



BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication on Afternoon of January 31, 1939

FEDERAL RESERVE BANK OF ST. LOUIS



Building of Board of Governors of Federal Reserve System, Washington, D. C.

SUMMARY OF EIGHTH DISTRICT

	Dec., 1938	comp. with
	Nov., 1938	Dec., 1937
Live Stock:		
Receipts at National Stock Yards.....	- 10.2%	+ 3.7%
Shipments from aforesaid Yards.....	- 7.6	+ 2.5
Production and Distribution:		
Sales by mfrs. and wholesalers.....	- 15.1	+ 27.5
Department store sales.....	+ 56.0	+ 3.6
Car loadings.....	+ 2.8	+ 4.1
Building and Construction:		
Bldg. permits, incl. repairs	Number - 30.1	+ 26.6
	Cost - 23.4	+ 4.2
Value construc. contracts awarded....	+ 16.0	+ 116.6
Miscellaneous:		
Commercial failures	Number..... + 13.8	- 2.9
	Liabilities..... + 230.5	- 66.6
Consumption of electricity.....	- 2.2	+ 9.2
Debits to individual accounts.....	+ 23.1	+ 2.9
Member Banks (24):		
	Jan. 11, '39	comp. with
	Dec. 14, '38	Jan. 12, '38
Gross deposits.....	+ 0.6%	+ 8.4%
Loans.....	- 1.8	- 1.8
Investments.....	+ 0.8	+ 18.4

UPWARD trends in Eighth District commerce and industry, which had their rise in July, were extended through December and have continued during the first half of January. The tempo since mid-December has slowed somewhat, owing mainly to the usual seasonal considerations, such as holiday suspensions and interruptions for stock taking, repairs, etc. In a number of important lines the recession in activities was considerably less than is ordinarily the case, and markedly less than a year earlier, when effects of external depressants were being felt. In some notable instances the expected decline was little in evidence or entirely absent, and volumes for the year were greater than during the preceding twelve months. Taken as a whole, however, recent gains were not sufficiently large to offset the low levels obtaining during the first six months, with the result that in a majority of lines results in 1938 compared unfavorably with 1937.

Notwithstanding the unprecedentedly mild fall and early winter, which militated against the movement of all descriptions of seasonal merchandise, distribution through retail made a relatively good showing. While late in starting, holiday trade generally through the district exceeded expectations, and measured by December statistics volume was appreciably above a year earlier. Volume of retail trade for the twelve months was approximately 5 per cent less than in 1937. This decrease contrasted with a decline of 7.7 per cent during the first six months of 1938 under the comparable period a year earlier.

With the exception of groceries, all wholesaling and jobbing lines investigated showed increases in sales during December as compared with the same

month in 1937, gains ranging from 5.9 per cent in drugs and chemicals to 43.1 per cent for boots and shoes. Orders booked since January 1 reflect a continuance of the betterment over a year earlier. Purchasing is still confined largely to well defined needs, but there is more of a disposition to replenish depleted stocks than heretofore. Reflecting conservative buying throughout 1938 and increased business during the last half of that year, the inventory position of both wholesalers and retailers underwent substantial improvement.

As was the case in the country as a whole, the revival in business during the last half of 1938 was more marked in production than distribution of commodities. Output of manufactures rose rapidly from the low point in May to a new high for the year in December. In this district a particularly favorable showing was made by the iron and steel industry. Through the first half of December, steel ingot production was maintained at 51.5 per cent, the best rate for the year, and comparing with 20.5 per cent for the same time in 1937.

The volume of retail trade in December, as gauged by department store sales in the leading cities, was 56.0 per cent greater than in November and 3.6 per cent more than in December, 1937; for the year 1938 the total was 4.7 per cent smaller than in 1937. Combined sales of all wholesaling and jobbing firms in December were 15.1 per cent smaller than in November and more than one fourth greater than in December, 1937; aggregate sales of these interests in 1938 fell 4.2 per cent below those of the preceding twelve months.

The value of permits issued for new construction in the principal cities in December was 26.4 per cent less than in November, but one third larger than in December, 1937; for the year the total was smaller by 5 per cent than in 1937. Construction contracts let in the Eighth District in December were 16 per cent and 116.6 per cent greater, respectively, than a month and a year earlier, and for the year volume exceeded that of 1937 by 18.4 per cent.

Commercial failures in the Eighth District in December, according to Dun and Bradstreet, numbered 33, involving liabilities of \$499,000, which compares with 29 defaults with liabilities of \$151,000 in November and 34 failures for a total of \$1,496,000 in December, 1937. In 1938 there were 499 failures with total liabilities of \$6,401,000, as against 285 defaults involving \$4,940,000 liabilities in 1937.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales			Stocks
	December, 1938 compared with Nov., '38	Dec. '37	*12 months 1938 comp. with same period 1937	Dec. 31, 1938 comp. with Dec. 31, 1937
Boots and Shoes.....	-22.6%	+43.1%	+ 6.1%	-19.1%
Drugs and Chemicals..	+19.6	+ 5.9	- 3.5	- 4.5
Dry Goods.....	-31.3	+19.2	-10.1	-13.2
Electrical Supplies....	+30.1	+11.8	-18.6	-22.0
Furniture.....	- 9.2	+27.4	-26.2	-30.4
Groceries.....	- 2.2	- 1.5	-11.4	- 4.7
Hardware.....	- 0.3	+20.6	-12.8	+ 4.2
All above lines.....	-15.1	+27.5	- 4.2	- 8.8

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

Following trends in general business activity, sales of wholesaling and jobbing firms whose statistics are available to this bank, improved markedly during the last half of 1938 as compared with the first six months. While total sales for the year, as shown in the above table, were 4.2 per cent smaller than in 1937, the decline was considerably narrowed as contrasted with the first six months, when the cumulative total was 16.6 per cent below that of the comparable period a year earlier.

Declines in sales from November to December were for the most part seasonal in character, but in the case of boots and shoes, hardware, and dry goods, were somewhat smaller than average during the past decade. The irregular recession in inventories which marked earlier months of the year was extended during December in all lines other than hardware. Production of boots and shoes at district factories has turned moderately upward since the last week of November.

Automobiles—Combined passenger car, truck and taxicab production in the United States in December totaled 388,346, against 372,358 in November and 326,234 in December, 1937. In 1938 production amounted to 2,489,555, which compares with 4,809,515 in 1937 and 4,454,115 in 1936.

Iron and Steel Products—The slowing down in activities which ordinarily marks the iron and steel industry in this area during the closing weeks of December and early January, incident to the holiday and inventorying periods, was considerably less in evidence than during the past several years. Virtually all sections of the industry offered strong resistance to the seasonal trend, and in some instances schedules were maintained at, or close to, the highest point of the year. In December shipments of pig iron to district melters were slightly above November and the highest for the year. Steel mills closed the year with substantial backlogs of unfinished orders.

At mid-January ingot production at district mills was at 40 per cent of capacity, which compares with 21 per cent at the corresponding time in

1938. Operations at gray iron foundries were well sustained, averaging from four to five days per week. Activities at structural steel fabricating plants declined five points from 35 per cent to 30 per cent of capacity. Following the usual practice, stove plants closed in late December for inventorying, repairs, etc.

For the entire country production of pig iron in December, according to the magazine "Steel", totaled 2,212,718 tons, against 2,286,661 tons in November and 1,503,474 tons in December, 1937. Output of 18,889,663 tons in 1938 was the smallest since 1934, and compares with 36,709,139 tons in 1937. Steel ingot production in the United States in December amounted to 3,143,169 tons, against 3,572,220 tons in November and 1,473,021 tons in December, 1937. Total production in 1938 was only 27,839,261 tons, 56.2 per cent of the 49,502,907 tons made in 1937, and the smallest since 1934.

MINING AND OIL

Coal—Despite the unprecedentedly mild fall and early winter, the coal industry in this area underwent moderate improvement toward the end of the year. Reduced tonnages for heating purposes were partly offset by better industrial demand. At many mines inventories were lowered in December, and operations were at the best rate for the year.

Production of bituminous coal in the United States in December, according to the National Bituminous Coal Commission, totaled 36,230,000 tons, against 36,110,000 tons in November and 37,122,000 tons in December, 1937. In 1938 there were 342,407,000 tons lifted, which compares with 442,455,000 tons in 1937 and 431,950,000 tons in 1936. At mines in this area December output was 15.8 per cent greater than in November and 8.2 per cent smaller than in December, 1937. Production at these mines in 1938 fell 18 per cent below that of the preceding year.

Illinois mines produced 4,562,573 tons in December, as against 3,976,278 tons in November and 5,221,852 tons in December, 1937. There were 116 mines in operation in December with 31,165 men on payrolls, against 113 active mines and 30,913 operatives in November.

Petroleum—November output of crude oil in states of the Eighth District was 2.6 per cent greater than in October and 84.8 per cent more than in November, 1937. Cumulative total for eleven months of 1938 exceeded that of the like period in 1937 by 88.1 per cent. Stocks on December 1 were 1.2 per cent smaller and 4.0 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	
	Nov., 1938	Oct., 1938	Nov., 1937	1938	1937	Nov., 1938	Nov., 1937
	Arkansas.....	1,470	1,624	1,286	16,521	10,448	2,291
Illinois.....	3,067	2,768	990	19,948	6,414	11,311	10,747
Indiana.....	83	86	66	881	769	3,198	2,823
Kentucky.....	514	526	436	5,298	5,047	1,147	888
Totals.....	5,134	5,004	2,778	42,648	22,678	17,947	17,250

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	
	December, 1938 compared with Nov., 1938	12 mos. 1938 to same period 1937	Dec. 31, 1938 comp. with Dec. 31, 1937	Jan. 1, to Dec. 31, 1938	1937	
	Ft. Smith, Ark.....	+49.8%	+3.5%	+0.3%	-4.2%	3.03
Little Rock, Ark.....	+46.7	+9.0	-2.3	-12.9	3.25	2.92
Louisville, Ky.....	+85.2	+2.6	-9.9	-8.2	4.15	4.24
Memphis, Tenn.....	+66.8	+4.7	-2.5	-11.4	3.49	3.33
Pine Bluff, Ark.....	+74.4	+24.2	-5.1	-16.5	2.68	2.57
Quincy, Ill.....	+69.9	+2.5	-5.6	-20.6	3.40	3.32
St. Louis, Mo.....	+49.6	+2.4	-4.8	-10.7	4.36	4.08
Springfield, Mo.....	+42.8	+10.7	+0.3	-18.9	3.16	2.68
All Other Cities.....	+59.7	+15.1	-0.3	-5.6	3.30	2.86
8th P. R. District.....	+56.0	+3.6	-4.7	-10.9	4.04	3.81

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

	Installment Accounts	Excl. Inst'l Accounts	Installment Accounts	Excl. Inst'l Accounts
Fort Smith.....	42.2%	42.2%	Quincy.....	55.0%
Little Rock.....	19.0	39.3	St. Louis.....	21.9
Louisville.....	13.1	54.0	Springfield.....	27.2
Memphis.....	31.8	47.5	Other Cities.....	12.2
Pine Bluff.....	41.7	41.7	8th P. R. District	21.1

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

	Net Sales			Stocks on Hand	Stock Turnover	
	December, 1938 compared with Nov., 1938	12 mos. 1938 to same period 1937	Dec. 31, 1938 comp. with Dec. 31, 1937	Jan. 1, to Dec. 31, 1938	1937	
	Men's Furnishings.....	+52.7%	+3.2%	-11.7%	-15.2%	2.61
Boots and Shoes.....	+43.0	+5.0	-0.8	-11.5	7.37	6.75

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

Men's Furnishings.....	34.3%	Boots and Shoes.....	37.2%
------------------------	-------	----------------------	-------

TRANSPORTATION

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 78,358 loads in December, against 76,188 loads in November and 75,273 loads in December, 1937. During the first nine days of January the interchange amounted to 21,376 loads, which compares with 23,159 loads for the same period in December and 20,832 loads during the first nine days of January, 1938. In 1938 the Asso-

ciation interchanged 904,081 loads, a decrease of 18.5 per cent and 15.3 per cent, respectively, as compared with a year and two years earlier. Passenger traffic of the reporting lines during December continued the steady declines which marked earlier months of the year. For the twelve months there was a decrease of 8.39 per cent in the number of passengers carried and 8.73 per cent in revenue as compared with the preceding year.

For the entire country, loadings of revenue freight in 1938 totaled 30,468,544 cars, the smallest since 1933, and comparing with 37,670,464 cars in 1937 and 36,109,112 cars in 1936. In the comparison with 1937, decreases were recorded in all classifications other than grain and grain products. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in December was 172,400 tons, against 214,948 tons in November and 159,680 tons in December, 1937. In 1938 the Federal Barge Line handled 2,410,099 tons, the largest in its history, and comparing with 1,831,813 tons in 1937.

WHISKEY

There appears to be no change in the orderly production of bourbon whiskey by the 36 operating distilleries out of a total of 63 in Kentucky. While warehouses are heavily stocked, a moderate improvement in inventory position is noted. Jobbers report holiday sales above expectations, but at irregular prices. Whiskey sales in Kentucky during 1938 were slightly less than in 1937. Withdrawals from Kentucky warehouses, however, continue to be heavy; 17 per cent greater in 1938 than during the preceding year. This is construed in some quarters as indicating increasing popularity of bourbon throughout the country over other types of whiskey and hard liquors. There is a more optimistic feeling in the trade relative to bulk whiskey, in which there has been some price improvement during the past three months.

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

(In thousands of dollars)	November		Cumulative for 11 months		
	1938	1937	1938	1937	1936
Indiana.....	\$ 20,824	\$ 21,489	\$ 239,552	\$ 266,009	\$ 241,391
Illinois.....	36,582	36,288	406,451	439,257	408,713
Missouri.....	26,480	23,673	227,135	251,194	234,802
Kentucky.....	5,888	5,690	129,138	130,222	92,033
Tennessee.....	12,228	12,738	112,837	115,940	92,867
Mississippi.....	21,579	20,548	140,763	145,227	136,212
Arkansas.....	20,375	21,941	128,878	122,508	100,411
Totals.....	\$143,956	\$142,372	\$1,384,754	\$1,470,357	\$1,306,429

Farming Conditions—Taken as a whole, weather conditions in the Eighth District during the past thirty days were the most normal for the season to date, following one of the mildest falls of record. In the main, conditions were favorable for growth of fall sown grains, livestock and farm operations of all descriptions. Routine work in all sections of the area is considerably in advance of the seasonal schedule. Quite generally, but more particularly in the South, more land has been plowed for next spring's plantings than is ordinarily the case at mid-January.

The trend of prices continued lower, and throughout the thirty-day period was measurably below those prevailing at the same time during the preceding three or four years. As of January 14, the farm products group of the Bureau of Labor Statistics index stood at 67.3 per cent of the 1926 average, as against 67.4 per cent on December 17; 73.4 per cent on January 15, 1938; 92.3 per cent on January 16, 1937; 78.1 per cent on January 18, 1936, and 76.7 per cent on January 19, 1935. Owing to the low level of prices prevailing during the past season and a general disposition on the part of farmers to await clarification of the Government's agricultural program, more than the usual uncertainty exists relative to intentions of farmers to plant the several crops next spring.

Corn—Stocks of corn held on farms in states including the Eighth District on January 1 were estimated by the U. S. Department of Agriculture at 679,103,000 bushels, which compares with 716,127,000 bushels a year earlier and the 10-year (1928-1937) average of 474,303,000 bushels. Despite the unusually mild fall and winter, the quality of corn held in storage is generally high.

Cotton—The 1938 cotton crop in the Eighth District is estimated by the U. S. Department of Agriculture to be 3,384,000 bales, which compares with 4,891,000 bales harvested in 1937 and the 15-year (1923-1937) average of 2,893,000 bales. The season for picking cotton was the most favorable in recent years, and practically the entire crop had been taken out of the fields by December 1, with a minimum of damage to quality and quantity. The open winter has permitted almost uninterrupted field work, and more ground has been prepared for planting the next crop than has been the case in more than a decade. From the beginning of the marketing season the crop has moved rapidly to gins, with a considerable volume of the staple going into the Government loan, particularly in Arkansas, Mississippi and Missouri. Through January 5 the Commodity Credit Corporation re-

ported that from all states 3,810,000 bales from the 1938 crop were pledged on Government loans. Total Government loan stocks as of that date were reported at about 10,800,000 bales.

Demand for raw cotton, both for domestic consumption and export remained relatively quiet, with price fluctuations narrow. In the St. Louis market the middling grade ranged from 8.12¢ to 8.90¢ per pound between December 15, 1938, and January 16, 1939, closing at 8.90¢ on the latest date, which compares with 8.18¢ on December 15, and 8.65¢ on January 15, 1938. At Arkansas and Missouri compresses from August 1, 1938, to January 13, 1939, combined receipts were 1,526,244 bales, against 1,864,591 bales for the corresponding period a year earlier. Stocks on hand as of January 13 totaled 1,678,656 bales, against 1,088,799 bales on the corresponding date in 1938.

Livestock—The condition of livestock generally throughout the district during the past thirty days is reported to have maintained the high average which marked the fall and early winter. Marketing has been on an extensive scale, combined receipts of cattle, swine and sheep in December showing a measurable increase over a year earlier, though a decrease of about 10 per cent under the November total.

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

	Receipts			Shipments		
	Dec., 1938	Nov., 1938	Dec., 1937	Dec., 1938	Nov., 1938	Dec., 1937
Cattle and Calves.....	92,315	126,838	104,406	63,007	86,476	71,630
Hogs.....	252,825	246,378	223,373	143,034	132,372	136,512
Horses and Mules.....	2,349	2,174	2,160	2,143	2,219	2,304
Sheep.....	58,955	77,403	62,143	17,883	23,605	10,162
Totals.....	406,444	452,793	392,082	226,067	244,672	220,608

The following table shows comparative receipts and shipments for the years 1938, 1937 and 1936.

(In thousands)	Receipts			Shipments		
	1938	1937	1936	1938	1937	1936
Cattle and Calves.....	1,403	1,589	1,483	893	995	826
Hogs.....	2,412	2,265	2,474	1,435	1,308	1,514
Horses and Mules.....	40	52	62	39	52	62
Sheep.....	988	1,050	709	330	382	137
Totals.....	4,843	4,956	4,728	2,697	2,737	2,539

Tobacco—On January 3, following the holiday recess, the burley auction markets resumed with liberal offerings. Sales the first day totaled 8,127,000 pounds, with an average of \$19.75, a gain of 87¢ per cwt. over the last sales on December 22. Since the reopening there has been a decline in the average price to \$18.98 owing to increased proportion of inferior leaf offered. Good to fine grades are selling cheaper than a year ago, while common to medium grades are much higher. At mid-January it was estimated that about two-thirds of the burley crop had been sold.

About 50 per cent of the Green River and stemming crops has been marketed, the major portion being taken by domestic manufacturers. Prices averaged from \$10 to \$10.41 per cwt. Only a small percentage of the fire-cured crop has been taken down. The market at Hopkinsville, Ky., opened January 11, with sales of 116,384 pounds at an average of \$7.93, about \$2 per cwt. lower than the opening in 1938. The lower prices may reflect inferior quality, as well as lack of interest shown by snuff manufacturers. There is a scarcity of heavy leaf and tobacco suitable for heavy wrappers and spinners.

In the western district the Murray and Paducah markets opened on January 16, with the Mayfield market opening on January 17. In the air-cured and one-sucker districts to mid-January, approximately 6,250,000 pounds had been disposed of at an average price of about \$6.50 per cwt. Under favorable weather conditions, sales at these markets are expected to be fairly large during the next few weeks.

Winter Wheat—The U. S. Department of Agriculture estimates the combined areas of wheat seeded last fall in states including the Eighth District at 6,325,000 acres, a decrease of 22 per cent from the 8,106,000 acres seeded in the fall of 1937 and comparing with the 10-year (1926-1935) average of 6,553,000 acres. Stocks of wheat on farms in these states as of January 1 were estimated at 25,911,000 bushels, as against 28,502,000 bushels a year earlier and the 10-year (1928-1937) average of 21,123,000 bushels. The condition of winter wheat on December 1 was below average in all district states, but since that date has undergone betterment under more favorable moisture conditions.

COMMODITY PRICES

Range of prices in the St. Louis market between December 15, 1938, and January 16, 1939, with closing quotations on the latter date and on January 15, 1938, follows:

	High	Low	Close	
			Jan. 16, 1939	Jan. 15, 1938
Wheat				
*May.....per bu....	.67½	\$.63	\$.65½	\$.98½
*July....."	.67½	.62½	.65½	.92½
*Sept....."	.68½	.64½	.66½	.90½
No. 2 red winter....."	.75½	.69½	.72	1.06
No. 2 hard....."	.74½	.69	.72	1.07
Corn				
*May....."	.50½	.48	.49½	.60½
*July....."	.51½	.48½	.50½	.60½
*Sept....."	.52½	.50½	.51	.61½
No. 2 mixed....."	.54½	.51½	.52	.60½
No. 2 white....."	.56	.52½	.52½	.60½
Oats				
*May....."	.29½	.27½	.28½	.33½
*July....."	.28½	.26	.27½	.31½
*Sept....."	.28½	.26½	.26½	.31½
No. 2 white....."	.34	.31	.33½	.36
Flour				
Soft patent.....per bbl...	5.35	3.85	4.00 @ 5.35	5.00 @ 5.25
Spring....."	5.55	5.15	5.25 @ 5.55	6.45 @ 6.80
Middling Cotton.....per lb....	.0890	.0812	.0890	.0865
Hogs on Hoof.....per cwt....	8.00	7.12	7.58	8.21

*Nominal quotations.

POSTAL RECEIPTS

Returns from the five largest cities of the district show an increase of 23.5 per cent in combined postal receipts for the final quarter of 1938 over the preceding three months, and an increase of 1.1 per cent as contrasted with the last quarter of 1937. Detailed figures follow:

Quarter ending	Dec. 31, 1938	Sept. 30, 1938	Dec. 31, 1937	Comp. last Qtrs. 1938 and 1937
Evansville.....	\$ 189,998	\$151,988	\$185,811	+ 1.8%
Little Rock.....	243,070	219,883	228,463	+ 6.4
Louisville.....	796,254	658,114	818,576	- 2.7
Memphis.....	847,158	624,890	821,128	+ 3.2
St. Louis.....	3,032,588	2,482,005	2,997,663	+ 1.2
Totals.....	5,108,268	4,136,880	5,051,641	+ 1.1

The following table shows the comparative totals for the years 1938, 1937 and 1936:

	1938	1937	1936	1938 comp. with 1937	comp. with 1936
Totals.....	\$17,839,376	\$17,739,649	\$17,385,578	+ 0.6%	+ 2.6%

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in December was 26.4 per cent less than in November and 33.6 per cent greater than in December, 1937. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in December amounted to \$27,458,000, which compares with \$23,665,000 in November and \$12,676,300 in December, 1937. For the year, construction contracts totaled \$208,735,000, as against \$176,321,600 for 1937. Building figures for December follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1938	1937	1938	1937	1938	1937	1938	1937
Evansville.....	4	1	\$ 11	\$ 208	35	47	\$ 23	\$ 38
Little Rock.....	10	17	24	52	53	62	16	17
Louisville.....	42	45	90	309	23	23	87	23
Memphis.....	133	91	212	181	103	113	52	462
St. Louis.....	189	84	1,161	371	118	78	165	106
Dec. Totals...	378	238	1,498	1,121	332	323	343	646
Nov. ".....	622	481	2,035	828	394	513	367	309
Oct. ".....	679	678	1,525	1,195	523	642	586	359
Year ".....	6,865	7,194	17,309	18,245	6,567	8,023	5,086	7,188

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in December as being 2.2 per cent less than in November and 9.2 per cent greater than in December, 1937. Total consumption in 1938 was 9.8 per cent less than in 1937. Detailed figures follow:

(K. W. H. In thous.)	No. of Customers	Dec., 1938	Nov., 1937	Dec., 1937	December, 1938 compared with	
		K.W.H.	K.W.H.	K.W.H.	Nov., 1938	Dec., 1937
Evansville.....	40	2,922	2,562	3,049	+14.1%	- 4.2%
Little Rock.....	35	1,918	2,027	1,931	- 5.4	- 0.7
Louisville.....	82	7,937	8,398	8,051	- 5.5	- 1.4
Memphis.....	31	2,404	2,192	2,338	+ 9.7	+ 2.8
Pine Bluff.....	20	1,035	1,166	974	-11.2	+ 6.3
St. Louis.....	209	22,542	23,267	19,145	- 3.1	+17.7
Totals.....	417	38,758	39,612	35,488	- 2.2	+ 9.2

BANKING AND FINANCE

Except where influenced by the usual seasonal factors, trends in the banking and financial status in the Eighth District during the past thirty days underwent no changes worthy of note as contrasted with trends during the similar period immediately preceding and the past several months. There was a moderate recession in demand for credit from commercial and industrial sources from the high point at mid-December, and since January 1 liquidation with banks in the principal cities has been in excess of new borrowings and renewals. Partially offsetting the recession in mercantile and manufacturing requirements has been a noticeable expansion in borrowing by finance companies, and in some sections increased demands of individuals for repairs on homes and personal uses.

Rapid marketing of the 1938 tobacco crop has resulted in a considerable volume of liquidation by producers, both with merchants and country banks. Similar conditions are reported in the typical cotton producing areas. Quite generally through the district, but more particularly in Illinois and Missouri, inquiries for funds to condition livestock for market are in considerable volume.

Member Banks—Loans and investments of reporting member banks in the principal cities declined slightly between December 14 and January 11, and on the latter date the total was 8.5 per cent greater than on the corresponding date a year earlier. The decrease in the month-to-month comparison was caused entirely by smaller loans, investments showing a slight increase. Deposits continued the irregularly upward trend which began last summer, and with the exception of November 16, were the highest of record on January 11.

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

(In thousands of dollars)	Jan. 11, 1939	Dec. 14, 1938	Jan. 12, 1938
Loans—total	\$312,607	\$318,241	\$318,242
Commercial, industrial, and agricultural*.....	189,709	193,874	197,326
Open market paper.....	3,284	3,003	9,882
Loans to brokers and dealers.....	6,607	6,101	4,587
Other loans to purchase or carry securities.....	12,962	12,951	12,595
Real Estate loans.....	48,178	48,339	46,782
Loans to banks.....	7,297	7,675	7,325
Other loans*.....	44,570	46,298	39,745
Investments—total	390,782	387,717	329,969
U. S. Gov't obligations.....	231,513	226,563	191,616
Obligations guaranteed by U. S. Gov't.....	58,101	60,762	45,352
Other securities.....	101,168	100,392	93,001
Gross deposits	986,438	980,167	910,305
Demand deposits.....	794,296	789,410	720,039
Time deposits.....	192,142	190,757	190,266
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 January 4 was 1.0 per cent greater than on December 7 and 2.5 per cent more than on January 5, 1938.

Changes in interest rates were negligible. At downtown St. Louis banks rates charged as of the week ended January 14 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 5¼ per cent; interbank loans, 2 to 5 per cent; 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 December, 1938, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	6,691,502	\$1,225,467,959
Collections (non-cash items) handled.....	236,396	40,224,999
Transfers of funds.....	5,612	315,365,649
Currency and coin received and counted.....	21,777,530	41,381,732
Rediscounts, advances and commitments.....	26	2,273,599
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc.....	41,211	97,337,213
Bills and securities in custody—coupons clipped.....	3,065	

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

(In thousands of dollars)	Jan. 19, 1939	Dec. 19, 1938	Jan. 19, 1938
Industrial advances under Sec. 13b.....	\$ 24	\$ 59	\$ 235
Other advances and rediscounts.....	78	342	57
Bills bought (including participations).....	2	2	2
U. S. securities.....	119,823	106,791	114,478
Total earning assets	119,927	107,194	114,772
Total reserves.....	339,646	337,573	298,191
Total deposits.....	275,089	255,334	228,667
F. R. Notes in circulation.....	179,960	184,066	178,351
Industrial commitments under Sec. 13b.....	441	525	326
Ratio of reserve to deposit and F. R. Note liabilities.....	74.6%	76.8%	73.3%

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

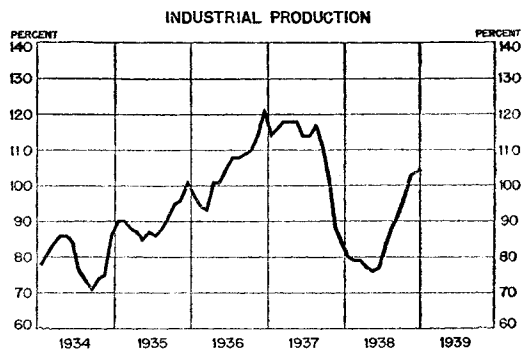
- Rediscounts and advances to member banks, under Sections 13 and 13a..... 1½% per annum
- Advances to member banks, under Section 10b..... 2 % per annum
- Rediscounts, purchases, and advances to member banks, nonmember banks and other financing institutions under Section 13b:
 - On portion for which such institution is obligated..... 3½% per annum
 - On remaining portion..... 4 % per annum
- 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.
- Advances to established industrial or commercial businesses, under Section 13b..... 4 % to 5½% per annum
- 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:

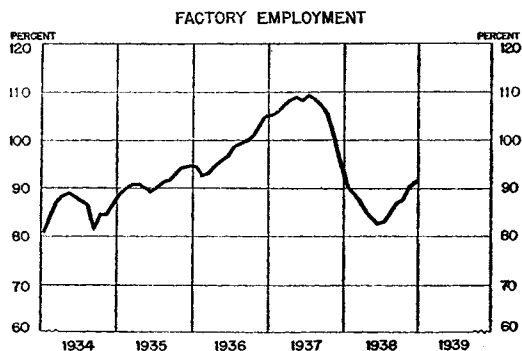
(In thousands of dollars)	Dec., 1938	Nov., 1938	Dec., 1937	Dec., 1938 Nov., 1938	comp. with Dec., 1937
East St. Louis and Nat'l Stock Yards, Ill.	\$ 36,147	\$ 34,008	\$ 34,285	+ 6.3%	+ 5.4%
El Dorado, Ark.	6,204	5,428	5,820	+14.3	+ 6.6
Evansville, Ind.	31,995	26,314	32,862	+21.6	- 2.6
Fort Smith, Ark.	13,883	12,222	13,683	+13.6	+ 1.5
Greenville, Miss.	5,432	5,807	6,258	- 6.5	-13.2
Helena, Ark.	2,457	2,565	2,533	- 4.2	- 3.0
Little Rock, Ark.	39,631	34,524	38,364	+14.8	+ 3.3
Louisville, Ky.	183,540	145,791	176,187	+25.9	+ 4.2
Memphis, Tenn.	138,466	127,356	140,385	+ 8.7	- 1.3
Owensboro, Ky.	8,749	6,621	7,021	+21.1	+24.6
Pine Bluff, Ark.	10,780	8,957	10,613	+20.4	+ 1.6
Quincy, Ill.	8,704	7,829	8,366	+11.2	+ 4.0
St. Louis, Mo.	659,539	512,200	636,440	+28.8	+ 3.6
Sedalia, Mo.	2,438	1,808	2,337	+34.8	+ 4.3
Springfield, Mo.	14,018	12,831	13,740	+ 9.3	+ 2.0
Texarkana, Ark.-Tex.	8,771	6,544	8,422	+34.0	+ 4.1
Totals	\$1,170,754	\$ 950,805	\$1,137,315	+23.1	+ 2.9

NATIONAL SUMMARY OF BUSINESS CONDITIONS

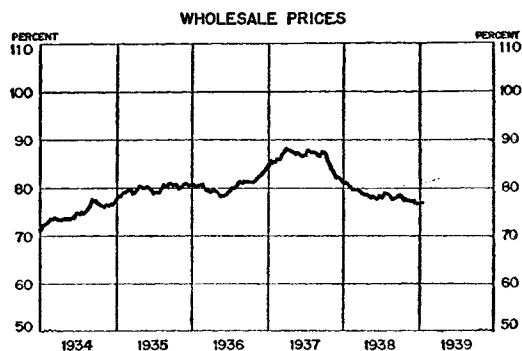
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



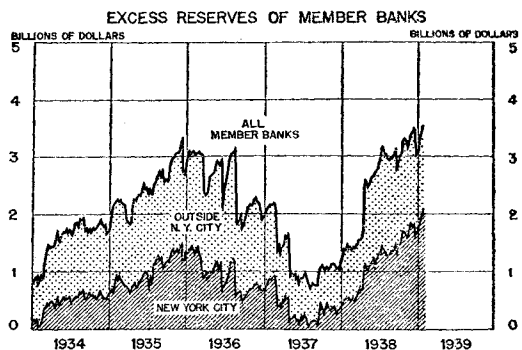
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to December, 1938. Latest figure 104.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to December, 1938. Latest figure 91.4.



Index compiled by United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending January 14, 1939. Latest figure 76.8.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, to January 18, 1939.

Volume of industrial production declined seasonally in December and showed little change in the first three weeks of January, when an increase is usual. Wholesale commodity prices were steady. Employment and payrolls increased further in December, and retail sales showed more than the usual seasonal rise.

Production—In December, volume of industrial production declined by about the usual seasonal amount and the Board's adjusted index was at 104 per cent of the 1923-1925 average, about the level reached in November following an exceptionally rapid advance after the middle of the year. Changes in output in most lines in December were largely seasonal. In the steel industry, however, production showed a greater than seasonal decline, and averaged 54 per cent of capacity in December as compared with 61 per cent in November. Lumber production showed little change from November to December, although usually there is a decline, and at textile mills and shoe factories activity declined less than seasonally. At meat packing establishments there was a reduction in output.

Automobile production increased somewhat further in December. In the fourth quarter of 1938 production and sales of the new model cars were in about the same volume as in 1937. Dealers' stocks of new cars increased seasonally in this period, but at the year end were much below the high level of a year earlier.

Value of construction contract awards increased considerably from November to December, according to F. W. Dodge Corporation figures for 37 eastern states. The increase reflected principally a further rise in contracts awarded for Public Works Administration projects, which accounted for most of the sharp increase in awards that occurred in the last half of 1938. Contracts for private residential building decreased less than seasonally in December, while other private construction showed little change and remained at a low level.

Employment—Employment and payrolls rose further between the middle of November and the middle of December. In most manufacturing lines the number employed continued to increase, when allowance is made for the usual seasonal changes, and in the automobile and machinery industries the rise was considerable. Employment and payrolls in trade increased more than is usual in the holiday season and in the construction industry employment showed much less than the usual seasonal decline.

Distribution—Distribution of commodities increased more than seasonally in December. Sales at department stores showed the usual sharp expansion prior to Christmas and sales at variety stores and mail order sales showed a more than seasonal rise. Freight-car loadings declined seasonally from November to December, reflecting largely the customary decrease at this time of year in shipments of miscellaneous freight.

Bank Credit—As the result of the post-holiday return of money from circulation, together with Treasury disbursements from its balances with the Reserve banks and gold imports, excess reserves of member banks increased nearly \$600,000,000 in the four weeks ending January 18 to a new high level of \$3,560,000,000. A large part of the increase occurred at New York City banks. Total loans and investments of reporting member banks in 101 leading cities, which increased substantially in the first three weeks of December, declined in the following four weeks. There was some decline in loans and a reduction in holdings of United States Government obligations, reflecting in part distribution to the public of new securities purchased by banks in December. Deposits declined somewhat in the latter part of December but increased in January.

Money Rates and Bond Yields—Average yields on United States Government securities declined slightly in December and the first three weeks of January. For three consecutive weeks the entire new issue of 91-day Treasury bills sold on or slightly above a no-yield basis. Commercial paper rates declined slightly in January while other open-market money rates continued unchanged.