

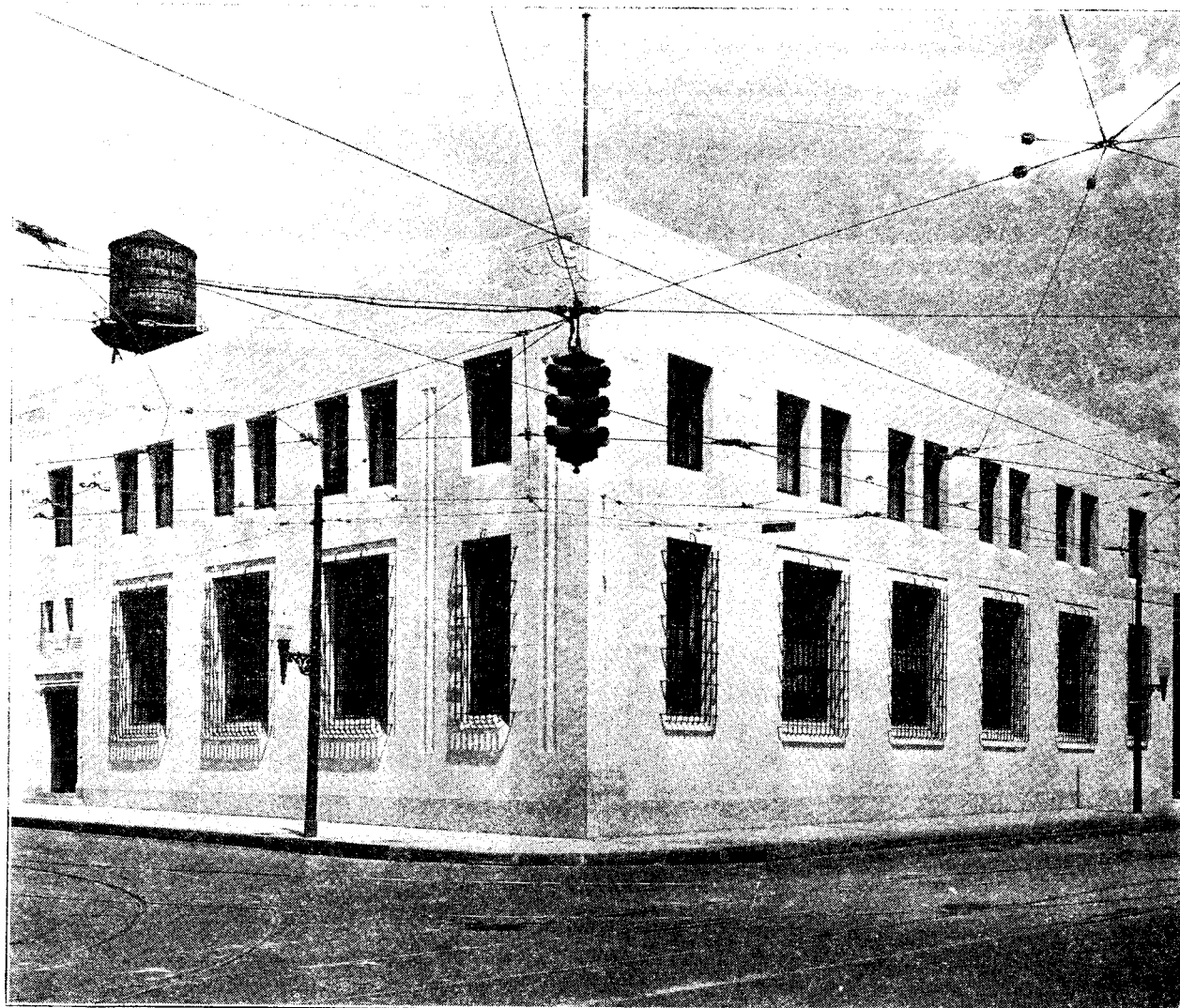


BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance

Released for Publication on Afternoon of November 30, 1938

FEDERAL RESERVE BANK OF ST. LOUIS



Memphis Branch of Federal Reserve Bank of St. Louis

SUMMARY OF EIGHTH DISTRICT

Agriculture:	Nov. 1, 1938, comp. with Yield 1937 Av. 1923-37	
Estimated yield of 7 crops.....	— 6.6%	+ 0.8%
Live Stock:	Oct., 1938, comp. with Sept., 1938 Oct., 1937	
Receipts at National Stock Yards.....	+ 9.6%	+ 9.7%
Shipments from aforesaid Yards.....	+ 6.2	+ 5.0
Production and Distribution:		
Sales by mfrs. and wholesalers.....	— 7.9	— 1.9
Department store sales.....	+ 2.9	— 7.5
Car loadings.....	+ 9.6	— 9.3
Building and Construction:		
Bldg. permits, incl. repairs	{ Number — 1.2 — 8.9	
Value construc. contracts awarded.....	{ Cost..... — 14.0 + 35.8	
	— 0.8	+ 63.3
Miscellaneous:		
Commercial failures	{ Number..... + 10.5 +100.0	
	{ Liabilities..... — 24.3 +131.6	
Consumption of electricity.....	— 2.9	— 2.1
Debits to individual accounts.....	+ 11.1	— 13.1
Member Banks (24):	Nov. 16, '38 comp. with Oct. 19, '38 Nov. 17, '37	
Gross deposits.....	+ 1.6%	+ 11.2%
Loans.....	+ 3.0	— 2.4
Investments.....	+ 2.8	+ 13.7

THE greater part of statistical series and data generally, bearing on Eighth District business during October and the first three weeks of November, reflects continuance of the upward trends which began last summer. Production in the principal and many minor industries increased in somewhat more than the expected seasonal amount and was accompanied by well defined improvement in employment in a majority of the manufacturing centers.

As contrasted with the similar period immediately preceding, retail trade expanded moderately, despite the handicap of very unfavorable weather. The unusually high temperatures prevailing during October and well into November served to hold down the movement of all descriptions of seasonal merchandise. Largely reflecting these conditions, the volume of wholesale distribution in October decreased as compared with September, following steady gains during the preceding three months. Both retail and wholesale volumes continued below a year ago, but losses were considerably less marked than in earlier months this year. Since the first week in November there has been a noticeable pickup in the wholesale trade, with extensive covering on holiday merchandise.

As indicating the increased rate of industrial activity, consumption of electric current by industrial users in the principal cities in October was well sustained, and has moved sharply upwards in November. The general rate of operations in the iron and steel industry showed further improvement, with steel ingot production at mid-November advancing to 51.5 per cent of capacity, a new high for the year and the best since October, 1937. Shipments and the melt of

pig iron during October also moved up to the highest levels since last fall.

Lumber production in the district remained practically unchanged from September, and shipments and new orders were still measurably larger than current output. In all fields of the district, production of bituminous coal in October exceeded that of the preceding month, but total tonnage lifted was about 15 per cent below that of a year ago. Stimulated by broader demand, production at zinc mines in the area increased 9 per cent over September; shipments in October were steady with the preceding month and about 7 per cent greater than a year ago. The steady expansion in production of petroleum, noted in each preceding month this year, continued in September.

Taken as a whole, meteorological conditions throughout the district during October and the early weeks of November were auspicious for agricultural operations. Clear, warm weather was ideal for harvesting late crops, and these productions were garnered with a minimum loss of quantity and quality. As indicated by the November 1 report of the U. S. Department of Agriculture, district yields of the principal crops, except tree fruits, are above average. Pastures and fall sown grain suffered to some extent from the prolonged dry spell.

Measured by sales of department stores in the large cities, the volume of retail trade in October was 2.9 per cent greater than in September and 7.5 per cent less than in October, 1937; for the first ten months this year cumulative total was smaller by 7.2 per cent than for the same interval in 1937. Combined sales of all wholesaling and jobbing firms in October fell 7.9 per cent and 1.9 per cent, respectively, below those a month and a year earlier and for the ten months the aggregate was 11.7 per cent smaller than for the same time in 1937.

The value of permits issued for new building in the principal cities in October was 11.8 per cent less than in September, but 27.6 per cent greater than in October, 1937; for the first ten months cumulative total was 15.5 per cent below that for the like interval in 1937. Construction contracts let in the Eighth District in October were slightly less than in the preceding month and 63.3 per cent greater than in October, 1937; cumulative total exceeded that of last year by 4.7 per cent.

Commercial failures in the Eighth Federal Reserve District in October, according to Dun and Bradstreet, numbered 42, involving liabilities of \$477,000, which compares with 38 defaults in September with liabilities of \$630,000, and 21 insolvencies for a total of \$206,000 in October, 1937.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales			Stocks
	October, 1938 compared with Sept., '38	Oct., '37	10 months 1938 comp. with same period 1937	Oct. 31, 1938 comp. with Oct. 31, 1937
Boots and Shoes.....	-20.8%	+10.3%	+ 1.3% %
Drugs and Chemicals	- 7.4	- 4.0	- 7.5	+ 1.9
Dry Goods.....	- 8.2	- 3.2	-12.9	-34.5
Electrical Supplies..	+ 1.0	-18.4	-34.7	-35.0
Furniture.....	- 0.5	- 8.9	-23.4	-42.0
Groceries.....	- 4.8	- 5.2	-12.7	- 4.3
Hardware.....	+ 1.1	- 0.04	-16.3	- 8.9
All above lines.....	- 7.9	- 1.9	-11.7	-22.3

The upward trend in distribution of commodities at wholesale, noted during the preceding three months, was reversed in October, when total sales of groups reporting to the United States Department of Commerce decreased 7.9 per cent under September and 1.9 per cent below October, 1937. Unseasonably warm weather, coupled with the persistent policy of retailers to purchase only for immediate or well defined future requirements, were the principal influences accounting for the declines in both comparisons. With the exception of boots and shoes, all lines recorded decreases as compared with a year ago, but the combined total showed a smaller decline than in any previous month this year. October sales of reporting clothing firms were larger by 18 per cent than in September, and 18.5 per cent smaller than in October, 1937.

Except in drugs and chemicals, inventories of the reporting groups as of October 31 were below those on the same date in 1937, the declines ranging from 42 per cent in the case of furniture to 4.3 per cent in groceries. Production of boots and shoes in October and the first half of November showed slightly less than the usual seasonal recession. Since the first week of November there has been a notable pickup in ordering of dry goods, furniture, groceries and hardware. According to a number of leading interests, the volume of coverage on holiday merchandise compares favorably with a year ago.

Automobiles—Combined passenger car, truck and taxicab production in the United States in October totaled 209,522 as against 83,534 in September and 329,876 in October, 1937.

Iron and Steel Products—Operations at iron and steel plants in this district underwent further expansion during the past thirty days, and in some sections of the industry reached the highest levels recorded since early last fall. Improvement extended to both production and distribution and to finished as well as semi-finished and raw materials. Steel casting and equipment plants stepped up their activities, particularly those engaged in railroad and automotive work. The seasonal upturn in production of automobiles was reflected in freer releases of castings, flat

rolled materials and a number of other items used in their manufacture. Domestic freight car awards in October were the largest since May and approximately 50 per cent above a year ago.

Bookings and specifications on sheets, strip, plates and other flat rolled steel commodities in October reached the highest total of the year. Considerable tonnage of flat rolled steel was bought during the temporary period of cut prices, which fact was reflected in heavier mill backlogs and rising production. At mid-November steel ingot production in this area, was at 51.5 per cent of capacity, which compares with 45.5 per cent a month earlier and 15.1 per cent on November 17, 1937. Shipments of pig iron to district melters in October reached the highest total for the year, and the rate during the first half of November slightly bettered that of the same period in the preceding month. Indicating the well diversified demands and upturn in consumption by small steel users has been the steady expansion in sales of warehouse and jobbing interests.

For the country as a whole, production of pig iron in October, according to the magazine "Steel", totaled 2,067,499 tons, against 1,683,097 tons in September and 2,891,026 tons in October, 1937. Steel ingot production in the United States in October was 3,117,934 tons, against 2,657,748 tons in September and 3,392,924 tons in October, 1937.

MINING AND OIL

Coal—Following trends prevalent in the country as a whole, production of bituminous coal in fields of this district during October increased moderately over the preceding month, though continuing measurably below a year ago. Both production and consumption have been held back by the record high temperatures which prevailed throughout the area during October and into the third week of November.

October output of soft coal in the United States, according to the National Bituminous Coal Commission, totaled 34,900,000 tons, against 32,276,000 tons in September and 40,833,000 tons in October, 1937; in the first ten months 270,016,000 tons were produced, against 367,452,000 tons during the like period in 1937. At mines in this area production in October was 6.6 per cent greater than in September and 16.0 per cent less than in October last year; output for the first ten months fell 21.1 per cent below that for the comparable period in 1937. Illinois mines produced 3,529,802 tons in October, as against 3,329,526 tons in September and 4,651,359 tons in October, 1937. There were 107 mines in operation in October,

with 29,729 men on payrolls, against 98 active mines and 27,794 operatives in September.

Petroleum—September output of crude oil in states of the Eighth District was 11.0 per cent greater than in August and 97.3 per cent above that of September, 1937. Cumulative total for the first nine months this year exceeded that of the like period in 1937 by 88.9 per cent. Stocks on October 1 were 1.1 per cent smaller and 4.5 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				Stocks		
	Sept., 1938	Aug., 1938	Sept., 1937	Cumulative 1938	Sept., 1937	Sept., 1938	Sept., 1937
Arkansas	1,721	1,718	1,120	13,427	7,890	2,332	2,711
Illinois	2,553	2,062	849	14,113	4,512	11,631	10,816
Indiana	89	92	71	712	632	3,206	3,051
Kentucky	547	553	448	4,258	4,175	1,108	905
Totals	4,910	4,425	2,488	32,510	17,209	18,277	17,483

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
	October, 1938 compared with Sept., 1938	Oct., 1937	10 mos. 1938 to same period 1937	Oct. 31, '38 comp. with Oct. 31, '37	Jan. 1, to Oct. 31, 1938 1937
Ft. Smith, Ark.....	+19.8%	-11.0%	-1.7%	-3.2%	2.27 2.10
Little Rock, Ark....	+6.1	-5.6	-5.7	-13.2	2.38 2.21
Louisville, Ky.	+18.2	-12.0	-13.0	-11.4	3.12 3.32
Memphis, Tenn.	+18.5	-4.7	-5.5	-12.5	2.56 2.55
Pine Bluff, Ark.....	+40.5	+7.1	-11.4	-8.9	1.93 1.99
Quincy, Ill.	+26.6	-2.6	-7.6	-20.8	2.55 2.61
St. Louis, Mo.....	-4.6	-7.7	-6.9	-14.5	3.35 3.20
Springfield, Mo.	+13.7	-7.1	-2.9	-10.1	2.37 2.09
All Other Cities.....	+35.3	-1.2	-5.1	-15.0	2.38 2.15
8th F. R. District....	+2.9	-7.5	-7.2	-13.5	3.06 2.97

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

	Installment Accounts	Excl. Inst'l Accounts		Installment Accounts	Excl. Inst'l Accounts
Fort Smith.....%		41.4%	Quincy		52.4%
Little Rock.... 16.1		38.2	St. Louis.....	18.5	55.0
Louisville 13.5		49.7	Springfield ...		29.0
Memphis 28.4		44.0	Other Cities ..	14.9	59.4
Pine Bluff.....		37.2	8th F. R. Dist.	18.4	50.1

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

	Net Sales			Stocks on Hand	Stock Turnover
	October, 1938 compared with Sept., '38	Oct., '37	10 mos. '38 to same period 1937	Oct. 31, '38 comp. with Oct. 31, '37	Jan. 1, to Oct. 31, 1938 1937
Men's Furnishings	+2.6%	-25.8%	-16.0%	-17.1%	1.92 2.11
Boots and Shoes....	-9.9	-1.9	-1.5	-17.6	5.93 5.50

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

Men's Furnishings.....	32.5%	Boots and Shoes.....	36.1%
------------------------	-------	----------------------	-------

TRANSPORTATION

According to officials of railroads operating in this district, the volume of freight traffic handled in October and the first half of November continued up-

ward on a seasonally adjusted basis. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 83,681 loads in October, which compares with 76,337 loads in September and 92,268 loads in October, 1937. During the first nine days of November the interchange amounted to 23,216 loads, against 23,249 loads during the corresponding period in October and 25,769 loads in the first nine days of November, 1937. Passenger traffic of the reporting lines in October fell 11 per cent in number of passengers carried and 12 per cent in revenue as compared with the same months last year.

For the entire country, loadings of revenue freight for the 44 weeks this year, or to November 5, totaled 25,663,176 cars, against 33,031,248 cars for the corresponding period in 1937 and 30,488,780 cars in 1936. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in October was 190,700 tons, which compares with 227,654 tons in September and 141,276 tons in October, 1937. Cumulative tonnage for the first ten months was 2,023,909 tons, against 1,475,966 tons for the comparable period in 1937.

WHISKEY

Prices of all types of whiskey have held about steady during the past thirty days. This is a period of seasonal activity in which the movement of whiskey is influenced by the holiday demand. As a result sales of case goods of all descriptions in October were approximately 20 per cent greater than for September. In September production in Kentucky totaled 838,000 gallons of whiskey, or about 17 per cent of the country's entire output. This compares with 3,482,000 gallons in September, 1937, which represented 42 per cent of the entire liquor production. Of the 63 Kentucky distilleries, there are at present 24 in operation, with the possibility of five or six manufacturers resuming production during the next few weeks. Fire at a leading plant at Owensboro, Kentucky, on November 12 destroyed 32,000 barrels of whiskey of all ages, having an average estimated value of \$40 per barrel.

AGRICULTURE

Farming Conditions—The record high temperatures which prevailed throughout the district during October and into the third week of November afforded fairly ideal conditions for harvesting corn, cotton, legumes, potatoes and many other late crops. Frosts were unusually late and injury from that cause was negligible. The warm, dry weather, how-

ever, interfered to some extent with fall seedings and caused retrogression to pastures in many sections. According to reports of the U. S. Department of Agriculture, agricultural departments of the several states and unofficial agencies, net effect of the fall drouth on the agricultural situation as a whole has been light, with beneficial results possibly exceeding any injury wrought.

Yields of most crops are turning out as indicated by earlier official forecasts, and the dry spell was broken by quite general rains in early November. Of the principal crops in this area, moderate betterment in prospects from September to October was recorded on cotton, corn, tobacco, white potatoes, legumes and some less important productions. On a basis of supplies on farms and current estimates of production of late grains and livestock numbers, the supply of feed grain per unit of livestock is about the same as in the seasons of 1937, 1932 and 1925, and larger than in any other years since 1921. Tree fruit crops are much below average, but cane and ground fruits yielded heavily.

Prices of farm products during the past thirty days showed little change from the similar period immediately preceding and continued measurably below those at the same time during the past several years. As of November 5, the farm products group of the Bureau of Labor Statistics index stood at 67.2 per cent of the 1926 average, as against 67.4 per cent on October 8; 77.7 per cent on November 6, 1937; 84.2 per cent on November 7, 1936, and 77.5 per cent on November 9, 1935.

Combined receipts from the sale of principal farm products and Government payments to farmers in states including the Eighth District during the period January-September, 1936, 1937, and 1938, and during September, 1937 and 1938, are given in the following table:

(In thousands of dollars)	September		Cumulative for 9 months		
	1938	1937	1938	1937	1936
Indiana	\$ 23,794	\$ 25,589	\$ 198,396	\$ 223,592	\$197,483
Illinois	32,174	35,628	337,459	367,653	331,589
Missouri	22,542	27,706	175,392	200,350	180,063
Kentucky	8,683	8,804	115,175	117,319	78,435
Tennessee	9,506	9,895	84,360	88,284	65,767
Mississippi	26,694	26,072	82,066	92,419	68,109
Arkansas	22,683	17,128	73,636	74,477	52,566
Totals	\$146,076	\$150,822	\$1,066,484	\$1,164,094	\$974,012

Corn—In its report based on November 1 conditions, the U. S. Department of Agriculture estimates the Eighth District corn crop at 325,582,000 bushels, an increase of 3,458,000 bushels over the October 1 forecast, and comparing with 363,227,000 bushels harvested in 1937 and the 15-year (1923-1937) average of 329,752,000 bushels. Quality is reported much above average, except in limited areas where dry weather resulted in chaffiness.

Cotton—In contradistinction to the country as a whole, Eighth District cotton prospects improved slightly during October, and the favorable conditions which were responsible for the betterment continued through the first half of November. In its report as of November 1 the U. S. Department of Agriculture estimates the yield at 3,426,000 bales, an increase of 17,000 bales over the October 1 forecast, and comparing with 4,891,000 bales harvested in 1937 and the 15-year (1923-1937) average of 2,881,000 bales. Except in the northern tier of counties, where considerable cotton still remains in the fields, the harvest had been virtually completed at mid-November.

Prior to publication of the Department's November 1 estimate, a large portion of the crop was being absorbed in the Government 8.3c loan. With the recent improvement in prices and broadening in demand, more cotton is now moving into trade. In the St. Louis market the middling grade ranged from 8.05c to 8.86c per pound between October 15 and November 15, closing at 8.78c on the latest date, which compares with 8.05c on October 15 and 7.80c on November 15, 1937. Reflecting the unusually early harvest and movement of the crop, combined receipts at Arkansas and Missouri compresses from August 1 to November 11 totaled 1,406,777 bales, as against 1,416,941 bales during the same interval in 1937. Stocks on hand as of November 11 amounted to 1,779,890 bales, against 1,002,782 bales on the corresponding date last year.

The Commodity Credit Corporation reports that through November 10, loans had been made on 2,412,000 bales in all cotton states, from the 1938 crop. In the Mississippi River Valley states alone, including Arkansas, Louisiana, Mississippi, Missouri and Tennessee, loans had been made on more than 1,150,000 bales. Government loan stocks now exceed 9,400,000 bales. In states partly or entirely within the Eighth District there were 3,488,167 bales of cotton ginned from the 1938 growth prior to November 8, 1938. This compares with 3,742,383 bales for the corresponding period in 1937 and 3,366,781 bales in 1936.

Fruits and Vegetables—October and early November weather was auspicious for harvesting apples, potatoes and other late fruit and vegetable crops. Withal, early estimates for tree fruits, which indicated unusually small crops, are confirmed by latest official reports. On the other hand, yields of the main species of vegetables, both those for commercial manufacture and market, are large, in most cases above 1937 and the 10-year (1927-1936) average.

The U. S. Department of Agriculture, in its November 1 report, estimates the apple crop in states including the Eighth District at 6,921,000 bushels, against 26,669,000 bushels in 1937 and the 10-year

average of 13,257,000 bushels; pears, 1,800,000 bushels, against 3,379,000 bushels in 1937 and 10-year average of 1,900,000 bushels; peanuts, 38,115,000 pounds, against 30,515,000 pounds in 1937 and 10-year average of 36,006,000 pounds; grapes, 23,730 tons, against 44,930 tons in 1937 and the 10-year average of 31,930 tons. Production of white potatoes in the district proper is forecast at 14,183,000 bushels, which compares with 12,716,000 bushels in 1937 and the 15-year (1923-1937) average of 13,506,000 bushels.

Livestock—Reports from all states of the district indicate that the condition of farm animals during the past thirty days maintained the unusually high average which has obtained since early in the year. The long spell of dry weather in September and October created a shortage of stock water in some sections, but this situation was relieved by general rains since November 1. With increased marketings of livestock, production of all meat in October is estimated to be from 5 to 10 per cent greater than either in September or October a year ago.

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

	Receipts			Shipments		
	Oct., 1938	Sept., 1938	Oct., 1937	Oct., 1938	Sept., 1938	Oct., 1937
Cattle and Calves.....	160,639	153,385	161,253	108,440	98,596	111,123
Hogs	193,694	185,305	186,406	112,253	110,698	115,086
Horses and Mules.....	2,376	2,885	3,820	2,114	2,880	3,374
Sheep	102,500	77,418	67,134	40,888	36,231	21,421
Totals	459,209	418,993	418,613	263,695	248,405	251,004

Tobacco—In its report based on conditions as of November 1, the U. S. Department of Agriculture estimates the tobacco crop in this district at 281,485,000 pounds, an increase of 479,000 pounds as compared with the October 1 forecast, and comparing with 301,156,000 pounds harvested in 1937 and the 15-year average of 287,280,000 pounds.

It is definitely expected that the burley tobacco markets will open in Lexington, Kentucky, on December 5, to be followed on December 6 by other burley markets in that state. According to most recent reports, stripping is well under way and there will be ample leaf to fill warehouse floors when selling begins. All indications are for a crop preponderantly of smoking type; light in body and color.

Dry weather has delayed stripping and preparation of the one-sucker crop, and fears are expressed that it will show less finish and quality than expected at the time of housing. The Owensboro market for handling the Green River and stemming district crops will open November 29. Owing to fungus damage during the growing period, prospects for the dark-fired crop are less favorable than in the case of other types. A scarcity of tobacco suitable for filler and snuff purposes is indicated.

COMMODITY PRICES

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

	High	Low	Close	
			Nov. 15, 1938	Nov. 15, 1937
Wheat				
*Dec. ....per bu...\$	.63 3/4	\$.61 1/2	\$.61 7/8	\$.89 3/4
*May .....	.65 3/4	.63 7/8	.64	.90 1/2
*July .....	.65 5/8	.62 7/8	.63 7/8	.84 3/8
No. 2 red winter ..	.71	.65 3/4	.68 1/2	.99
No. 2 hard ..	.70 1/2	.65 1/2	.68	1.00
Corn				
*Dec. ....	.44 5/8	.40 1/2	.44 5/8	.53 3/4
*May .....	.48 5/8	.44 7/8	.48	.57 1/4
*July .....	.49 3/8	.45 3/4	.48 7/8	.57 1/2
No. 2 mixed....	.48 1/2	.42	.48 1/2	.52 1/2
No. 2 white ....	.49 3/4	.44	.49 3/4	.54 1/2
Oats				
*Dec. ....	.24 7/8	.22 1/2	.24 7/8	.32 3/4
*May .....	.25 3/4	.22 7/8	.25 3/4	.32 1/2
*July .....	.25 1/2	.22 3/4	.25 1/2	.30 5/8
No. 2 white ....	.28 1/2	.26	.28 1/2	.34 1/2
Flour				
Soft patent.....per bbl.	5.00	3.45	3.65 @ 5.00	4.80 @ 5.40
Spring "	5.45	5.05	5.05 @ 5.35	6.25 @ 6.60
Middling Cotton per lb.	.0886	.0805	.0878	.0780
Hogs on Hoof...per cwt.	8.09	7.37	7.64	8.43

*Nominal quotations.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in October was 11.8 per cent less than in September and 27.6 per cent greater than in October, 1937. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in October amounted to \$20,716,000, which compares with \$20,880,000 in September and \$12,687,900 in October, 1937. Building figures for October follow:

	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
(Cost in thousands)	1938	1937	1938	1937	1938	1937	1938	1937
Evansville	21	16	\$ 202	\$ 46	84	153	\$ 54	\$103
Little Rock	34	21	103	36	77	110	24	28
Louisville	112	104	342	277	51	45	31	54
Memphis	234	289	341	400	196	156	396	61
St. Louis	278	248	537	436	115	178	81	113
Oct. Totals	679	678	1,525	1,195	523	642	586	359
Sept. "	663	691	1,729	1,290	553	702	726	782
August "	702	668	2,038	1,704	531	711	377	570

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in October as being 2.9 per cent and 2.1 per cent lower, respectively, than in September and in October, 1937. Detailed figures follow:

(K.W.H. in thous.)	No. of Customers	Oct., 1938		Oct., 1937		October, 1938 compared with	
		K.W.H.	K.W.H.	K.W.H.	K.W.H.	Sept., 1938	Oct., 1937
Evansville	40	2,540	2,116	2,984	2,984	+20.0%	-14.9%
Little Rock	35	2,195	2,355	2,064	2,064	- 6.8	+ 6.3
Louisville	82	8,964	8,884	9,134	9,134	+ 0.9	- 1.9
Memphis	31	2,124	2,552	2,483	2,483	-16.8	-14.5
Pine Bluff	20	1,213	910	1,198	1,198	+33.3	+ 1.3
St. Louis	207	24,106	25,555	24,168	24,168	- 5.7	- 0.3
Totals	415	41,142	42,372	42,031	42,031	- 2.9	- 2.1

BANKING AND FINANCE

Seasonal expansion in requirements for the movement and marketing of late crops, coupled with improvement in demands of commercial and industrial interests, was reflected in a further increase in the volume of credit extended by commercial banks in the Eighth District during the past thirty days. Country banks in the tobacco sections have augmented their borrowings from city correspondents and the city banks were making formal commitments in anticipation of the opening of tobacco markets in early December.

In the typical cotton producing areas, both city and country banks report a steady upturn in loans for financing that crop, the total as of mid-November being approximately 25 per cent greater than at the same time a year ago. Liquidation of mercantile loans at large city banks continued in substantial volume, reflecting principally heavy October and early November collections of wholesaling and jobbing firms. Reflecting generally improved business conditions, demand for currency reached the highest level in a number of months.

Member Banks—Reflecting chiefly seasonal expansion in agricultural requirements, total loans of reporting member banks in the principal cities increased 3 per cent between October 19 and November 16. Investments also moved upward, increasing 2.8 per cent during the four week period, at the end of which the total was 13.7 per cent higher than on the corresponding report date in 1937. Gross deposits continued to soar, and at \$988,240,000 on November 16 were the largest ever recorded. Reserve balances decreased 4.4 per cent, but were still measurably higher than a year ago.

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

(In thousands of dollars)	Nov. 16, 1938	Oct. 19, 1938	Nov. 17, 1937
Loans—total	\$315,328	\$306,118	\$323,042
Commercial, industrial, and agricultural*..	192,895	187,423	198,980
Open market paper.....	3,465	3,868	9,677
Loans to brokers and dealers.....	5,680	6,054	4,840
Other loans to purchase or carry securities	12,853	12,649	13,012
Real Estate loans.....	48,540	48,246	45,978
Loans to banks.....	7,563	5,191	8,757
Other loans*	44,332	42,687	41,798
Investments—total	381,860	371,397	335,818
U. S. Gov't obligations.....	221,044	209,564	193,450
Obligations guaranteed by U. S. Gov't.....	61,469	62,710	46,629
Other securities	99,347	99,123	95,739
Gross deposits	988,240	972,585	888,386
Demand deposits	795,582	779,820	698,051
Time deposits	192,658	192,765	190,335
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 November 2 was 0.5 per cent greater than on October 5, and 2.4 per cent more than on November 3, 1937.

There was no change worthy of note in interest rates from the record low levels of recent months. At downtown St. Louis banks rates charged as of the week ended November 15 were as follows: Customers' prime commercial paper, 1½ to 5 per cent; collateral loans, 2 to 5½ per cent; loans secured by warehouse receipts, 1½ to 5 per cent; interbank 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 October, 1938, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	5,649,380	\$1,159,237,184
Collections (non-cash items) handled.....	106,302	32,152,597
Transfers of funds.....	5,113	295,349,292
Currency and coin received and counted.....	21,184,931	35,050,929
Rediscounts, advances and commitments.....	32	1,210,000
New issues, redemptions, and exchanges of securities of fiscal agent of U. S. Gov't., etc...	11,585	18,247,241
Bills and securities in custody—coupons clipped	42,244	.....

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

(In thousands of dollars)	Nov. 18, 1938	Oct. 18, 1938	Nov. 18, 1937
Industrial advances under Sec. 13b.....	\$ 60	\$ 58	\$ 242
Other advances and rediscounts.....	298	259	265
Bills bought (including participations)	2	2	78
U. S. securities.....	106,791	106,791	112,212
Total earning assets	107,151	107,110	112,797
Total reserves	343,544	363,140	292,927
Total deposits	264,676	283,518	217,750
F. R. Notes in circulation.....	181,607	180,860	181,113
Industrial commitments under Sec. 13b	574	624	183
Ratio of reserve to deposit and F. R. Note liabilities.....	77.0%	78.2%	73.4%

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

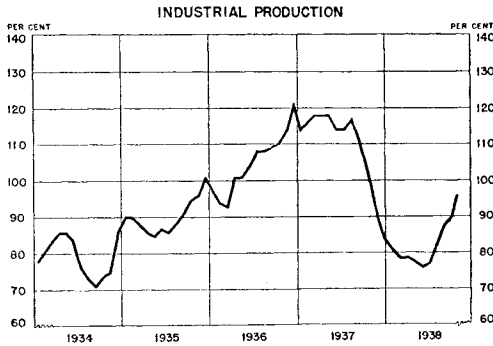
- (1) Rediscounts and advances to member banks, under Sections 13 and 13a.....1½% per annum
- (2) Advances to member banks, under Section 10b.....2 % per annum
- (3) Rediscounts, purchases, and advances to member banks, nonmember banks and other financing institutions under Section 13b:
 - (a) On portion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

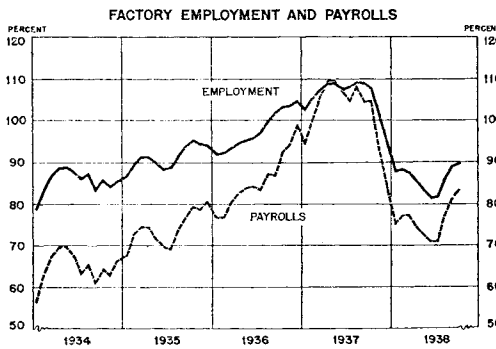
(In thousands of dollars)	Oct., 1938	Sept., 1938	Oct., 1937	Oct. 1938 comp. with Sept. 1938	Oct. 1937
East St. Louis and Nat'l Stock Yards, Ill...\$	36,814	\$ 36,407	\$ 40,533	+ 1.1%	— 9.2%
El Dorado, Ark.....	5,979	5,962	5,229	+ 0.3	+14.3
Evansville, Ind.	27,020	25,135	31,580	+ 7.5	—14.4
Fort Smith, Ark.....	13,210	12,606	14,109	+ 4.8	— 6.4
Greenville, Miss.	6,397	5,024	8,260	+27.3	—22.6
Helena, Ark.	3,431	2,158	3,267	+59.0	+ 5.0
Little Rock, Ark.....	43,158	35,061	42,848	+23.1	+ 0.7
Louisville, Ky.	151,806	143,092	163,666	+ 6.1	— 7.2
Memphis, Tenn.	164,194	124,315	180,626	+32.1	— 9.1
Owensboro, Ky.	6,704	5,984	5,867	+12.0	+14.3
Pine Bluff, Ark.....	12,604	11,173	13,769	+12.8	— 8.5
Quincy, Ill.	7,449	7,382	8,779	+ 0.9	—15.1
St. Louis, Mo.....	542,800	502,100	656,633	+ 8.1	—17.3
Sedalia, Mo.	1,852	1,872	2,231	— 1.1	—17.0
Springfield, Mo.	13,462	13,766	15,573	— 2.2	—13.6
Texarkana, Ark.-Tex.	7,406	7,616	8,597	— 2.8	—13.9
Totals	\$1,044,286	\$939,653	\$1,201,567	+11.1	—13.1

NATIONAL SUMMARY OF BUSINESS CONDITIONS

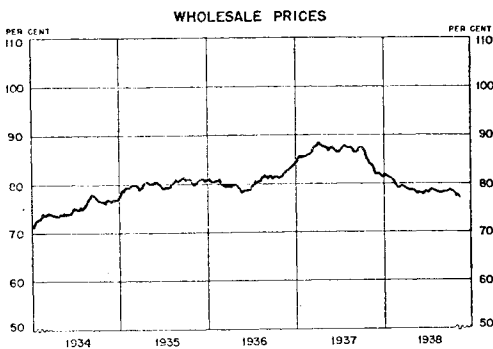
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



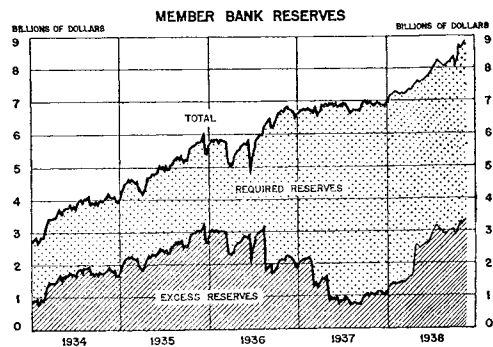
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through October, 1938. Latest figure 96.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1934, through October, 1938. Latest figures, employment 89.5, payrolls 83.7.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 through week ending November 19, 1938. Latest figure 77.3.



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 3, 1934, through November 23, 1938.

Industrial production continued to increase sharply in October and the first three weeks of November, reflecting principally larger output of steel and automobiles. Wholesale commodity prices showed little change in this period. Volume of employment and national income increased in October.

Production—In October the Board's seasonally adjusted index of industrial production was at 96 per cent of the 1923-1925 average, as compared with 90 per cent in September. Steel ingot production increased considerably, averaging 53 per cent of capacity in October, and in the first three weeks of November there was a further substantial advance. In the automobile industry output was increased rapidly during October and the first three weeks of November, both to stock dealers with new model cars and to meet the increased volume of retail demand accompanying the introduction of new models. Production, which in the first nine months of 1938 had been at a considerably lower level, was at nearly the same rate as in the corresponding period in other recent years. Output of plate glass also increased sharply further in October. Cement production showed a considerable increase, while lumber production declined slightly.

Activity at textile mills, which had risen sharply during the summer, continued at about the August and September rate, although usually there is an increase at this time of the year. Shoe production declined somewhat further in October, and there was a decrease in output of tobacco products, while in most other industries manufacturing nondurable goods, changes in output were largely seasonal in character. Mineral production showed a further moderate rise, reflecting in large part increased output of crude petroleum and nonferrous metals. Lake shipments of iron ore also were in larger volume, although a decrease is usual in October. Coal production increased seasonally.

Value of construction contracts awarded in 37 eastern states increased considerably in October, according to figures of the F. W. Dodge Corporation, reflecting chiefly a sharp rise in awards for public projects. Contracts for hospital, educational, and other public buildings included in the Public Works Administration program were in large volume, and there was a further increase in contracts awarded for slum clearance projects of the United States Housing Authority.

Employment—Employment and payrolls increased somewhat further between the middle of September and the middle of October. At automobile factories employment continued to rise sharply and there were further moderate increases in most other durable goods industries. The number employed at canning establishments declined and in other nondurable goods industries showed little change. Employment increased somewhat at mines, on the railroads, and in the construction industry, while in trade the rise was less than seasonal.

Distribution—Sales at department and variety stores and by mail order houses showed less than the usual seasonal increase in October, partly because consumer buying of winter merchandise was retarded by unseasonably warm weather during most of the month. In the first two weeks of November department store sales increased moderately. Freight-car loadings rose considerably further in October, owing largely to increased shipments of grains, coal, and miscellaneous freight. In the first half of November loadings showed a seasonable decline.

Commodity Prices—Wholesale commodity prices generally showed little change from the middle of October to the third week of November. Prices of steel scrap and leather advanced. Tin plate prices, on the other hand, were reduced, and there were also decreases in zinc, hides, and rubber; prices of farm products and foods showed small fluctuations in this period.

Bank Credit—Total loans and investments at reporting member banks in 101 leading cities declined by about \$150,000,000 during the first half of November following a substantial increase during October. The decline in November was almost entirely at New York City banks and reflected the retirement of state and local government obligations held by these banks. Adjusted demand deposits, which reached an all-time peak of \$16,000,000,000 at reporting banks in the last week in October, also decreased somewhat in the first half of November. Member bank reserves in the middle of November were at about the high level reached a month earlier.

Money Rates and Bond Yields—The prevailing rate on open-market commercial paper declined slightly in November to $\frac{3}{8}$ of 1 per cent, a new low level. Other short-term open-market rates were unchanged. Yields on U. S. Government securities and on high-grade corporate bonds showed only small changes during November, continuing close to the low levels reached in October.