large harvests of a year ago. Preliminary estimates by the Department of Agriculture indicate that cash farm income, including government payments, will total \$7,500,000,000 for the calendar year 1938, a decline of 12 per cent from last year, which was the highest since 1929.

**Distribution**—In July department store sales declined by less than the usual seasonal amount, while sales at variety stores and mail-order houses decreased seasonally. Retail sales of automobiles increased somewhat, although there is ordinarily a decline in July. In the first half of August sales at department stores showed less than the usual seasonal rise. Prices of grains, cotton, livestock, and meats were lower in the third week of August than in the middle of July, while prices of most industrial commodities were unchanged. Steel scrap advanced further in July, then declined somewhat in the first half of August. Cotton grey goods also declined in the early part of August, while prices of copper and rubber were maintained, following increases in the latter part of July.

**Bank Credit**—Excess reserves of member banks declined by about \$230,000,000 in the first weeks ending August 17 to a total of \$2,930,000,000, following a steady growth from the middle of April to a peak on July 13. The decline in reserves was largely the result of an increase in Treasury deposits with the Reserve banks, reflecting receipts from weekly Treasury bill offerings in excess of maturities and a sale of Reconstruction Finance Corporation notes. Most of the decrease in excess reserves was at city banks.

Following substantial declines since the autumn of last year, commercial loans and brokers loans at reporting member banks in 101 leading cities increased somewhat during the first half of August. Member banks in leading cities added about \$170,000,000 to their holdings of investments in the middle of July, mainly United States Government-guaranteed obligations, but thereafter their holdings showed little change.