



BUSINESS CONDITIONS

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

FEDERAL RESERVE BANK OF ST. LOUIS



Louisville Branch of Federal Reserve Bank of St. Louis

RELEASED FOR PUBLICATION ON MORNING OF OCTOBER 31, 1938

SUMMARY OF EIGHTH DISTRICT

Agriculture:		Oct. 1, 1938, comp. with	
Estimated yield of 7 crops.....		Yield 1937	Av. 1923-37
		7.1%	+ 0.2%
Live Stock:		Sept., 1938, comp. with	
Receipts at National Stock Yards.....		Aug., 1938	Sept., 1937
Shipments from aforesaid Yards.....		4.4%	2.9%
		6.9	8.2
Production and Distribution:			
Sales by mfrs. and wholesalers.....	+ 3.8	— 6.5	
Department store sales.....	+ 37.8	— 7.6	
Car loadings.....	+ 3.5	— 13.1	
Building and Construction:			
Bldg. permits, incl. repairs {	Number—	1.4	— 12.7
	Cost.....	+ 2.0	+ 18.5
Value construc. contracts awarded.....		7.9	+ 51.1
Miscellaneous:			
Commercial failures {	Number.....	+ 26.7	+ 123.5
	Liabilities.....	+ 272.8	+ 6.8
Consumption of electricity.....		— 0.8	— 7.0
Debits to individual accounts.....		+ 8.7	— 10.3
Member Banks (24):		Oct. 12, '38 comp. with	
Gross deposits.....		Sept. 14, '38	Oct. 13, '37
Loans.....		+ 2.6%	+ 8.2%
Investments.....		+ 5.3	— 4.2
		+ 0.5	+ 7.5

GENERAL business activity in the Eighth District, which had increased substantially in the late summer, developed further betterment in September and the first half of October. Gains recorded during the past six weeks, however, were somewhat more irregular and less widely spread than was the case in the earlier stage of the upswing.

Retail trade and a number of wholesaling and jobbing lines were handicapped by the almost unprecedented spell of warm weather extending into the third week of October and affecting all sections of the area. In St. Louis the temperature during the first half of the month was approximately 10 degrees above normal for that period. These conditions served to retard the movement of seasonal merchandise of all descriptions, but more particularly apparel, fuel, certain drugs and chemicals and dry goods.

Withal combined sales of all wholesaling and jobbing lines investigated were 3.8 per cent greater than in August, though still continuing below the corresponding month a year earlier. Another influence tending to hold down commitments for merchandise was the further decline in the prices of farm products. While there has been little change from the policy of purchasing for immediate requirements only, inventories have been further reduced in practically all lines, and the volume of ordering for prompt delivery has shown marked improvement.

Industrial activity expanded during September but at a somewhat slower pace than in August. Since October 1 the rate of betterment has been accelerated, and during the first two weeks of the month was at approximately the same rate as in August. Ingot

operations at steel mills in the district reached a new high for the year at mid-October, and activities at foundries, machine shops, stove plants and some other ferrous metal working establishments were at the best rate since last fall. Freight car loadings increased more than is ordinarily the case at this season.

Production of lumber was well sustained, and new orders booked during the first half of October were measurably above those for the same period last year. Output of textile mills showed less than the usual increase in September over the preceding month, but was only slightly lower than a year ago. At district mines production of bituminous coal in September was 16 per cent greater than in August, and 12 per cent less than in September, 1937. Output of petroleum in states of the district continued the steady gains.

Production of lead and zinc in this area in September was unchanged as compared with August, but shipments were about 18 per cent higher. Reflecting the upturn in manufacturing activity and the absorption of workers in seasonal occupations, the employment situation showed further improvement during September and early October. Consumption of electric power by industrial users in the principal centers in September was slightly less than a month and a year earlier.

The volume of retail trade in September, as measured by sales of department stores in the principal cities was 37.8 per cent greater than in August and 7.6 per cent less than in September, 1937; for the first three-quarters this year cumulative total was 7.1 per cent below that for the comparable period in 1937. Combined sales of all reporting wholesaling and jobbing firms in September were 3.8 per cent greater than in August and 6.5 per cent less than in September last year; for the first nine months cumulative total was smaller by 13.1 per cent than the like interval in 1937.

The value of permits issued for new construction in the principal cities in September was 14.9 per cent less than in August but 34 per cent greater than in September, 1937; for the first nine months there was a decrease of 18.9 per cent as compared with the like period a year ago. Construction contracts let in the Eighth District in September were 7.9 per cent less than in August, but exceeded those of September, 1937, by approximately one-half; for the first nine months the cumulative total was less than 1 per cent below that for the same period in 1937.

Industrial failures in the Eighth Federal Reserve District in September, according to Dun and Bradstreet, numbered 38, involving liabilities of \$630,000, which compares with 30 defaults with liabilities of \$169,000 in August, and 17 insolvencies for a total of \$590,000 in September, 1937.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks	
	September, 1938 compared with Aug., '38	Sept., '37	*9 months 1938 comp. with same period 1937	Sept. 30, 1938 comp. with Sept. 30, 1937
Boots and Shoes.....	+13.7%	+ 3.2%	+ 0.6%	-23.2%
Drugs and Chemicals.....	+18.8	- 5.2	- 8.0	- 5.5
Dry Goods.....	+17.1	- 3.7	-16.1	-26.7
Electrical Supplies...	- 2.7	-19.6	-35.1	-30.7
Furniture.....	+32.1	- 9.2	-25.1	-29.7
Groceries.....	+ 6.4	-10.4	-14.1	- 9.4
Hardware.....	+ 7.1	-11.6	-17.8	-15.5
All above lines.....	+ 3.8	- 6.5	-13.1	-19.0

*Cumulative percentages for identical firms reporting through the entire period.

Following increases in July over June and August over July, volume of sales of wholesaling and jobbing lines investigated by this bank recorded a further gain of 3.8 per cent in September as compared with August. With the exception of boots and shoes and electrical supplies, all classifications shared in the increase. The decrease in sales of boots and shoes from August to September was seasonal in character, but considerably larger than average, owing to the unusually heavy sales made in August. The decline in electrical supply sales was contrary to the usual seasonal experience. As compared with a year ago, sales of the reporting firms still were smaller than for the corresponding month a year earlier.

As of September 30 inventories of all reporting groups were smaller than a year ago, the declines ranging from 5.5 per cent in drugs and chemicals to 30.7 per cent in electrical supplies. Production of boots and shoes showed little change in September as compared with the preceding month, but has receded slightly since October 1. September shipments of furniture increased in somewhat greater than the usual amount as compared with August. Generally advance ordering of holiday goods was reported in smaller volume than at the corresponding period a year and two years earlier.

Automobiles—Combined passenger car, truck and taxicab production in the United States in September totaled 83,534, as against 90,484 in August and 171,203 in September, 1937.

Iron and Steel Products—The moderate but steady improvement in the iron and steel industry in this area, which began in late June, continued through September and the first half of October. Seasonal requirements are reflected in increased ordering and specifications by the general manufacturing trade and miscellaneous consumers. There is still a very marked disposition among all users to purchase for immediate requirements and to refrain from extensive forward coverage.

The melt and shipments of pig iron in September recorded a fair gain over the preceding month and made a more favorable comparison with a year earlier

than has been the case in a number of months. New buying of pig iron also increased, being stimulated by the increase in price of \$1 per ton, which became effective in the final week of September. Stove and heating apparatus manufacturers increased their operations which at mid-October averaged from four to five days per week. Schedules at farm implement plants were also advanced. Releases of castings and other materials by the automotive industry showed about the expected expansion.

September sales of iron and steel warehouse interests were about on a parity with August and 8 per cent below September, 1937. Production of steel ingots at mills in this area at mid-October was at 45.5 per cent of capacity, which compares with 42.5 per cent a month earlier and 60 per cent on October 15, 1937. Prices of hot-rolled and cold-rolled sheets were reduced \$4 per ton, and on galvanized sheets, \$3 per ton, in the second week of October. After advancing steadily since the early summer, scrap iron and steel prices declined slightly at mid-October. For the country as a whole, production of pig iron in September, according to the magazine "Steel," totaled 1,674,055 tons, the largest since last November, and comparing with 1,495,514 tons in August and 3,417,960 tons in September, 1937. Steel ingot production in the United States in September totaled 2,657,748 tons, against 2,546,988 tons in August and 4,289,507 tons in September, 1937.

MINING AND OIL

The unusually mild autumn has had a detrimental effect on the domestic and general heating coal trade, compensated only partly by heavier industrial consumption and moderate accretions to inventories of bituminous coal stocks held by industrial consumers. Improving business and relatively low prices are stimulating replenishment of fuel inventories. As was the case for the entire country, production of soft coal at Eighth District mines in September recorded an increase over August, but continued measurably below a year earlier.

Output of bituminous coal in the United States in September, according to the National Bituminous Coal Commission, totaled 32,010,000 tons, against 28,710,000 tons in August and 39,177,000 tons in September, 1937; for the first three-quarters of 1938 production amounted to 234,850,000 tons as against 326,619,000 tons during the comparable period in 1937. At mines in this area September production was 16.2 per cent greater than in August and 12.6 per cent less than in September, 1937; for the first nine months output fell 21.8 per cent below that of the same interval last year. Illinois mines produced 3,329,526 tons in September,

as against 2,760,098 tons in August and 4,087,467 tons in September, 1937. There were 98 mines in operation in September with 27,794 men on payrolls, as against 92 active mines and 24,902 operatives in August.

Petroleum—August output of crude oil in states of the Eighth District was 13.0 per cent greater than in July and 96.1 per cent above that of August, 1937. Cumulative total for the first eight months this year exceeded that of the like period in 1937 by 89.4 per cent. Stocks on September 1 were 1.0 per cent and 5.3 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	
	Aug., 1938	July, 1938	Aug., 1937	1938	1937	Aug., 1938	Aug., 1937
Arkansas	1,718	1,680	1,038	11,706	6,707	2,415	2,670
Illinois	2,062	1,642	674	11,560	3,590	11,608	10,991
Indiana	92	87	73	623	548	3,231	2,936
Kentucky	553	506	472	3,711	3,727	1,221	955
Totals	4,425	3,915	2,257	27,600	14,572	18,475	17,552

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	
	September, 1938 compared with Aug., 1938	Sept., 1937	9 mos. 1938 to same period 1937	Sept. 30, '38 comp. with Sept. 30, '37	Sept. 30, '38	Jan. 1, to Sept. 30, 1938	1937
Ft. Smith, Ark.....	+39.2%	— 9.3%	+ 0.1%	— 9.1%	1.98	1.79	
Little Rock, Ark.....	+38.1	— 4.5	— 5.7	—12.9	2.08	1.94	
Louisville, Ky.	+21.3	—14.7	—13.2	—12.8	2.75	2.95	
Memphis, Tenn.	+30.2	— 3.8	— 5.6	— 9.9	2.24	2.25	
Pine Bluff, Ark.....	+26.5	— 9.4	—14.1	—12.3	1.65	1.75	
Quincy, Ill.	+15.0	—13.4	— 8.3	—18.1	2.22	2.33	
St. Louis, Mo.....	+43.6	— 7.5	— 6.8	—11.8	2.96	2.84	
Springfield, Mo.	+20.3	— 7.6	— 2.3	—18.5	2.11	1.84	
All Other Cities.....	+16.3	— 3.4	— 5.8	—21.7	2.07	1.88	
8th F. R. District....	+37.8	— 7.6	— 7.1	—12.0	2.70	2.63	

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

Installment Accounts	Excl. Inst'l Accounts	Installment Accounts	Excl. Inst'l Accounts
Fort Smith	40.0%	Quincy	46.1%
Little Rock.....	33.9	St. Louis.....	48.3
Louisville	49.2	Springfield	27.2
Memphis	40.1	Other Cities	50.5
Pine Bluff.....	27.1	8th F. R. Dist.	44.5

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

	Net Sales			Stocks on Hand		Stock Turnover	
	September, 1938 compared with Aug., '38	Sept., '37	9 mos. '38 to same period 1937	Sept. 30, '38 comp. with Sept. 30, '37	Sept. 30, '38	Jan. 1, to Sept. 30, 1938	1937
Men's Furnishings..	+76.4%	—12.7%	—14.3%	—18.4%	1.69	1.84	
Boots and Shoes....	+62.1	— 8.2	— 1.5	—10.9	5.28	4.95	

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

Men's Furnishings.....	32.1%	Boots and Shoes.....	32.2%
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TRANSPORTATION

Freight traffic of railroads operating in this district, according to officials of reporting lines, showed

somewhat more than the usual seasonal increase during September and the first half of October. Volume, however, was measurably below that during the like period a year and two years earlier. For the first nine months decreases were shown in all classifications of freight, with the exception of grain and grain products, as contrasted with the first three-quarters of the two preceding years.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 76,337 loads in September, as against 73,766 loads in August and 87,820 loads in September, 1937. During the first nine days of October the interchange amounted to 23,249 loads, which compares with 21,297 loads during the corresponding period in September and 27,233 loads during the first nine days of October, 1937. Passenger traffic of the reporting lines in September decreased 11 per cent in the number of passengers transported and 11 per cent in revenue as compared with the same month a year ago.

For the entire country, loadings of revenue freight for the first 39 weeks this year, or to October 1, totaled 22,145,799 cars, against 29,145,950 cars for the corresponding period in 1937 and 26,451,314 cars in 1936. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in September was 225,600 tons, which compares with 258,389 tons in August and 162,198 tons in September, 1937. Cumulative tonnage for the first nine months was 1,831,155 tons, as against 1,335,926 tons for the comparable period in 1937.

WHISKEY

Figures recently released show that Kentucky, for the first time since the repeal of prohibition, fell behind Illinois and Indiana in the production of bourbon in the fiscal year for whiskey production, which ended August 31, 1938. Kentucky produced only 720,000 barrels of whiskey in 1938, as compared with 1,700,000 in 1937—a decline of more than one-half. On the other hand, it is reported that whiskey withdrawals in Kentucky have exceeded production for the first time since 1933. Kentucky had one-third of total withdrawals of bourbon in August, as compared with one-fourth in July. The price of three and four year old whiskey, the products most sought by jobbers and the general trade, has moved further upward. Production has increased moderately above the recent low levels, and a number of important distilleries plan to resume operations later in the fall.

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-August, 1936, 1937, and 1938, and during

July-August, 1937 and 1938, are given in the following table:

(In thousands of dollars)	July-August		Cumulative for 8 months		
	1938	1937	1938	1937	1936
Indiana	\$ 52,540	\$ 56,868	\$174,602	\$198,003	\$174,028
Illinois	85,391	98,579	305,285	332,025	299,284
Missouri	49,200	62,484	152,850	172,644	156,626
Kentucky	21,997	22,626	106,492	108,515	70,472
Tennessee	14,952	15,831	55,372	66,347	40,545
Mississippi	7,903	9,764	74,854	78,389	56,223
Arkansas	9,297	9,173	50,953	57,349	37,200
Totals	\$241,280	\$275,325	\$920,408	\$1,013,272	\$834,378

Farming Conditions—Weather conditions in the Eighth District during September and the first half of October were almost ideal for development of and harvesting late crops, for livestock operations and all classes of farming activities. Clear skies and the absence of frosts permitted the maturing of late planted corn, cotton, tobacco and hay, and these productions were garnered with a minimum loss of quantity and quality. The report of the U. S. Department of Agriculture, based on conditions as of October 1, also reports of the agricultural departments of the several states and unofficial agencies, tend to confirm forecasts of yields made earlier in the season.

During September there was an improvement in the District's cotton prospects of approximately 9 per cent, slight betterment in the outlook for oats, tame hay and certain vegetables. Slight decreases were indicated in prospects for tobacco, sweetpotatoes, white potatoes, apples and several of the less important crops. Aside from winter wheat, all field crops are expected to yield higher per acre than average during the 1927-1936 period. Feed and forage crops are exceptionally large and, with the carryover from last season, will supply ample rations for livestock until the next harvests. Tree fruit crops, on the other hand, are much below average, because of spring frosts and unfavorable conditions during the growing season. Owing to corn and cotton harvesting, haying, wheat planting and other seasonal operations, the farm labor situation during the past thirty days was reported the most favorable of the season. Wage scales, however, continued measurably below those a year ago.

The trend of prices for farm products continued downward. As of October 8, the farm products group of the Bureau of Labor Statistics index stood at 67.4 per cent of the 1926 average, a decrease of 1.0 per cent from the preceding week and comparing with 67.7 per cent on September 10; 82.7 per cent on October 9, 1937; 84.1 per cent on October 10, 1936, and 80.1 per cent on October 12, 1935.

Corn—The corn crop has matured rapidly and at mid-October all but a very small proportion was past danger from frost. Cutting and silo filling has progressed rapidly and considerable husking has been done. Eighth District production is estimated by the U. S. Department of Agriculture, in its October 1 report, at

322,124,000 bushels, as against 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 October 1 in states of this district were about four times as large as a year ago and one and one-half times greater than the average during the 1927-1936 period. A new low for the year was reached on corn prices in the third week of October.

Cotton—There was further improvement in cotton prospects in this district during September, the Government's October 1 report forecasting the yield at 3,409,000 bales, an increase of 278,000 bales over the September 1 estimate and comparing with 4,891,000 bales produced in 1937 and the 15-year average of 2,881,000 bales. During September and the first half of October weather was the most favorable in many years for maturing and picking the crop, and harvesting has progressed with unusual rapidity. Ginning has also progressed at a record rate.

During the past thirty days prices of raw cotton fluctuated within a relatively narrow range. In the St. Louis market the middling grade ranged from 7.4c to 8.05c per pound between September 15 and October 15, closing at 8.05c on the latter date, which compares with 7.49c on September 15, and 8.05c on October 15, 1937. Indicating the rapidity with which the crop is moving out of the fields, combined receipts at Arkansas and Missouri compresses from August 1 to October 14 totaled 1,115,635 bales, as against 884,722 bales during the corresponding period a year ago. Stocks on hand as of October 14 amounted to 1,686,022 bales, compared with 773,212 bales a year ago.

Fruits and Vegetables—Despite auspicious weather conditions during September, prospects for production of fruits and certain vegetables declined slightly from the preceding month. However, production of commercial vegetable crops during the season was measurably greater than harvested production of these crops in 1937 and the 10-year average.

In its October 1 report the U. S. Department of Agriculture estimates the apple crop in states including the Eighth District at 7,092,000 bushels, against 26,669,000 bushels in 1937 and the 10-year (1927-1936) average of 13,257,000 bushels; pears, 1,768,000 bushels, against 3,379,000 bushels in 1937 and the 10-year average of 1,900,000 bushels; peaches, 6,135,000 bushels, against 10,238,000 bushels in 1937 and the 10-year average of 6,552,000 bushels; grapes, 23,420 tons, against 44,930 tons in 1937 and the 10-year average of 31,930 tons; sweetpotatoes, 21,201,000 bushels, against 21,029,000 bushels in 1937 and the 10-year average of 18,163,000 bushels; peanuts, 41,450,000 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 14,163,000 bushels, a decrease of 31,000 bushels from the September 1 estimate, and comparing with 12,716,000 bushels harvested in 1937 and the 15-year (1923-1937) average of 13,506,000 bushels.

Livestock—The past thirty days have been marked by further improvement in the condition of livestock generally throughout the district. Under the hot, dry autumn weather pastures deteriorated in some localities, but in the main are still serviceable. Milk production continued heavy although, on a per capita basis, only slightly above past high records for this time of year.

Production of tame hay in the district is estimated at 6,939,000 tons, against 6,162,000 tons harvested in 1937 and the 15-year average of 6,486,000 tons.

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

	Receipts			Shipments		
	Sept., 1938	Aug., 1938	Sept., 1937	Sept., 1938	Aug., 1938	Sept., 1937
Cattle and Calves.....	153,385	159,441	181,185	98,596	97,682	122,151
Hogs	185,305	181,713	141,084	110,698	102,205	91,383
Horses and Mules.....	2,885	2,747	4,451	2,880	2,500	4,273
Sheep	77,418	94,234	104,832	36,231	30,049	52,849
Totals	418,993	438,135	431,552	248,405	232,436	270,656

Tobacco—Prospects for the Eighth District tobacco crop declined slightly in September. In its report as of October 1, the U. S. Department of Agriculture estimates the yield at 281,006,000 pounds, a decrease of about 5,000,000 pounds from the September 1 forecast, and comparing with 301,156,000 pounds harvested in 1937 and the 15-year (1923-1937) average of 287,280,000 pounds. Present indications are that burley tobacco will be one of the best cigarette and smoking crops in a number of years. This crop has been cut and housed and satisfactory progress made in curing.

The one sucker or air-cured crop is reported considerably below average; harvesting has been completed and curing is well under way. Present indications are for a shortage of cigar wrapper styles and other good grades. Curing of the dark-fired crop is further advanced than at this particular time in a number of years. Both quality and quantity are reported to be below average, owing to injury from excessive moisture during the growing season.

POSTAL RECEIPTS

Returns from the five largest cities of the district show a decrease of 1.0 per cent in combined postal receipts for the third quarter this year under the corresponding period in 1937 and of 3.2 per cent under the quarter ended June 30, 1938. Detailed figures follow:

Quarter Ending	Sept. 30, 1938	June 30, 1938	Sept. 30, 1937	Comp. 3rd Qtrs. 1938 and 1937
Evansville	\$ 151,988	\$ 167,923	\$ 165,638	— 8.2%
Little Rock	219,883	207,494	202,577	+ 8.5
Louisville	658,114	688,331	697,606	+ 5.7
Memphis	624,890	623,617	620,820	+ 0.7
St. Louis	2,482,005	2,584,483	2,493,218	— 0.4
Totals	\$4,136,880	\$4,271,848	\$4,179,859	— 1.0

COMMODITY PRICES

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

	High	Low	Close	
			Oct. 15, 1938	Oct. 15, 1937
Wheat				
*Dec. ....per bu....	\$.65½	\$.59½	\$.63½	\$ 1.01½
*May .....	.65½	.61	.64½	1.01½
*July .....	.64½	.60½	.63½	1.00½
No. 2 red winter ..	.71½	.67	.70½	1.01
No. 2 hard ..	.71½	.66½	.66½	1.03½
Corn				
*Dec. ....	.50	.42¾	.42¾	.58¾
*May .....	.52¼	.45¾	.45¾	.60
*July .....	.53	.47	.47	.64¾
No. 2 mixed.....	.52½	.43¼	.43½	.60
No. 2 white ....	.53½	.45	.45	.71
Oats				
*Dec. ....	.23½	.21¾	.22¼	.32½
*May .....	.24½	.22½	.22½	.29
*July .....	.24½	.21¾	.22½	.32¾
No. 2 white.....	.28¾	.26½	.27	.34
Flour				
Soft patent.....per bbl.	3.85	3.40	3.45@3.75	5.35@ 5.85
Spring "	5.55	5.10	5.15@5.45	6.50@ 6.90
Middling Cotton per lb.	.0805	.0740	.0805	.0805
Hogs on Hoof.....per cwt.	8.87	7.46	7.54	9.50@11.15
*Nominal quotations.				

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in September was 14.9 per cent less than in August and 34.0 per cent greater than in September, 1937. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth Federal Reserve District in September amounted to \$20,880,000, which compares with \$22,666,000 in August and \$13,818,600 in September, 1937. Building figures for September follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1938	1937	1938	1937	1938	1937	1938	1937
Evansville	24	7	\$ 123	\$ 62	115	160	\$ 29	\$ 49
Little Rock	24	19	160	53	82	125	27	51
Louisville	103	126	552	384	49	54	152	37
Memphis	241	220	318	307	158	174	387	449
St. Louis	271	319	576	484	149	189	131	196
Sept. Totals.....	663	691	1,729	1,290	553	702	726	782
August "	702	668	2,038	1,704	531	711	377	570
July "	573	650	1,360	1,998	529	684	287	624

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in September as being 0.8 per cent and 7.0 per cent lower, respectively, than in August and in September, 1937. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Sept., 1938 K.W.H.	Aug., 1938 K.W.H.	Sept., 1937 K.W.H.	September, 1938 compared with	
					Aug., 1938	Sept., 1937
Evansville	40	2,116	2,043	2,172	+ 3.6%	— 2.6%
Little Rock	35	2,355	2,364	2,488	— 0.4	— 5.3
Louisville	82	8,884	8,861	9,981	+ 0.3	— 1.0
Memphis	31	2,552	1,976	2,500	+29.1	+ 2.1
Pine Bluff	20	910	763	865	+19.3	+ 5.2
St. Louis	205	25,506	26,669	27,480	— 4.4	— 7.2
Totals	413	42,323	42,676	45,486	— 0.8	— 7.0

BANKING AND FINANCE

Reflecting principally seasonal influences, the past thirty days have been marked by a notable increase in demand for credit in the Eighth District. Requirements were more diversified than in recent months, both as to classes of borrowers and geographic location. Earliness of harvest and movement of the cotton crop was reflected in measurably larger commitments of cottonseed milling interests and producers and handlers of the staple than at this particular season during the past several years. Similar conditions obtain in the tobacco areas, where the crop has been harvested and housed at an earlier date than usual.

On the other hand, owing to the low price of wheat and a disposition on the part of producers to hold their stocks, borrowing by flour milling and grain handling interests is in considerably smaller volume than a year ago. Banks in the large cities report moderate expansion in requirements of commercial and industrial customers. However, payments of prior loans by these interests continued in substantial volume.

Member Banks—Total loans of reporting member banks in the principal cities increased 5.3 per cent between September 14 and October 12, the gain being chiefly in "all other loans," which reflect industrial and commercial borrowing. Gross deposits of these banks, which have been moving sharply upward since last June, recorded a new high for all time on October 12. Total reserve balances decreased 4.2 per cent during the four-week period but were 15.5 per cent above a year ago. Investments showed little variation and as of October 12 were 7.5 per cent greater 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)	Oct. 12, 1938	Sept. 14, 1938	Oct. 13, 1937
Loans—total	\$302,748	\$287,467	\$315,921
Commercial, industrial, and agricultural*.....	192,547	177,459	196,014
Open market paper.....	3,896	4,660	11,599
Loans to brokers and dealers.....	6,248	5,241	5,697
Other loans to purchase or carry securities.....	12,539	12,667	12,894
Real Estate loans.....	48,169	47,819	45,881
Loans to banks.....	5,419	6,102	5,821
Other loans*.....	33,930	33,519	38,015
Investments—total	371,153	369,486	345,214
U. S. Gov't obligations.....	209,986	207,833	197,669
Obligations guaranteed by U. S. Gov't.....	63,091	61,455	45,726
Other securities.....	98,076	100,198	101,819
Gross deposits	970,423	946,159	896,756
Demand deposits.....	777,999	754,272	706,402
Time deposits.....	192,424	191,887	190,354
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% of the resources of all member banks in this district.

Aggregate amount of savings deposits held by selected member banks on October 5 was 0.3 per cent less than on September 7 and 1.7 per cent greater than on October 6, 1937.

Interest rates continued at or about the low levels which have obtained in recent months. At downtown

St. Louis banks as of the week ended October 15, rates charged 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; inter-bank loans, 2 to 5 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 September, 1938, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	5,076,512	\$1,045,743,627
Collections (non-cash items) handled.....	151,988	34,091,841
Transfers of funds.....	5,184	276,263,869
Currency and coin received and counted.....	19,262,057	32,748,167
Rediscounts, advances and commitments.....	51	1,152,999
New issues, redemptions, and exchange of securities of fiscal agent of U. S. Gov't., etc....	20,556	38,590,108
Bills and securities in custody—coupons clipped	21,187	.....

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

(In thousands of dollars)	Oct. 19, 1938	Sept. 19, 1938	Oct. 19, 1937
Industrial advances under Sec. 13b.....	\$ 58	\$ 59	\$ 247
Other advances and rediscounts.....	255	345	222
Bills bought (including participations).....	2	2	78
U. S. securities.....	106,791	116,097	111,385
Total earning assets	107,106	116,503	111,932
Total reserves	355,675	344,191	296,449
Total deposits	276,334	280,979	221,075
F. R. Notes in circulation	180,470	174,100	182,126
Industrial commitments under Sec. 13b	624	639	1,035
Ratio of reserve to deposit and F. R. Note liabilities.....	77.9%	75.6%	73.5%

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:

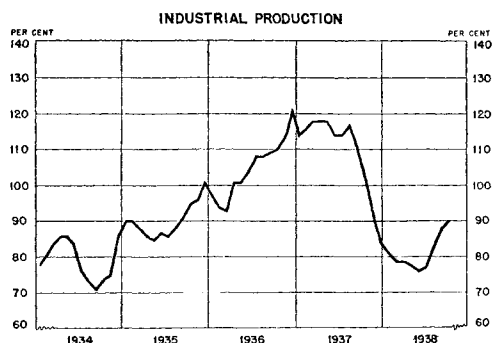
(In thousands of dollars)	Sept., 1938	Aug., 1938	Sept., 1937	Sept. 1938 comp. with Aug. 1938	Sept. 1937
East St. Louis and Nat'l					
Stock Yards, Ill.....	\$ 36,407	\$ 36,249	\$ 39,206	+ 0.4%	— 7.1%
El Dorado, Ark.....	5,962	5,730	5,241	+ 4.0	+13.8
Evansville, Ind.	25,135	24,202	29,276	+ 3.9	—14.1
Fort Smith, Ark.....	12,606	10,250	12,578	+23.0	+ 0.2
Greenville, Miss.	5,024	3,646	6,110	+37.8	—17.8
Helena, Ark.	2,158	1,363	2,183	+58.3	— 1.1
Little Rock, Ark.....	35,061	29,260	42,432	+19.8	—17.4
Louisville, Ky.	143,092	136,161	152,251	+ 5.1	— 6.0
Memphis, Tenn.	124,315	86,312	140,420	+44.0	—11.5
Owensboro, Ky.	5,984	5,587	5,749	+ 7.1	+ 4.1
Pine Bluff, Ark.....	11,173	6,462	11,728	+72.9	— 4.7
Quincy, Ill.	7,382	7,591	8,490	— 2.8	—13.1
St. Louis, Mo.....	502,100	491,080	566,500	+ 2.2	—11.4
Sedalia, Mo.	1,872	1,747	2,093	+ 7.2	—10.6
Springfield, Mo.	13,766	12,816	14,199	+ 7.4	— 3.0
Texarkana, Ark.-Tex.	7,616	6,069	8,591	+25.5	—11.3
Totals	\$939,653	\$864,525	\$1,047,047	+ 8.7	—10.3

(Completed October 24, 1938)

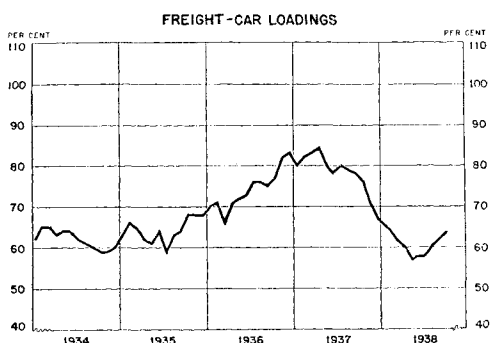
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NATIONAL SUMMARY OF BUSINESS CONDITIONS

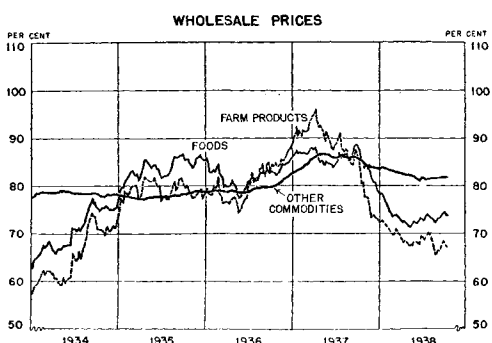
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



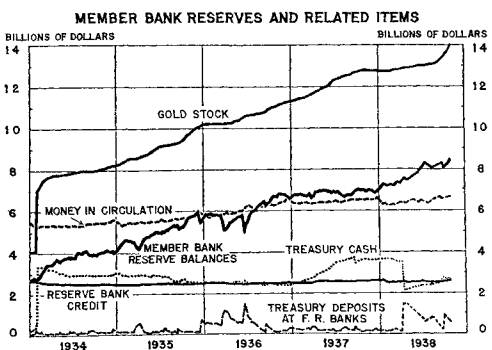
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through September, 1938. Latest figure 90.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through September, 1938. Latest figure 64.



Indexes compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934, through week ending October 15, 1938.



Wednesday figures, January 3, 1934, through October 19, 1938.

In September industrial production and employment continued to advance, and there was also an increase in the volume of retail trade. Building activity continued at the increased level reached in August, reflecting a large volume of awards for publicly-financed projects.

Production—Volume of industrial production increased further in September and the Board's seasonally adjusted index advanced to 90 per cent of the 1923-1925 average as compared with 88 per cent in August. There was a substantial rise in pig iron production and output of steel ingots continued to increase, averaging 45 per cent of capacity. In the first three weeks of October activity at steel mills showed a further increase and was at a rate of about 50 per cent of capacity. Plate glass production continued to advance rapidly in September. Output of lumber and cement was maintained, although at this season activity in these industries usually declines. Automobile production in September remained at about the same low rate as in August. In October, however, output increased rapidly as most manufacturers began the assembly of new model cars.

In the nondurable goods industries there were substantial increases in activity at meat-packing establishments, sugar refineries, and tire factories. Output of shoes declined somewhat. Textile production, which had been rising sharply since spring, showed little change in September, although an increase is usual. Activity increased further at silk mills but at woolen mills there was a decline, and at cotton mills output did not show the usual seasonal rise.

At mines, coal production increased considerably in September and there was also an increase in output of copper. Crude petroleum output declined as wells in Texas were shut down on both Saturdays and Sundays whereas in August only Sunday shutdowns had been in effect.

Value of construction contracts, awarded, which had increased considerably in August, showed little change in September, according to figures of the F. W. Dodge Corporation. Awards for private residential building continued at the advanced level prevailing since early summer and contracts for public residential projects were also maintained following a rise in the previous month. Other public projects continued in substantial volume.

Employment—Employment and payrolls increased further between the middle of August and the middle of September, reflecting principally increases at manufacturing concerns. Employment rose sharply at automobile factories and increased moderately in other durable goods industries. At factories producing nondurable goods there was slightly more than the usual seasonable rise in the number of employed.

Distribution—Distribution of commodities to consumers showed a more than seasonal rise in September. There were increases in sales at department and variety stores and mail order sales also increased. Department store sales for the first three weeks of October showed somewhat less than the usual seasonal rise. Freight-car loadings continued to increase in September and the first half of October, reflecting chiefly a further rise in shipments of coal and miscellaneous freight.

Commodity Prices—Prices of a number of industrial raw materials, particularly hides and copper, advanced from the middle of September to the third week of October. Crude oil and gasoline prices, on the other hand, were reduced. Livestock and meat prices showed large seasonal declines in this period. In the first half of October there were sales of many finished steel products at prices below those announced for the fourth quarter, but in the third week of the month it was reported that prices had been restored to former levels.

Bank Credit—During the four weeks ended October 19 there were further substantial increases in the gold stock of this country. As a result largely of these gold acquisitions and of net expenditures by the Treasury from its deposits with the reserve banks, excess reserves of member banks increased to a total of \$3,270,000,000 on October 19. Demand deposits at reporting member banks in 101 leading cities were also increased by the inward gold movement and on October 19 amounted to \$15,750,000,000, the largest volume ever reported by these banks. Following substantial increases during September, reflecting purchases of new issues of United States Government obligations, total loans and investments at reporting banks showed little change during October.

Money Rates and Bond Yields—The average yield on long term Treasury bonds declined from 2.48 per cent on September 27 to 2.28 on October 21. Yields on Treasury notes and Treasury bills also declined in the period.