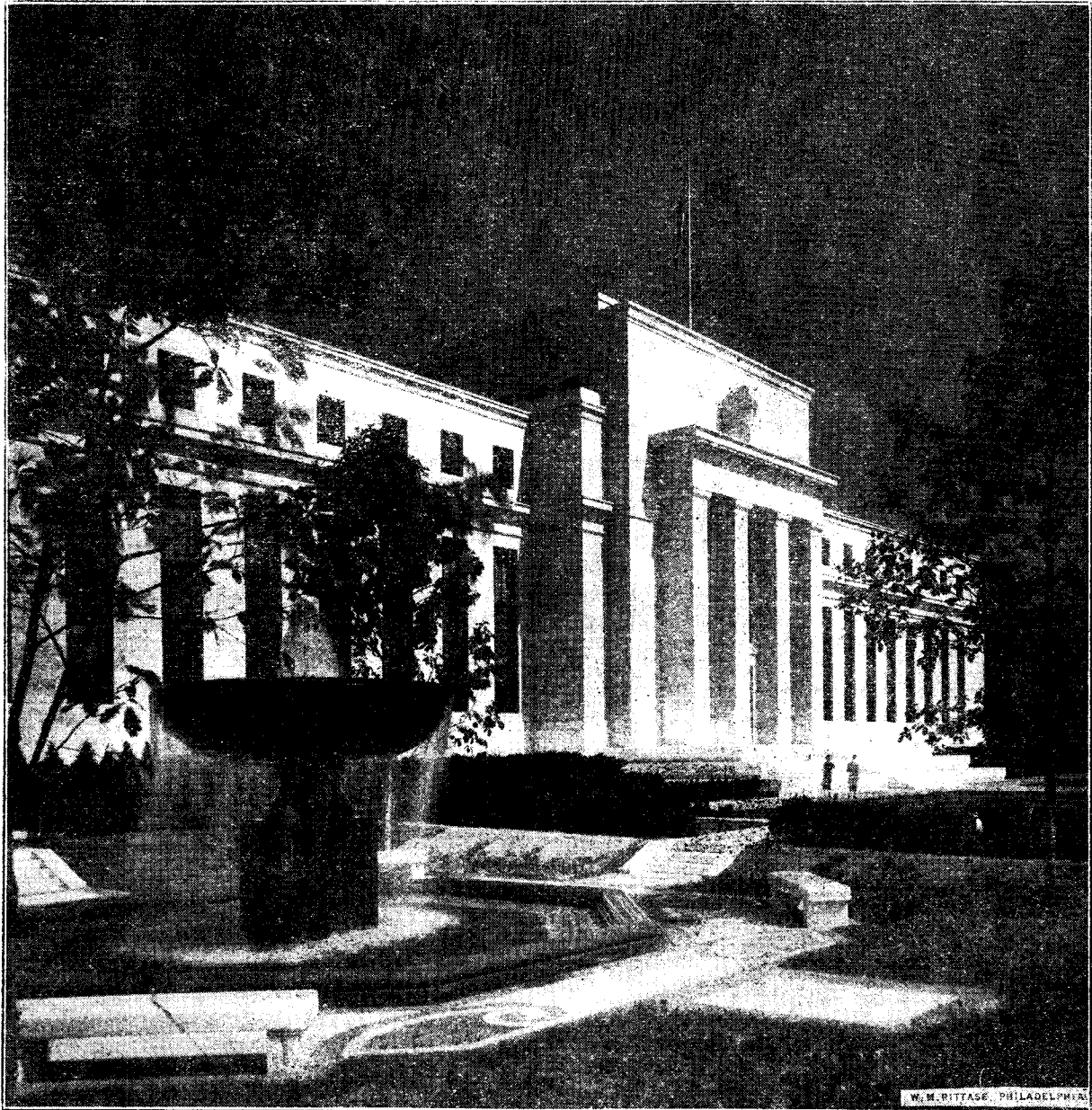




# BUSINESS CONDITIONS

*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.*

**GENERAL SUMMARY OF CONDITIONS**  
**IN**  
**EIGHTH FEDERAL RESERVE DISTRICT**

	Jan., 1939, comp. with Dec., 1938 Jan., 1938	
<b>Live Stock:</b>		
Receipts at National Stock Yards.....	— 14.0%	+ 18.1%
Shipments from aforesaid Yards.....	— 11.6	+ 13.6
<b>Production and Distribution:</b>		
Department store sales.....	— 54.0	+ 2.8
Car loadings.....	+ 2.2	+ 1.9
<b>Building and Construction:</b>		
Bldg. permits, incl. repairs {	Number + 26.3	+ 31.7
Cost + 13.5	+ 92.2	
Value construc. contracts awarded....	— 51.7	+ 10.6
<b>Miscellaneous:</b>		
Commercial failures {	Number.....— 3.0	— 37.3
Liabilities.....+ 7.4	+ 12.1	
Consumption of electricity.....	— 9.8	+ 6.0
Debits to individual accounts.....	— 13.9	+ 0.5
<b>Member Banks (24):</b>	Feb. 15, '39, comp. with Jan. 18, '39 Feb. 16, '38	
Gross deposits.....	— 0.2%	+ 9.5%
Loans.....	— 1.2	— 0.6
Investments.....	+ 0.4	+ 17.7

**D**ATA supplied by commercial and industrial interests to this bank, together with the usual statistics used in gauging business conditions in the Eighth Federal Reserve District, reflected a considerable degree of spottiness during January and the first half of February. This was true both with reference to the several lines of activity and geographic locations. In a number of important industries the improvement noted in recent months was maintained and in some instances carried further forward.

Retail trade in January showed somewhat more than the expected seasonal decline from December, though registering a fair gain over a year ago. Distribution through wholesale channels was spotty, some lines showing gains in January over the preceding month, while losses were shown by others. In comparison with a year ago, January results were in the main satisfactory. The mild winter to date has militated against the movement of all descriptions of cold weather merchandise.

Operations at iron and steel plants maintained the high rate of recent months. Production of steel ingots at mid-February was at the highest rate since the fall of 1937. Output of bituminous coal at mines in this area in January fell slightly below that of December, but was measurably larger than a year ago. The value of contracts let for construction in the district fell below the high record estab-

lished in December, but was 10 per cent greater than in January, 1938. Lead and zinc production receded from the relatively high averages of the last quarter of 1938, owing mainly to the decline in prices and lessened demand. Production of lumber in January was about one-third greater than a year earlier, but unfilled orders showed some decline. There were moderate declines in production of glass, fire clay products and some other building materials. Consumption of electric power by industrial users in the principal centers in January was 10 per cent less than in December, but 6 per cent more than in January last year. Freight traffic of roads operating in this district was appreciably greater in January and the first two weeks of February than in the similar period a year ago.

Debits to individual accounts by banks in the reporting centers of the district declined in about the expected seasonal amount from December, but the volume was 0.5 per cent in excess of January, 1938. Production of boots and shoes at plants in the Eighth District in January was approximately one-fourth greater than in the preceding month and one-third more than in January last year. Production of crude oil in fields of the district continued the increase noted in recent months. In states entirely or partly within the district output in 1938 was 90.7 per cent greater than in 1937. Relatively the largest gain was in Illinois, where the increase amounted to 219 per cent, reflecting the development of a number of new pools.

Reports relative to collections generally through the district reflect a continuance of the satisfactory conditions which have obtained in recent months. February 1 settlements with wholesalers and jobbers in the principal distributing centers were in the main in relatively larger volume than a year ago. In the flooded areas of the Ohio Valley some backwardness in payments is reported.

Commercial failures in the Eighth District in January, according to Dun and Bradstreet, numbered 32, involving liabilities of \$536,000, which compares with 33 defaults with liabilities of \$499,000 in December and 51 defaults for a total of \$478,000 in January, 1938.

## DETAILED SURVEY OF DISTRICT

### MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	January, 1939 compared with Dec., '38 Jan., '38		Jan. 31, 1939 comp. with Jan. 31, 1938
Boots and Shoes.....	-24.0%	-27.4%	-36.8%
Drugs and Chemicals.....	-15.7	-0.7	-6.8
Dry Goods.....	+23.2	+18.5	-18.8
Electrical Supplies.....	+15.2	+76.7	-24.5
Furniture.....	-16.3	+36.6	-34.5
Groceries.....	-5.6	-0.6	-4.6
Hardware.....	-9.4	+15.9	-14.7
Miscellaneous.....	-16.1	+15.0	-10.5

Data furnished by Bureau of Foreign and Domestic Commerce, United States Department of Commerce.

January trends in the wholesale and jobbing trade in the Eighth District varied considerably during January, but reports generally indicate that the year started out much more favorably than in 1938. In a majority of lines investigated, January sales totals were higher than a year earlier. Exceptions were boots and shoes, clothing, and groceries, the latter line showing a decrease of less than one per cent. Dry goods and electrical supplies registered substantial gains over December, the increase in the latter case being contraseasonal in character. Sales of the reporting clothiers in January were 4.6 per cent greater than in December, but almost one-third smaller than in January, 1938. Following trends which were in effect throughout the closing months of last year, inventories receded further from December to January. Prices in virtually all lines continued to decline, with textiles and some other lines reaching a new low in January and early February.

**Automobiles**—Combined passenger car, truck and taxicab production in the United States in January totaled 339,152 against 388,346 in December and 209,506 in January, 1938.

**Iron and Steel Products**—While purchasers of iron and steel products continue cautious, generally taking only what they need for immediate use or a short time ahead, the past thirty days have been marked by moderate improvement in the industry as a whole. Sheets, bars, plates and other flat rolled items are moving at a better rate, and there has been a decided pickup in operations at certain specialty plants, notably stoves and heating apparatus and certain types of machinery. Steel casting plants and foundries in this area have benefited by recent railroad business placed. Backlogs held by structural fabricating plants have decreased somewhat, and operations receded five points to 25 per cent of capacity at fabricating yards. On the other hand, outlook for the construction business is good as it is expected that a substantial volume of public works will be placed during the next two or three months.

Sales of steel jobbers and warehouses in January were slightly better than in December and measurably above a year ago. Miscellaneous requirements predominate in the jobbing trade. January shipments of pig iron to district melters were the largest in more than eighteen months. The movement of scrap iron and steel was also in substantial volume, and has increased in February, reflecting heavy purchases by two leading mills. Tin plate was reported quiet, due mainly to hesitancy of packers to contract for their needs in view of the heavy carryover of canned vegetables from last season's pack. Galvanized sheets, on the other hand, are moving briskly, both to the general manufacturing trade and building industry.

At mid-February production of steel ingots in this area was at 55 per cent of capacity, which compares with 40.5 per cent a month earlier and only 27.5 per cent a year ago. For the entire country, production of pig iron in January, according to the magazine "Steel", totaled 2,183,895 tons, against 2,212,718 tons in December and 1,444,862 tons in January, 1938. Steel ingot production in the United States in January amounted to 3,186,834 tons, which compares with 3,143,169 tons in December and 1,732,764 tons in January, 1938.

### MINING AND OIL

**Coal**—Stocks of bituminous coal held by industrial plants and retail yards increased during the last quarter of 1938 and on January 1 stood at 40,499,000 tons. While this represented an increase of 3,992,000 tons, or 10 per cent, over reserves on October 1, 1938, it was still 6,575,000 tons less than on January 1, 1938. Seasonal influences, rising industrial activity and relatively low prices were factors contributing to the upward trend of stocks in the last half of 1938.

Production of soft coal in the United States in January, according to the National Bituminous Coal Commission, totaled 35,530,000 tons, as against 36,230,000 tons in December and 30,950,000 tons in January, 1938. At mines in this general area January production was 5.9 per cent less than in December, but 10.5 per cent greater than in January a year ago.

Illinois mines produced 4,423,376 tons in January, which compares with 4,562,573 tons in December and 4,230,976 tons in January, 1938. There were 120 mines in operation during January, with 31,778 men on payrolls, as against 116 active mines and 31,165 operatives in December.

**Petroleum**—December output of crude oil in states of the Eighth District was 19.8 per cent greater than in November and 111.7 per cent more than in December, 1937. Total production in 1938 exceeded that of 1937 by 90.7 per cent. Stocks on January 1 were 3.3 per cent and 6.7 per cent greater, respectively, than a month and a year earlier. Detailed production and stocks by states are given in the following table:

(In thousands of barrels)	Production					Stocks	
	Dec., 1938	Nov., 1938	Dec., 1937	Cumulative		Dec., 1938	Dec., 1937
				1938	1937		
Arkansas.....	1,556	1,470	1,309	18,077	11,764	2,447	2,541
Illinois.....	3,981	3,067	1,085	23,929	7,499	11,752	10,913
Indiana.....	88	83	73	969	844	3,190	2,962
Kentucky.....	523	514	437	5,821	5,484	1,144	953
Totals.....	6,148	5,134	2,904	48,796	25,591	18,533	17,369

### 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
	January, 1939 compared with Dec., 1938		Jan. 31, 1939 comp. with Jan. 31, 1938	Jan. 1, to Jan. 31, 1939 1938
Fort Smith, Ark.....	-63.1%	-0.3%	-1.5%	.19 .19
Little Rock, Ark.....	-62.1	+ 8.7	- 9.9	.23 .19
Louisville, Ky.....	-64.5	+ 5.5	- 5.3	.28 .31
Memphis, Tenn.....	-58.1	+ 3.1	- 8.3	.29 .25
Pine Bluff, Ark.....	-66.9	+ 7.9	- 0.6	.18 .16
Quincy, Ill.....	-62.3	+ 8.4	-18.1	.24 .18
St. Louis, Mo.....	-48.6	+ 1.7	-12.0	.36 .31
Springfield, Mo.....	-59.6	+ 3.1	-16.7	.22 .17
All Other Cities.....	-64.5	+11.3	+ 3.2	.22 .20
8th F. R. District.....	-54.0	+ 2.8	- 9.4	.32 .28

Percentage of accounts and notes receivable outstanding January 1, 1939, collected during January, by cities:

	Installment Accounts	Excl. Inst'l Accounts		Installment Accounts	Excl. Inst'l Accounts
Fort Smith.....%	38.1%	38.1%	Quincy.....%	50.0%	50.0%
Little Rock.....	15.8	31.4	St. Louis.....	20.8	55.6
Louisville.....	13.2	52.7	Springfield.....	13.2	24.4
Memphis.....	22.5	43.9	Other Cities.....	19.0	52.7
Pine Bluff.....	38.9	38.9	8th F. R. District	19.0	50.0

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

	Net Sales		Stocks on Hand	Stock Turnover
	January, 1939 compared with Dec., 1938		Jan. 31, 1939 comp. with Jan. 31, 1938	Jan. 1, to Jan. 31, 1939 1938
Men's Furnishings.....	-58.6	- 2.9	-16.7	.21 .18
Boots and Shoes.....	-50.1	+ 9.7	- 8.9	.47 .38

Percentage of accounts and notes receivable outstanding January 1, 1939, collected during January:  
Men's Furnishings.....34.9% Boots and Shoes.....38.6%

### TRANSPORTATION

According to officials of railroads operating in this area, freight traffic handled during January and the first half of February was considerably larger than during the corresponding period last year. Increases extended to all classes of freight,

but were most marked in miscellaneous freight and coal. The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 80,046 loads in January, as against 78,358 loads in December and 78,568 loads in January, 1938. During the first nine days of February the interchange amounted to 24,477 loads, which compares with 21,376 loads during the corresponding period in January and 22,682 loads during the first nine days of February last year. Passenger traffic of the reporting lines in January declined 2 per cent in number of passengers carried and 6 per cent in revenue as compared with the same month in 1938.

For the entire country, loadings of revenue freight during the first five weeks this year, or to February 4, totaled 2,879,254 cars, against 2,821,457 cars for the similar period in 1938 and 3,385,676 cars in 1937. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in January was 185,300 tons, against 171,244 tons in December and 176,481 tons in January, 1938.

### WHISKEY

There were 32 distilleries out of 63 in operation in Kentucky at mid-January, a decrease of four active plants during the thirty-day period ending at that time. Little significance is attached to this decrease, however, as several manufacturers have closed down to reopen shortly for unusual "runs" of whiskeys. Low rates of distillation of whiskey in 1938 and so far this year, coupled with generally increased consumption of Kentucky Bourbon, if continued, will offset to a considerable extent the excessive maturing 1936 and 1937 whiskey stocks in 1940 and 1941. It is reported that there is not so much evidence at this time of distress whiskey stocks. Bulk whiskey sales are reported steady, while the demand for case goods has undergone improvement, though competition is still keen.

### AGRICULTURE

**General Farm Conditions**—Generally throughout the district weather conditions during the fall and to mid-February have been in the main favorable for growth of fall sown grains and all descriptions of farm operations. Low temperatures have been auspicious for livestock feeding, also for dairying and poultry raising. Moisture during the early fall was inadequate, but since the middle of December the deficiency has been made up by general rains and snow. Plowing for planting spring crops, particularly in the south, is considerably in advance of the usual seasonal schedule. Planting intentions

are rather uncertain, owing to unsatisfactory prices last season and a general disposition to await clarification of the Government crop program.

Employment on farms as of February 1, according to estimates of the U. S. Bureau of Agricultural Economics, was about 2 per cent larger than that reported a month earlier and approximately one-half of one per cent smaller than on February 1 of last year.

During the past thirty days prices of farm products varied in minor degree only, but continued measurably below levels obtaining at the similar period during the past several years. As of February 4 the farm products group of the U. S. Bureau of Labor Statistics index stood at 67.1 per cent of the 1926 average, which compares with 67.6 per cent on January 7, 1939; 70.9 per cent on February 5, 1938; 90.5 per cent on February 6, 1937; 79.4 per cent on February 8, 1936, and 78.1 per cent on February 9, 1935.

Farmers in states partly or entirely within the Eighth District received a total cash farm income, including Government payments, of \$1,529,557,000 in 1938, according to estimates of the U. S. Bureau of Agricultural Economics. This represents a decrease of \$89,639,000 or 5.5 per cent from the cash income received in 1937. Relatively the largest part of the decrease was in income from crops, reflecting the low average level of prices prevailing for the principal productions throughout the year.

Detailed figures by states are given in the following table:

(In thousands of dollars)	1938			1937		
	Income from crops	Income from livestock and its products	Cash farm income	Govt. payments	Cash income and Govt. payments	Cash income and Govt. payments
Indiana....	\$ 55,389	\$196,881	\$252,270	\$ 8,624	\$260,894	\$285,927
Illinois....	136,851	292,941	429,792	11,549	441,341	472,579
Missouri...	48,127	188,144	236,271	12,122	248,393	271,223
Kentucky..	78,007	67,613	145,620	11,826	157,446	158,878
Tennessee..	61,468	53,412	114,880	12,320	127,200	130,395
Mississippi.	102,058	28,127	130,185	23,443	153,628	163,656
Arkansas...	90,548	28,857	119,405	21,250	140,655	136,538
Totals.	\$572,448	\$855,975	\$1,428,423	\$101,134	\$1,529,557	\$1,619,196

**Cotton**—In states of this district, the number of bales of cotton ginned from the 1938 growth prior to January 16 was 3,770,368 bales, which compares with 5,123,257 bales for the same period a year earlier and 3,845,197 bales in 1936. Under generally favorable conditions, preparations for planting the new crop have made excellent progress, and are well ahead of the usual seasonal schedule. Acreage prospects are still uncertain, but almost universally farmers will adhere to the Government quotas. According to statistics compiled by the National Fertilizer Association, total fertilizer con-

sumption in states of the Eighth District in 1938, as indicated by the sale of tax tags, was 7.2 per cent smaller than in 1937, but about 12 per cent greater than in 1936. Sales of raw cotton to domestic mills picked up somewhat and mill activity increased moderately in early February, according to trade reports. In the St. Louis market the middling grade ranged from 7.85¢ to 8.90¢ between January 16 and February 15, closing at 7.85¢ on the latter date, which compares with 8.90¢ on January 16 and 8.75¢ on February 15, 1938.

Combined receipts at Arkansas and Missouri compresses from August 1, 1938, to February 10, 1939, totaled 1,537,592 bales, against 1,987,394 bales for the like period a year earlier. Stocks on hand as of February 10 amounted to 1,633,041 bales, against 1,057,666 bales on the corresponding date in 1938. A very considerable part of the stocks on hand is in the Government loan. Total Government loan stocks are approximately 11,200,000 bales.

**Livestock**—Prices of most grades of livestock advanced moderately during January, and marketing of meat animals was measurably larger than in January last year, or for that month during the 5-year (1929-1933) period. Owing to the open winter, and abundant supplies of feed and forage crops, the general condition of livestock throughout the district continues unusually high. The U. S. Department of Agriculture estimates the number of cattle on feed in states including the Eighth District at about 7 per cent greater than a year ago. Shipments of stocker and feeder cattle into these states in December were relatively large. Shipments from stockyards markets were more than 40 per cent larger than a year earlier and the largest for the month in nine years. Milk production has been maintained at slightly above normal.

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

	Receipts			Shipments		
	Jan., 1939	Dec., 1938	Jan., 1938	Jan., 1939	Dec., 1938	Jan., 1938
Cattle and Calves.....	82,919	92,315	99,078	50,418	63,007	59,911
Hogs.....	223,276	252,825	251,480	135,528	143,034	153,215
Horses and Mules.....	5,601	2,349	7,576	3,867	2,143	7,200
Sheep.....	37,939	58,955	68,804	8,027	17,883	11,027
Totals.....	349,735	406,444	426,938	199,840	226,067	231,353

**Fruits and Vegetables**—Stocks of canned vegetables sold and unsold in canners' warehouses on January 1, according to the U. S. Department of Agriculture, were considerably larger than a year earlier. The combined total of the four major canned vegetables—snap beans, sweet corn, peas and tomatoes—totalled 49,436,000 cases at the be-

ginning of 1939 as compared with 38,227,000 cases a year earlier. The stocks indicate that shipments of these four commodities from the beginning of the marketing season to January 1 totaled 38,328,000 cases, or approximately 5,000,000 cases less than in the corresponding period last season.

**Tobacco**—Marketing of the crop has progressed with unusual rapidity. The burley crop had been virtually all sold by mid-February. All burley markets have closed for the season. It is estimated that total sales will approximate 350,000,000 pounds at an average price of about \$19.10 per cwt., which compares with a general average of \$20.09 per cwt. for the 1937 crop. The total crop is about 37,000,000 pounds under the 1938 estimate of 387,000,000 pounds, compared with 419,000,000 pounds for the 1937 crop. There was a general falling off in quality of leaf recently brought to market, but prices have remained firm on the several grades. Seed bed preparations for the new crop have been retarded by wet weather.

In the Green River and stemming district about 90 per cent of the crop has been sold, with late offerings diminishing in volume. About 13,000,000 pounds were disposed of at an average of \$9.85 per cwt. Unfavorable conditions have held back deliveries of air-cured and one-sucker tobacco. Withal it is reported that 13,500,000 pounds have been marketed at an average price of \$6.00 per cwt.

Since the opening of the dark-fired markets, a slight upward trend in prices has been noted, with recent average around \$6.78 per cwt. After early delays, a handling season for this grade of tobacco has developed as a result of rainfall. Practically the entire crop has been taken down and a large volume of sales is looked for.

United States tobacco exports in 1938 were the highest since 1928 and their dollar value set a new high for the last fifteen years. Total leaf exports during the year were 489,074,065 pounds, valued at \$155,670,580, which compares with 434,796,331 pounds valued at \$134,521,209 in 1937.

Stocks of leaf tobacco owned by dealers and manufacturers in the United States and Puerto Rico on January 1, 1939, amounted to 2,342,593,000 pounds as against 2,222,019,000 pounds on the first day of 1938.

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in January was 17.4 per cent greater than in December and 173.8 per cent more than in January, 1938. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in

the Eighth District in January amounted to \$13,261,000, which compares with \$27,458,000 in December and \$11,986,000 in January, 1938. Building figures for January follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1939	1938	1939	1938	1939	1938	1939	1938
Evansville.....	8	6	\$ 22	\$ 28	59	80	\$ 44	\$ 33
Little Rock.....	20	16	83	25	96	56	17	22
Louisville.....	55	38	888	205	38	55	26	50
Memphis.....	244	106	389	124	132	117	143	226
St. Louis.....	127	110	376	260	118	117	101	114
Jan. Totals...	454	276	1,758	642	443	405	331	445

### COMMODITY PRICES

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

	High	Low	Close	
			Feb. 15, 1939	Feb. 15, 1938
Wheat				
*May.....per bu....	\$.66½	\$.64½	\$.64½	\$.93¼
*July....."	.66½	.64½	.64½	.88
*Sept....."	.67½	.65	.65½	.88
No. 2 red winter....."	.76	.72	.73	.98½
No. 2 hard....."	.75½	.70½	.72½	.99½
Corn				
*May....."	.49	.44½	.45½	.59
*July....."	.50½	.46½	.46½	.60
*Sept....."	.50½	.46½	.47½	.60½
No. 2 mixed....."	.52½	.47½	.48½	.58
No. 2 white....."	.54	.48½	.50½	.59
Oats				
*May....."	.28½	.26½	.27½	.33½
*July....."	.27½	.25½	.25½	.31½
*Sept....."	.26½	.25½	.25½	.31½
No. 2 white....."	.33½	.31	.31	.35
Flour				
Soft patent.....per bbl...	5.35	3.90	3.90 @ 5.25	4.80 @ 5.05
Spring....."	5.55	5.25	5.25 @ 5.55	6.10 @ 6.45
Middling Cotton.....per lb....	.0890	.0785	.0785	.0875
Hogs on Hoof.....per cwt....	7.89	7.33	7.83	8.26

\*Nominal quotations.

### CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in January as being 9.8 per cent less than in December and 6.0 per cent greater than in January, 1938. Detailed figures follow:

(K. W. H. In thous.)	No. of Customers	Jan., 1939 K.W.H.	Dec., 1938 K.W.H.	Jan., 1938 K.W.H.	January, 1939 compared with Dec., 1938	Jan., 1938
Evansville.....	40	2,937	2,922	2,071	+ 0.5%	+41.8%
Little Rock.....	34	1,810	1,913	1,749	+ 5.6	+ 3.5
Louisville.....	82	8,271	7,937	7,717	+ 4.2	+ 7.2
Memphis.....	31	2,113	2,404	2,336	-12.1	- 0.5
Pine Bluff.....	20	848	1,035	844	-18.1	+ 0.5
St. Louis.....	209	18,993	22,542	18,281	-15.7	+ 3.9
Totals.....	416	34,972	38,758	32,998	- 9.8	+ 6.0

### LIFE INSURANCE

Sales of new, paid-for, ordinary life insurance in states including the Eighth District during January, the preceding month, and a year ago, are shown in the following table:

(In thousands of dollars)	Jan., 1939	Dec., 1938	Jan., 1938	Jan., 1939 comp. with Jan., 1938
Arkansas.....	\$ 4,349	\$ 4,581	\$ 2,939	+48.0%
Illinois.....	66,003	69,502	42,417	+55.6
Indiana.....	16,913	19,499	11,570	+46.2
Kentucky.....	7,925	9,334	6,543	+21.1
Mississippi.....	3,235	4,628	2,524	+28.2
Missouri.....	24,701	28,638	16,414	+50.5
Tennessee.....	9,288	12,478	6,191	+50.0
Totals.....	\$132,414	\$148,660	\$ 88,598	+49.5
United States.....	\$729,766	\$897,886	\$493,815	+47.8

## BANKING AND FINANCE

Demand for credit from mercantile and manufacturing interests in the Eighth District underwent further moderate recession during late January and the first half of February. Liquidation at both city and country banks continued on an extensive scale, reflecting in the main generally good collections and smaller inventories of borrowers. The downward trend in bank loans was accentuated by certain seasonal influences, including reductions in municipal borrowings and marketing of tobacco, cotton and some other farm products. In the Louisville area there were heavy repayments of advances made for marketing the tobacco crop, also of loans to retail merchants. In many sections bankers report an increase during recent months in loans for repairs and alterations of homes under the Federal Housing Administration plan and other personal service loans.

In the immediate past there have been numerous inquiries for funds by tobacco interests—processors, distributors, rehandlers, exporters, etc.—to finance their activities.

**Member Banks**—Loans and investments on February 15 were slightly less than a month earlier but approximately 9 per cent larger than on the same report date a year previous as reflected by the reporting member banks in the principal cities. The decrease in the month to month comparison was caused by a decline in the loan item of 1.2 per cent, investments showing an increase of 0.4 per cent. Investment holdings continued to remain substantially above last year. Gross deposits were 0.2 per cent less than on January 18, but remained 9.5 per cent above last year. Reserve balances with the Federal Reserve bank were 7 per cent less than on the January report date.

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

(In thousands of dollars)	Feb. 15, 1939	Jan. 18, 1939	Feb. 16, 1938
<b>Loans—total</b> .....	<b>\$309,332</b>	<b>\$313,127</b>	<b>\$311,199</b>
Commercial, industrial, and agricultural.....	177,516	179,836*	192,202
Open market paper.....	3,784	3,411	10,484
Loans to brokers and dealers.....	6,111	6,309	4,274
Other loans to purchase or carry securities.....	11,843	13,118	12,719
Real Estate loans.....	48,232	48,274	46,905
Loans to banks.....	6,777	7,189	6,556
Other loans.....	55,069	54,990*	37,969
<b>Investments—total</b> .....	<b>393,139</b>	<b>391,457</b>	<b>334,092</b>
U. S. Gov't obligations.....	228,824	230,322	190,810
Obligations guaranteed by U. S. Gov't.....	63,072	58,681	47,957
Other securities.....	101,243	102,454	95,325
<b>Gross deposits</b> .....	<b>994,089</b>	<b>996,091</b>	<b>968,191</b>
Demand deposits.....	798,327	802,202	718,002
Time deposits.....	195,762	193,889	190,189
<b>Borrowings</b> .....	.....	.....	.....

\*Revised figures.

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.

The aggregate amount of savings deposits held by selected member banks on February 1 was 0.4 per cent less than on January 4 and 2.1 per cent greater than on February 2, 1938.

Interest rates remained unchanged. At downtown St. Louis banks rates charged as of the week ended February 15 were as follows: Customers' prime commercial paper, 1½ to 5 per cent; collateral loans, 2 to 6 per cent; loans secured by warehouse receipts, 1¾ to 5½ 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 January, 1939, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	5,136,864	\$1,069,409,014
Collections (non-cash items) handled.....	102,758	32,522,705
Transfers of funds.....	4,930	272,179,507
Currency and coin received and counted.....	23,350,812	37,399,785
Rediscounts, advances and commitments.....	14	583,406
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Govt., etc.....	12,147	14,473,387
Bills and securities in custody—coupons clipped....	13,271	.....

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

(In thousands of dollars)	Feb. 18, 1939	Jan. 18, 1939	Feb. 18, 1938
Industrial advances under Sec. 13b.....	\$ 23	\$ 24	\$ 202
Other advances and rediscounts.....	90	78	409
Bills bought (including participations).....	2	2	2
U. S. securities.....	119,823	119,823	114,478
<b>Total earning assets</b> .....	<b>119,938</b>	<b>119,927</b>	<b>115,091</b>
<b>Total reserves</b> .....	<b>332,309</b>	<b>336,171</b>	<b>291,191</b>
<b>Total deposits</b> .....	<b>269,096</b>	<b>270,687</b>	<b>224,298</b>
F. R. Notes in circulation.....	179,333	180,130	178,074
Industrial commitments under Sec. 13b.....	418	441	485
<b>Ratio of reserve to deposit and F. R. Note liabilities</b> .....	<b>74.1%</b>	<b>74.6%</b>	<b>72.5%</b>

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

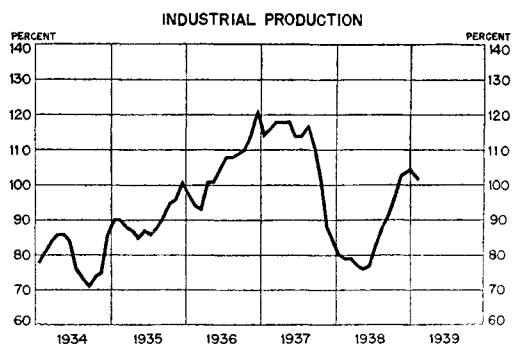
- (1) Rediscounts and advances to member banks, under Sections 13 and 13a..... 1½% per annum
- (2) Advances to member banks, under Section 10b..... 2 % per annum
- (3) Rediscounts, purchases, and advances to member banks, nonmember banks and other financing institutions under Section 13b:
  - (a) On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

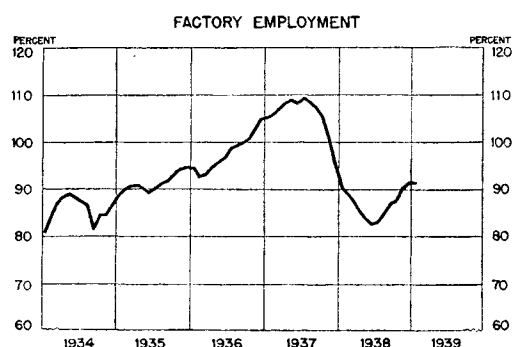
(In thousands of dollars)	Jan., 1939	Dec., 1938	Jan., 1938	Jan., 1939 comp. with Dec., 1938	Jan., 1938
East St. Louis and Nat'l Stock Yards, Ill. ....	\$ 31,820	\$ 36,147	\$ 30,604	-12.0%	+ 4.0%
El Dorado, Ark.....	5,849	6,204	4,950	- 5.7	+18.2
Evansville, Ind.....	30,193	31,995	28,633	- 5.6	+ 5.4
Fort Smith, Ark.....	12,244	13,883	12,654	-11.8	- 3.2
Greenville, Miss.....	4,938	5,432	5,341	- 9.1	- 7.5
Helena, Ark.....	1,626	2,457	1,831	-33.8	-11.2
Little Rock, Ark.....	35,321	39,631	32,297	-10.9	+ 9.4
Louisville, Ky.....	164,564	183,540	168,585	-10.3	- 2.4
Memphis, Tenn.....	134,027	138,466	128,600	- 3.2	+ 4.2
Owensboro, Ky.....	8,104	8,749	6,698	- 7.4	+21.0
Pine Bluff, Ark.....	7,494	10,780	8,499	-30.5	-11.8
Quincy, Ill.....	7,461	8,704	7,469	-14.3	- 0.1
St. Louis, Mo.....	541,570	659,539	543,700	-17.9	- 0.4
Sedalia, Mo.....	1,895	2,438	1,910	-22.3	- 0.8
Springfield, Mo.....	13,831	14,018	13,458	- 1.3	+ 2.8
Texarkana, Ark-Tex..	7,160	8,771	7,822	-18.4	- 8.5
<b>Totals</b> .....	<b>\$1,008,097</b>	<b>\$1,170,754</b>	<b>\$1,003,051</b>	-13.9	+ 0.5

# NATIONAL SUMMARY OF BUSINESS CONDITIONS

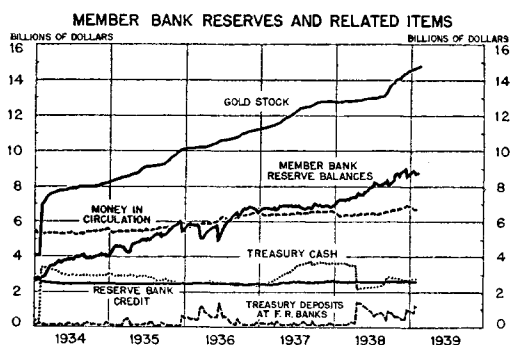
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



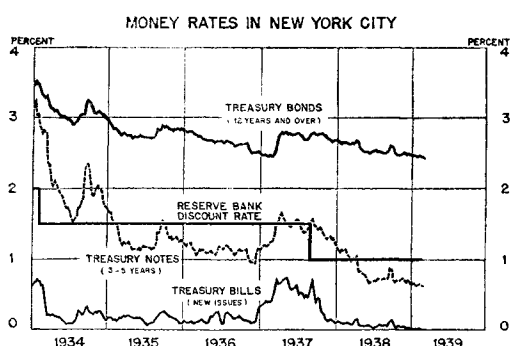
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, to January, 1939. Latest figure 101.



Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1934, to January, 1939. Latest figure 91.5.



Wednesday figures, January 3, 1934, to February 21, 1939.



For weeks ending January 6, 1934, to February 18, 1939.

Industrial production increased less than seasonally in January and the first three weeks of February, following a rapid advance in the latter half of 1938. Wholesale commodity prices continued to show little change.

**Production**—In January, volume of industrial production, as measured by the Board's seasonally adjusted index, was at 101 per cent of the 1923-1925 average as compared with 104 in December. At steel mills, where activity usually increases considerably at this season, output in January and the first three weeks of February was at about the same rate as in December. Automobile production declined seasonally in the first two months of the year as retail sales showed about the usual decrease, and dealers' stocks reached adequate levels. Output of cement declined in January, and there was also some reduction in output of lumber and plate glass. In the non-durable goods industries, where production had been at a high level in December, activity increased less than seasonally. Increases at cotton, silk and tobacco factories were smaller than usual, and at woolen mills there was a decline. Shoe production and sugar refining continued in substantial volume, and activity at meat-packing establishments showed little change, following a decline in December. Mineral production increased somewhat in January, reflecting an increase in output of crude petroleum.

Value of construction contracts awarded declined in January, according to F. W. Dodge Corporation figures, owing principally to a reduction in awards for publicly-financed projects, which had been in large volume in December. Contracts for privately-financed residential building continued at the recent advanced level, while awards for private non-residential building remained in small volume.

**Employment**—Factory employment and payrolls showed the usual decline between the middle of December and the middle of January. In most individual industries, as well as in the total, changes in the number of employees were of approximately seasonal proportions. In trade, employment declined somewhat more than is usual after Christmas.

**Distribution**—Sales at department and variety stores and by mail order houses showed the usual sharp seasonal decline from December to January. In the first two weeks of February department store sales continued at the January level. Volume of freight-car loadings in January and the first half of February was at about the same rate as in December.

**Commodity Prices**—Wholesale commodity prices generally continued to show little change in January and the first three weeks of February. Grain prices declined somewhat, following a rise in December, while prices of hogs increased seasonally. Changes in prices of industrial materials were small.

**Bank Credit**—Excess reserves of member banks, which reached a record high level of \$3,600,000,000 on January 25, declined somewhat in February. This decline resulted chiefly from a temporary increase in Treasury balances with the Reserve banks, representing cash receipts from the sale of the new United States Housing Authority and Reconstruction Finance Corporation notes. Purchases of these notes were also responsible for an increase in total loans and investments of reporting member banks in 101 leading cities, following a decline during January.

**Money Rates**—Average yields on United States Government securities declined further during the first three weeks of February to about the lowest levels ever reached. New issues of 91-day Treasury bills, after selling at par or at a slight premium in late December and early January, were again on a slight discount basis during February. Other open-market rates continued unchanged.