



BUSINESS CONDITIONS

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

RELEASED FOR PUBLICATION ON THE AFTERNOON OF SEPTEMBER 30, 1938



411 Locust Street

SUMMARY OF EIGHTH DISTRICT

Agriculture:	Sept. 1, 1938, comp. with Yield 1937	Av. 1923-37
Estimated yield of 7 crops.....	- 6.2%	+ 1.2%
Live Stock:	Aug., 1938, comp. with July, 1938	Aug., 1937
Receipts at National Stock Yards.....	+ 4.8%	- 5.2%
Shipments from aforesaid Yards.....	- 1.4	-16.7
Production and Distribution:		
Sales by mfrs. and wholesalers.....	+15.4	- 3.6
Department store sales.....	+14.9	- 2.0
Car loadings.....	- 4.4	-23.1
Building and Construction:		
Bldg. permits, incl. repairs	{ Number +11.9	-10.6
	{ Cost..... +46.2	+ 5.9
Value construc. contracts awarded....	+59.5	+40.3
Miscellaneous:		
Commercial failures	{ Number.....-26.8	+25.0
	{ Liabilities.....-69.7	-22.1
Consumption of electricity.....	+ 5.6	-10.8
Debits to individual accounts.....	- 7.9	-12.7
Member Banks (24):	Sept. 14, '38, comp. with Aug. 17, '38	Sept. 15, '37
Gross deposits.....	+ 1.9%	+ 7.2%
Loans.....	+ 1.2	- 8.4
Investments.....	- 0.3	+ 5.0

TRADER and industry in the Eighth District during August continued the upward trends which began about the middle of July. Improvement was quite rapid and fairly general throughout August, but since the first week in September the tempo has slowed somewhat.

The decline in prices of farm products had a retarding influence on distribution of commodities as a whole and the unseasonably high temperatures of early September tended to restrict the volume of retail buying, both in the country and large urban centers. Among the beneficial factors affecting the situation were the almost entire absence of the usual summer recession in many manufacturing lines, particularly iron and steel and some other durable goods industries, marked expansion of building during August, continued high rate of production at shoe factories and textile mills, increased production at mines and moderate enlargement of advance buying of merchandise for fall and winter distribution. Employment and payrolls generally through the district developed quite decided improvement, and this would have been more pronounced but for the continuance of numerous strikes in scattered sections of the area. Demand for building materials, including structural steel, glass, fire clay products and lumber, was reported more active than at any time this year.

Clearance of summer merchandise was generally above expectations. Special sales held by merchants in late August and early September met with good response and accounted for the movement of a considerable volume of such goods. Reflecting increased

manufacturing activities, consumption of electric power by industrial users in the chief centers increased 5.6 per cent in August over July, following a gain of 5.7 per cent in July over June. While still measurably below a year ago, production at district coal, zinc and lead mines registered a sharp increase from July to August. Production of lumber in states of the district increased in August, and there was a further gain in orders and shipments as contrasted with July. Output of petroleum at district fields in July was greater by 18.5 per cent and 101 per cent, respectively, than a month and a year earlier. Retail sales of automobiles in August decreased 0.5 per cent from July, and were approximately one-half smaller than a year ago. Steel ingot production at mills in this area reached the highest point since last October.

Gauged by sales of department stores in the principal cities, the volume of retail trade in August was 14.9 per cent more than in July and 2.0 per cent smaller than in August, 1937; for the first eight months this year cumulative total was 7.0 per cent less than in the comparable period in 1937. Combined August sales of all wholesaling and jobbing firms reporting to this bank were 15.4 per cent greater than in July and 3.6 per cent less than for August, 1937; total for the first eight months fell 14.8 per cent below that of the like interval in 1937.

The value of building permits issued for new construction in the principal cities in August was about one-half larger than in July and 19.2 per cent above the August, 1937, total; for the first eight months there was a decrease of 23.8 per cent as compared with the same period a year ago. Construction contracts let in the Eighth District in August exceeded those of July by 59.5 per cent and were 40.3 per cent more than in August, 1937; cumulative total for the first eight months was 6.4 per cent below that for the like period in 1937.

Reports relative to collections during the past thirty days reflected considerable spottiness, both as to the several lines and various geographic locations. On the whole, however, results were somewhat more satisfactory than a month earlier, though as compared with the same period last year the showing was unfavorable.

Commercial failures in the Eighth Federal Reserve District in August, according to Dun and Bradstreet, numbered 30, involving liabilities of \$169,000, which compares with 41 defaults with liabilities of \$557,000 in July, and 24 failures for a total of \$217,000 in August, 1937.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales			Stocks
	August, 1938 compared with		8 months 1938 comp. with same period 1937	Aug. 31, 1938 comp. with Aug. 31, 1937
	July, '38	Aug. '37		
Boots and Shoes.....	+ 4.8%	+40.0%	— 7.8%%
Drugs and Chemicals	+ 4.1	— 0.8	— 9.4	.....
Dry Goods.....	+58.4	—15.0	—20.5	—25.0
Electrical Supplies...	+ 3.7	—16.1	—20.8	—30.6
Furniture.....	+43.0	—24.2	—26.0	—34.2
Groceries.....	+ 4.9	—11.7	—13.9	—11.7
Hardware.....	+14.9	—16.5	—18.5	—18.3
All above lines.....	+15.4	— 3.6	—14.8	—22.1

Business of wholesaling and jobbing groups in this district increased during August and, at a somewhat more moderate rate, continued the betterment during the first half of September. In all lines investigated by this bank August sales exceeded those of July and the decrease of 3.6 per cent in the total of all lines as compared with a year earlier, shown in the above table, was the smallest for any month this year. In a number of important classifications the increase from July to August was seasonal in character, but in the case of dry goods, furniture and hardware was larger than the average in recent years. In a majority of classifications, but more particularly boots and shoes, dry goods and furniture, advance ordering by retailers was on a considerably larger scale than earlier in the year. According to a number of the reporting firms, there has been more interest in holiday goods than at this time either a year or two years earlier. The recent decline in cotton prices has served to make for hesitation in purchasing of fabrics based on that staple. Hardware and electrical supply interests report a noticeable increase in the movement of building materials.

Automobiles — Combined passenger car, truck and taxicab production in the United States in August totaled 90,484 as against 141,437 in July and 394,322 in August, 1937.

Iron and Steel Products — The final weeks of August and first half of September were marked by a further moderate increase in activities in the iron and steel industry in this area. The betterment was fairly well spread over all sections of the industry and was supported in the main by steadily increased purchasing by miscellaneous consumers. While buying still is chiefly for immediate requirements, numerous orders placed for finished steel carried specifications for immediate shipment, indicating reduced consumer inventories and actual need for the material. Relatively the highest rate of production was maintained at plants of specialty makers, including stoves, heating apparatus, farm implements, machine tools and machinery. However, expansion took place elsewhere, schedules at steel mills being stepped up and operations at jobbing foundries being at the highest rate in a number of months. Outlet through the

building industry has broadened noticeably, and pending public works projects nearing the contract stage indicate further improvement during the next several months. Operations at fabricating yards at mid-September were at about 40 per cent of capacity, an increase of 5 per cent over a month earlier. August sales of warehouse and jobbing interests were 8 per cent above the preceding month, but still measurably below August, 1937. Shipments and the melt of pig iron increased about one-third in August over July, and made a more favorable comparison with a year ago than has been the case since last winter. No announcement has been made on prices for the fourth quarter, which fact has tended to hold down advance purchasing of tin plate and some other commodities. Production of steel ingots in this area as of mid-September was at 42.5 per cent of capacity, which compares with 36.3 per cent a month earlier and 74.2 per cent on September 15, 1937. Prices of raw and finished materials were practically unchanged, except iron and steel scrap, which advanced to a new high on the recent upward movement. For the entire country, production of pig iron in August, according to the magazine "Steel," totaled 1,495,245 tons, the high point for 1938, and comparing with 1,213,327 tons in July and 3,616,954 tons in August, 1937. Steel ingot production in the United States in August was 2,546,988 tons, against 1,982,058 tons in July and 4,877,826 tons in August, 1937.

MINING AND OIL

Coal — There was a fair increase in production at coal mines in this general area and the country as a whole during August, as compared with July, and further improvement was noted during the first half of September. The betterment was seasonal in character, however, and output was still measurably below that of a year ago. Inventories of coal held by industrial users are still of considerable size despite heavier consumption during July and August. On the other hand, retail stocks have been fairly well liquidated and are below a year ago. Production of soft coal in the United States in August was estimated by the National Bituminous Coal Commission at 28,280,000 tons, against 23,357,000 tons in July and 33,988,000 tons in August, 1937; for the first eight months this year 202,840,000 tons were produced, which compares with 287,442,000 tons during the same period in 1937. At mines in this district August production was 22.4 per cent greater than in July and 5.3 per cent less than in August last year; for the first eight months output was 23.1 per cent less than for the comparable period in 1937. Illinois mines produced 2,760,098 tons in August, as against 2,192,384 tons in July and 3,005,108 tons in August,

1937. There were 92 mines in operation in August, with 24,902 men on payrolls, as against 87 active mines and 23,633 operatives in July.

Petroleum — July output of crude oil in states of the Eighth District was 18.5 per cent greater than in June and 101.3 per cent greater than that of July, 1937. Cumulative total for the first seven months this year exceeded that of the like period in 1937 by 88.2 per cent. Stocks on August 1 were 1.3 per cent and 6.3 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	
	July, 1938	June, 1938	July, 1937	1938	1937	July, 1938	July, 1937
Arkansas	1,680	1,272	855	9,988	5,669	2,291	2,583
Illinois	1,642	1,462*	530	9,498	2,916	11,725	10,948
Indiana	87	84	73	531	475	3,127	2,734
Kentucky	506	487	487	3,158	3,255	1,155	956
Totals	3,915	3,305	1,945	23,175	12,315	18,298	17,221

*Revised.

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	
	August, 1938 compared with July, 1938		8 mos. 1938 to same period 1937		Aug. 31, '38 to same comp. with Aug. 31, 1937	
	Aug. 1938	Aug. 1937	1938	1937	1938	1937
Ft. Smith, Ark.	+12.9%	+ 6.2%	+ 1.9%	- 2.1%	1.74	1.54
Little Rock, Ark.	+12.5	- 2.1	- 5.9	-15.8	1.80	1.68
Louisville, Ky.	+11.0	-10.6	-13.0	-11.5	2.43	2.62
Memphis, Tenn.	+ 9.0	- 3.8	- 5.9	-12.4	1.96	1.99
Pine Bluff, Ark.	+ 2.2	- 1.9	-14.7	- 6.5	1.45	1.56
Quincy, Ill.	+20.6	- 6.1	- 7.5	-17.6	1.96	2.08
St. Louis, Mo.	+17.9	- 0.3	- 6.6	-17.0	2.55	2.45
Springfield, Mo.	+ 4.1	+ 2.7	- 1.4	-17.8	1.85	1.61
All Other Cities.	+ 0.8	+ 1.0	- 6.1	-17.4	1.84	1.70
8th F. R. District.	+14.9	- 2.0	- 7.0	-15.3	2.34	2.28

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

	Installment Accounts	Excl. Inst'l Accounts	Installment Accounts	Excl. Inst'l Accounts
Fort Smith ....	.....%	34.8%	Quincy%
Little Rock.	13.8	35.3	St. Louis.	18.4
Louisville	12.3	51.7	Springfield	25.6
Memphis	24.9	39.2	Other Cities ..	13.7
Pine Bluff .....	.....	29.3	8th F. R. Dist.	17.2
				45.7

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

	Net Sales			Stocks on Hand		Stock Turnover	
	August, 1938 compared with July, 1938			8 mos. '38 to same period 1937		Aug. 31, '38 to same comp. with Aug. 31, 1937	
	Aug. 1938	Aug. 1937	1938	1937	1938	1937	
Men's Furnishings.	+ 1.0%	- 0.1%	-14.5%	-17.7%	1.46	1.62	
Boots and Shoes.	+ 5.7	- 4.3	- 0.3	-21.9	4.54	4.28	

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

Men's Furnishings.....	25.9%	Boots and Shoes.....	35.5%
------------------------	-------	----------------------	-------

TRANSPORTATION

According to officials of railroads operating in this district, freight traffic handled during August

and the first half of September increased in about the expected seasonal amount, and was the highest for any similar period this year. With the exception of grain and grain products, however, there were decreases in all freight classifications as compared with the preceding three years. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 73,766 loads in August, as against 77,141 loads in July and 95,935 loads in August, 1937. During the first nine days of September the interchange amounted to 21,297 loads, which compares with 21,392 loads during the corresponding period in August and 24,759 loads during the first nine days of September, 1937. Passenger traffic of the reporting lines in August decreased 13.5 per cent in the number of passengers carried and 12.0 per cent in revenue as compared with the same month a year earlier. For the entire country, loadings of revenue freight for the first 36 weeks this year, or to September 10, totaled 20,112,166 cars, against 26,642,409 cars for the corresponding period in 1937 and 24,034,617 cars in 1936. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in August was 257,300 tons, against 228,937 tons in July and 180,847 tons in August, 1937; cumulative tonnage for the first eight months this year was 1,604,466 tons, as against 1,164,452 tons for the comparable period in 1937.

AGRICULTURE

Receipts from the sale of principal farm products of farmers in states including the Eighth District during the period January-July, 1936, 1937, 1938 and during July, 1937, and 1938 are given in the following table:

(In thousands of dollars)	July		Cumulative for 7 months		
	1938	1937	1938	1937	1936
Indiana	\$ 25,694	\$ 29,915	\$142,416	\$161,928	\$142,504
Illinois	43,813	52,164	256,009	271,463	243,493
Missouri	26,461	31,959	122,997	131,782	124,802
Kentucky	11,216	11,581	86,213	87,458	60,106
Tennessee	7,382	8,983	61,037	63,733	48,555
Mississippi	2,875	4,610	41,965	51,056	30,775
Arkansas	4,163	5,205	37,334	43,854	29,786
Totals	\$121,604	\$144,417	\$747,971	\$811,274	\$679,621

Farming Conditions — Taken as a whole, crop prospects in the Eighth District underwent no marked change from July to August, and, according to the U. S. Department of Agriculture, agricultural departments of the several states and other sources of information, early indications for large yields of the principal productions were well maintained. With the exception of winter wheat, all important field crops are expected to give larger per acre yields than the average during the 1927-1932 period. The Government's September 1 report showed moderate increases from a month earlier on cotton, corn, oats, tame hay, potatoes and several of the less important crops. The winter wheat estimate was unchanged and there

was a decline in indicated production of tobacco. Tree fruits made a less favorable showing, the forecast being for smaller production than a year ago and average. Truck crops harvested have totaled about 9.0 per cent above the 10-year average. Prospects for bumper feed and forage crops remained unimpaired. The farm labor supply continued adequate to excessive with wage scales, particularly in the cotton sections, below a year ago. The trend of prices continued downward. As of September 3 the farm products group of the Bureau of Labor Statistics index stood at 67.1 per cent of the 1926 average, a decrease of 0.2 per cent from the preceding week and comparing with 68.7 per cent on August 6; 84.6 per cent on September 4, 1937; 82.1 per cent on September 5, 1936 and 79.9 per cent on September 7, 1935.

Corn — Prospects for corn in this area are unevenly fair to good, and at mid-September a very large portion of the crop was safe from frost damage, owing to rapid maturity incident to the unusually high temperatures during the early part of the month. Production in the Eighth District on acreage grown for all purposes—grain, silage, hogging and grazing—is estimated by the Government in its September 1 report at 324,860,000 bushels. This is an increase of 1,177,000 bushels over the August 1 forecast and compares with 363,227,000 bushels harvested in 1937 and the 15-year average of 329,752,000 bushels.

Cotton — Prospects for the cotton crop improved from July to August in all states of the district except Missouri. In its report based on conditions as of September 1, the U. S. Department of Agriculture estimates the total Eighth District yield at 3,131,000 bales, an increase of 110,000 bales over the August 1 forecast. This compares with 4,891,000 bales harvested in 1937 and the 15-year (1923-1937) average of 2,881,000 bales. The crop made favorable progress during the first half of August, but during the last ten days there was marked deterioration in many sections, occasioned in part by weevil and worm damage and in greater degree by very hot, dry weather which blighted the poorly rooted, sappy plant. The plant has opened rapidly, and at mid-September picking and ginning were general. Latest reports indicate that turn-out at gins is running high, but slightly below last year's unprecedented yield of lint from given poundage of seed cotton. Relatively little new crop cotton is being sold, producers being disposed to await clarification of terms of the Government loan. Considerable acreage has been plowed under by farmers in order to keep within their A.A.A. acreage allotments. As indicating the rapidity with which cotton is moving to the gins, combined receipts at

Arkansas and Missouri compresses from August 1 to September 9 totaled 160,704 bales, as compared with 81,590 bales during the like interval last year. Stocks on hand as of September 9 totaled 923,934 bales, against 218,153 on the corresponding date in 1937. Prices of raw cotton declined to the lowest point of the season.

Fruits and Vegetables — A measurable increase in the production of principal commercial truck crops over 1937 and the 10-year (1927-1936) average is indicated for states of this district. Growing conditions generally through the season were auspicious for vegetables and, in the case of some species, yields per acre are close to the highest of record. Fruit production, on the other hand, is below that of last year and the average. Apple and peach crops were heavily damaged by spring freezes, and since, by fungus and insect pests. The U. S. Department of Agriculture in its September 1 report estimates the apple crop in states including the Eighth District at 7,339,000 bushels, against 26,669,000 bushels in 1937 and the 10-year average of 13,257,000 bushels; peaches, 6,241,000 bushels, against 10,238,000 bushels in 1937 and the 10-year average of 6,552,000 bushels; pears, 1,889,000 bushels, against 3,379,000 bushels in 1937 and the 10-year average of 1,900,000 bushels; grapes, 26,050 tons, against 44,930 tons in 1937 and the 10-year average of 31,930 tons; sweet-potatoes, 21,429,000 bushels, against 21,029,000 bushels in 1937 and the 10-year average of 18,163,000 bushels; peanuts, 40,975,000 pounds, against 30,515,000 pounds in 1937 and the 10-year average of 36,006,000 pounds. The yield of white potatoes in the district proper is forecast at 14,194,000 bushels, as against 12,716,000 bushels harvested in 1937 and the 15-year (1923-1937) average of 13,506,000 bushels.

Livestock — The high condition of livestock generally throughout the district which marked earlier months this year was well maintained during August and the first half of September. Abundant feed supplies in both 1937 and 1938 are reflected in increased numbers of meat animals, especially in sections where herds were curtailed by drouth in 1934 and 1936. Quite generally the number of hogs on farms show an increase this season. Present indications are for increased cattle feeding operations this fall and winter. For the most part pastures have been unusually favorable and continue to furnish good feed in many sections. Production of tame hay in the district is forecast by the U. S. Department of Agriculture at 6,842,000 tons, against 6,162,000 tons harvested in 1937 and the 15-year (1923-1937) average of 6,486,000 tons. Influenced by these conditions, milk production per cow on September 1 averaged 12.4 pounds, the highest for that date in the 14 years of

record, and comparing with 11.6 pounds a year earlier and the 10-year average of 11.4 pounds.

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

	Receipts			Shipments		
	Aug., 1938	July, 1938	Aug., 1937	Aug., 1938	July, 1938	Aug., 1937
Cattle and Calves.....	159,441	133,615	198,719	97,682	87,653	137,565
Hogs	181,713	174,500	126,231	102,205	109,996	71,578
Horses and Mules.....	2,747	1,391	3,829	2,500	1,157	3,824
Sheep	94,234	108,697	133,509	30,049	36,828	66,130
Totals	438,135	418,203	462,288	232,436	235,634	279,097

Tobacco — In its report based on conditions as of September 1, the U. S. Department of Agriculture estimates the Eighth District tobacco crop at 285,-932,000 pounds, a decrease of 5,414,000 pounds under the August 1 forecast and comparing with 301,156,000 pounds produced in 1937 and the 15-year (1923-1937) average of 287,280,000 pounds. The decline in prospects from July to August occurred principally in the dark fired districts and was attributable to wildfire, a fungus disease caused by excessive rainfall prior to harvesting the crop. The burley crop has come through in relatively good condition. Cutting and housing has been about completed and curing is progressing satisfactorily. Reports relative to the one sucker crop are spotty and irregular, both as to quantity and quality. Harvesting of this type had been about completed in the third week of September.

COMMODITY PRICES

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

	High	Low	Close	
			Sept. 15, 1938	Sept. 15, 1937
Wheat				
*Sept. ....per bu...\$	.68½	\$.61¾	\$.64¾	\$ 1.03
*Dec. ....	.68¾	.63	.65¾	1.04½
*May ....	.70¾	.64½	.66¾	1.06½
No. 2 red winter	.68½	.65	.68	1.08
No. 2 hard	.72½	.65½	.69	1.09½
Corn				
*Sept. ....	.53½	.49¾	.52	1.04
*Dec. ....	.51¾	.48	.50	.63½
*May ....	.53¾	.50	.52½	.65
No. 2 mixed.....	.53½	.48	.53½	1.07
No. 2 white.....	.54	.50	.54	1.09
Oats				
*Sept. ....	.26½	.23¾	.26½	.32½
*Dec. ....	.26¾	.23¾	.25¾	.30¾
*May ....	.27¾	.24¾	.26¾	.32
No. 2 white.....	.28¾	.26	.28¾	.32½
Flour				
Soft patent.....per bbl.	3.75	3.25	3.40@3.70	5.45@ 5.95
Spring "	5.75	5.10	5.10@5.40	7.05@ 7.45
Hogs on Hoof.....per cwt.	9.30	6.00	7.25@9.10	10.25@12.60

*Nominal quotations.

WHISKEY

Developments in the whiskey industry during August indicated no change worthy of note as contrasted with the depressed conditions which have obtained in recent months. Certain reports reflect a slight strengthening in values of bulk whiskey, with prices a shade higher than in July. On the other hand, many sales are reported at figures below cost of production. It is reported that certain manufacturers dealing in bulk liquor only and without

adequate selling outlets will not reopen their distilleries. These bulk distilleries represent principally the smaller units. One concern having in storage approximately 55,000 barrels of whiskey has announced that it will dispose of its stock and liquidate its business. Production has been heavily reduced and this has had the effect of partly correcting conditions of overproduction existing in the market. As of mid-September only five of the 63 distilleries in Kentucky were active, and these were on part-time schedules.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in August was 49.3 per cent greater than in July and 19.2 per cent more than in August, 1937. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in August amount to \$22,666,000 which compares with \$14,214,000 in July and \$16,160,000 in August, 1937. Building figures for August follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1938	1937	1938	1937	1938	1937	1938	1937
Evansville	15	6	\$ 73	\$ 210	103	184	\$ 43	\$134
Little Rock.....	20	126	315	364	98	54	30	37
Louisville	92	228	196	431	44	213	33	269
Memphis	280	25	461	286	139	91	91	46
St. Louis	295	283	986	413	147	169	180	84
August Totals..	702	668	2,031	1,704	531	711	377	570
July	573	650	1,360	1,998	529	684	287	624
June	638	770	1,738	2,987	580	815	334	549

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in August as being 5.6 per cent greater than in July and 10.8 per cent less than in August, 1937. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Aug., 1938	July, 1938	Aug., 1937	August, 1938 compared with	
		K.W.H.	K.W.H.	K.W.H.	July, 1938	Aug., 1937
Evansville	40	2,043	2,559	3,078	-20.2%	-33.6%
Little Rock	35	2,364	2,264	2,398	+ 4.4	- 1.4
Louisville	82	8,861	7,957	9,938	+11.4	-10.8
Memphis	31	1,976	1,805	2,231	+ 9.5	-11.4
Pine Bluff	20	763	597	552	+27.8	+38.2
St. Louis	204	26,669	25,247	29,651	+ 5.6	-10.1
Totals	412	42,676	40,429	47,848	+ 5.6	-10.8

LIFE INSURANCE

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

(In thousands of dollars)	August, 1938	July, 1938	August, 1937	Cumulative Totals		Cumul. change
				1938	1937	
Arkansas	\$ 2,854	\$ 3,029	\$ 3,701	\$ 25,554	\$ 31,633	-19.2%
Illinois	37,149	37,603	43,735	322,573	397,941	-18.9
Indiana	10,283	10,996	13,216	90,855	115,993	-21.7
Kentucky	5,239	4,962	6,827	47,301	51,795	-8.7
Mississippi	3,297	2,610	3,250	24,443	28,760	-15.0
Missouri	15,651	15,483	16,428	129,672	156,455	-17.1
Tennessee	6,099	6,287	8,650	53,943	68,170	-20.9
Totals	80,572	80,970	95,807	694,341	850,747	-18.4
United States..	470,917	457,224	546,067	3,972,034	4,950,941	-19.8

BANKING AND FINANCE

The Eighth District banking and financial status during the past thirty days developed little change worthy of note as contrasted with the preceding several months. During August the demand for credit from mercantile and manufacturing sources was quiet, with liquidation of previous loans generally greater than new commitments and renewals. Throughout the period there was a steady reduction in bankers' portfolios of commercial paper purchased in the open market, while loans to finance the purchase of stocks and bonds increased. Since the first week in September there has been a noticeable increase in borrowings at commercial banks, accounted for principally by requirements in connection with the harvesting and movement of the cotton and tobacco crops. Because of the depressed price of wheat, the dollar volume of borrowings by grain handling and flour milling interests as of mid-September was reported below that at the same time last year and during the past several seasons. Quite generally through the district inquiries for funds to finance livestock operations continue in good volume.

Member Banks—Gross deposits of reporting member banks in the principal cities, which have been moving irregularly upward since early June, set a new high record for the year on September 14. Between August 17 and September 14, total loans and investments of these banks increased 0.4 per cent, the gain being confined to loans, investments showing a slight decrease. Reserves increased 5.1 per cent and were about one-fourth larger than a year ago. Reflecting largely withdrawals by country banks from their city correspondents to satisfy agricultural requirements, the due from banks item receded 5.3 per cent, but as of September 14 was still 58.5 per cent larger than on the corresponding report date in 1937.

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

(In thousands of dollars)	Sept. 14, 1938	Aug. 17, 1938	Sept. 15, 1937
Loans—total	\$287,467	\$284,005	\$313,690
Commercial, industrial, and agricultural*..	177,459	174,612	192,504
Open market paper.....	4,660	4,858	11,701
Loans to brokers and dealers.....	5,241	4,837	5,891
Other loans to purchase or carry securities	12,667	12,705	12,389
Real Estate loans.....	47,819	47,952	45,869
Loans to banks.....	6,102	6,420	7,554
Other loans*	33,519	32,621	37,782
Investments—total	369,486	370,603	352,046
U. S. Gov't obligations.....	207,833	209,916	205,495
Obligations guaranteed by U. S. Gov't.....	61,455	63,117	45,735
Other securities	100,198	97,570	100,816
Gross deposits	946,159	928,455	882,352
Demand deposits	754,272	736,248	692,203
Time deposits	191,887	192,207	190,149

*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% of the resources of all member banks in this district.

Aggregate amount of savings deposits held by selected member banks on September 7 was 0.1 per cent greater than on August 3 and 1.8 per cent in excess of the total on September 1, 1937.

Interest rates remained practically unchanged at the record low levels which have obtained in recent months. At downtown St. Louis banks rates charged as of the week ended September 15 were as follows: Customers' prime commercial paper, 1½ to 5 per cent; collateral loans, 2 to 6 per cent; loans secured by warehouse receipts, 1¾ to 5 per cent; interbank loans, 3 to 4 per cent and cattle loans 4 to 6 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 August, 1938, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	\$ 5,032,325	\$977,858,700
Collections (non-cash items) handled.....	87,349	26,828,579
Transfers of funds.....	4,592	237,203,301
Currency and coin received and counted.....	20,539,744	31,266,082
Rediscounts, advances and commitments.....	20	590,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc.....	11,088	8,686,087
Bills and securities in custody—coupons clipped	8,458	.....

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

(In thousands of dollars)	Sept. 20, 1938	Aug. 20, 1938	Sept. 20, 1937
Industrial advances under Sec. 13b.....	\$ 59	\$ 150	\$ 253
Other advances and rediscounts.....	345	140	601
Bills bought (including participations)	2	2	85
U. S. securities.....	115,463	114,411	111,385
Total earning assets.....	115,869	114,703	112,324
Total reserves	346,082	326,297	290,974
Total deposits	281,769	263,625	217,127
F. R. Notes in circulation.....	174,025	171,686	180,757
Industrial commitments under Sec. 13b	639	585	1,037
Ratio of reserve to deposit and F. R. Note liabilities.....	75.9%	75.0%	73.1%

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

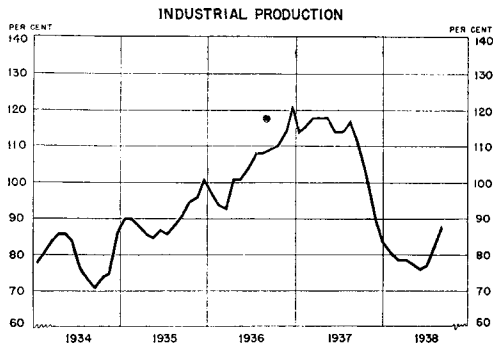
Debits to Individual Accounts—The following comparative table of debits to individual accounts reflects spending trends in this district:

(In thousands of dollars)	Aug., 1938	July, 1938	Aug., 1937	Aug. 1938 Jul. 1938	comp. with Aug. 1937
East St. Louis and Natl. Stock Yards, Ill...\$	36,249	\$ 34,492	\$ 37,816	+ 5.1%	— 4.1%
El Dorado, Ark.....	5,730	5,177	4,943	+10.7	+15.9
Evansville, Ind.	24,202	28,975	34,038	—16.5	—28.9
Fort Smith, Ark.....	10,250	10,386	10,725	— 1.3	— 4.4
Greenville, Miss. ..	3,646	3,761	3,849	— 3.1	— 5.3
Helena, Ark.	1,363	1,294	1,453	+ 5.3	— 6.2
Little Rock, Ark.....	29,260	30,822	32,754	— 5.1	—10.7
Louisville, Ky.	136,161	142,067	150,903	— 4.2	— 9.8
Memphis, Tenn.	86,312	93,305	99,844	— 7.5	—13.6
Owensboro, Ky.	5,587	5,379	6,162	+ 3.9	— 9.3
Pine Bluff, Ark.....	6,462	6,647	7,878	— 2.8	—18.0
Quincy, Ill.	7,591	7,179	8,151	+ 5.7	— 6.9
St. Louis, Mo.....	491,080	547,020	567,750	—10.2	—13.5
Sedalia, Mo.	1,747	1,755	1,991	— 0.5	—12.3
Springfield, Mo.	12,816	13,467	14,783	— 4.8	—13.0
Texarkana, Ark.-Tex.	6,069	6,904	7,600	—12.1	—20.1
Totals	\$864,525	\$938,630	\$990,640	— 7.9	—12.7

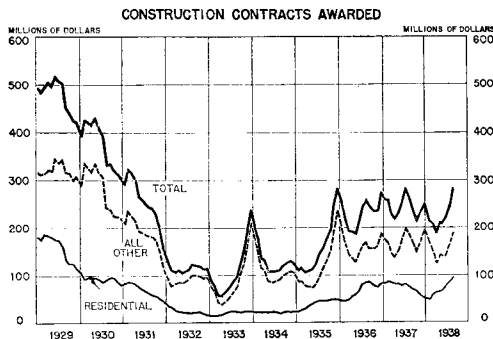
(Completed September 22, 1938)

NATIONAL SUMMARY OF BUSINESS CONDITIONS

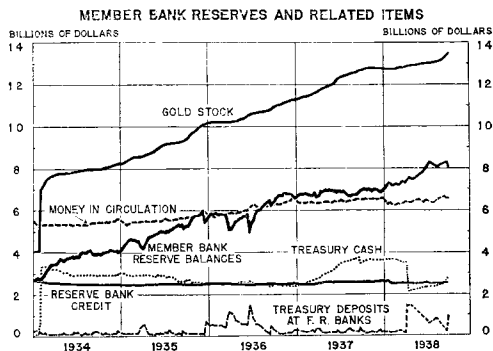
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



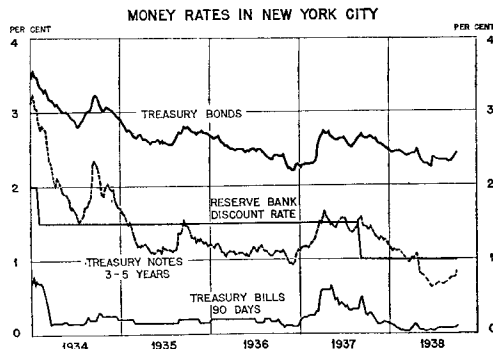
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through August, 1938. Latest figure 88.



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 June and July and estimate for August, 1938.



Wednesday figures, January 3, 1934, through September 21, 1938.



Discount rate of Federal Reserve Bank; weekly averages of daily yields on 3 to 5-year Treasury notes and on Treasury bonds callable after 8 years, and weekly average of daily dealers' quotations on 90-day Treasury bills or rate on new bills offered in week. For weeks ending January 6, 1934, through September 17, 1938.

Industrial activity increased considerably in August and advanced further in September. Factory employment and payrolls also showed a substantial rise in August, and distribution of commodities to consumers increased seasonally.

Production—Volume of industrial production showed a further considerable increase in August, and the Board's seasonally adjusted index rose from 83 to 88 per cent of the 1923-1925 average. In manufacturing, increases in output were general except in the automobile industry where there was a sharp seasonal decline as plants were closed for inventory taking and for preparations for the shift to new model production. At steel mills, where activity had risen considerably in July, there was a further advance in August and production was at an average rate of 42 per cent of capacity as compared with 35 per cent in the previous month. Output of lumber and plate glass also increased. In the textile industry the sharp advance that had been underway since early summer continued. Mill consumption of wool and cotton increased further, and deliveries of rayon were maintained at the high level reached in July. Shoe production showed a further increase and activity at meat-packing establishments showed less than the usual seasonal decline. Production of bituminous coal and crude petroleum increased somewhat further. In the first three weeks of September steel ingot production continued to increase, while automobile production remained at the low level reached in August. Output of crude petroleum was reduced as wells in Texas were closed on both Saturdays and Sundays, whereas in August only Sunday closings had been required.

Value of construction contracts awarded in 37 Eastern States increased considerably in August, according to figures of the F. W. Dodge Corporation. The increase was in publicly-financed projects and reflected partly the expansion of the Public Works Administration program and the award of the first contract for the slum clearance projects of the United States Housing Authority. Awards for private residential building were at about the same rate as in July and close to the level reached in the spring of 1937. Commercial building, which had increased in July, owing to the award of a contract for a large office building, declined in August to about the level of other recent months.

Employment—Factory employment and payrolls showed a marked rise from the middle of July to the middle of August, while in nonmanufacturing industries employment showed little change. The number employed at factories producing durable goods increased for the first time since the summer of 1937 and in the nondurable goods industries, where employment had increased in July, there was a further rise. Most leading industries reported increases in the number of workers.

Distribution—Distribution of commodities to consumers increased seasonally from July to August. Department store sales showed about the usual rise and mail order sales increased, while variety store sales declined. In the first half of September sales at department stores increased more than seasonally. Freight-car loadings increased somewhat further in August, reflecting chiefly larger shipments of miscellaneous freight.

Commodity Prices—Prices of silk and rubber showed some advance from the middle of August to the third week of September and there were also increases at the end of the period in nonferrous metals. Wheat prices fluctuated considerably but showed little net change in this period. Prices of cotton and wool declined somewhat, and there were further decreases in prices of some finished industrial products.

Bank Credit—A heavy inflow of gold from abroad during the five weeks ending September 21 resulted in an increase of over \$500,000,000 in the monetary gold stock. Member bank reserves were increased by Treasury payments for gold acquired, but were sharply reduced in the last week of the period by payments to the Treasury for cash purchases of new securities and quarterly income tax collections. As a consequence of these transactions, excess reserves, which had increased to \$3,130,000,000, were reduced to \$2,740,000,000 on September 21. Total loans and investments of reporting member banks in leading cities increased sharply during August and the first three weeks of September, reflecting chiefly an increase in holdings of United States Government obligations. Balances held in New York City for foreign banks showed a substantial increase.

Money Rates and Bond Yields—The average yield on long-term Treasury bonds increased in September from the low point reached at the end of August. The average rate on new issues of Treasury bills increased to 0.11 per cent, compared with 0.05 per cent. Yields on high-grade corporate bonds increased slightly.