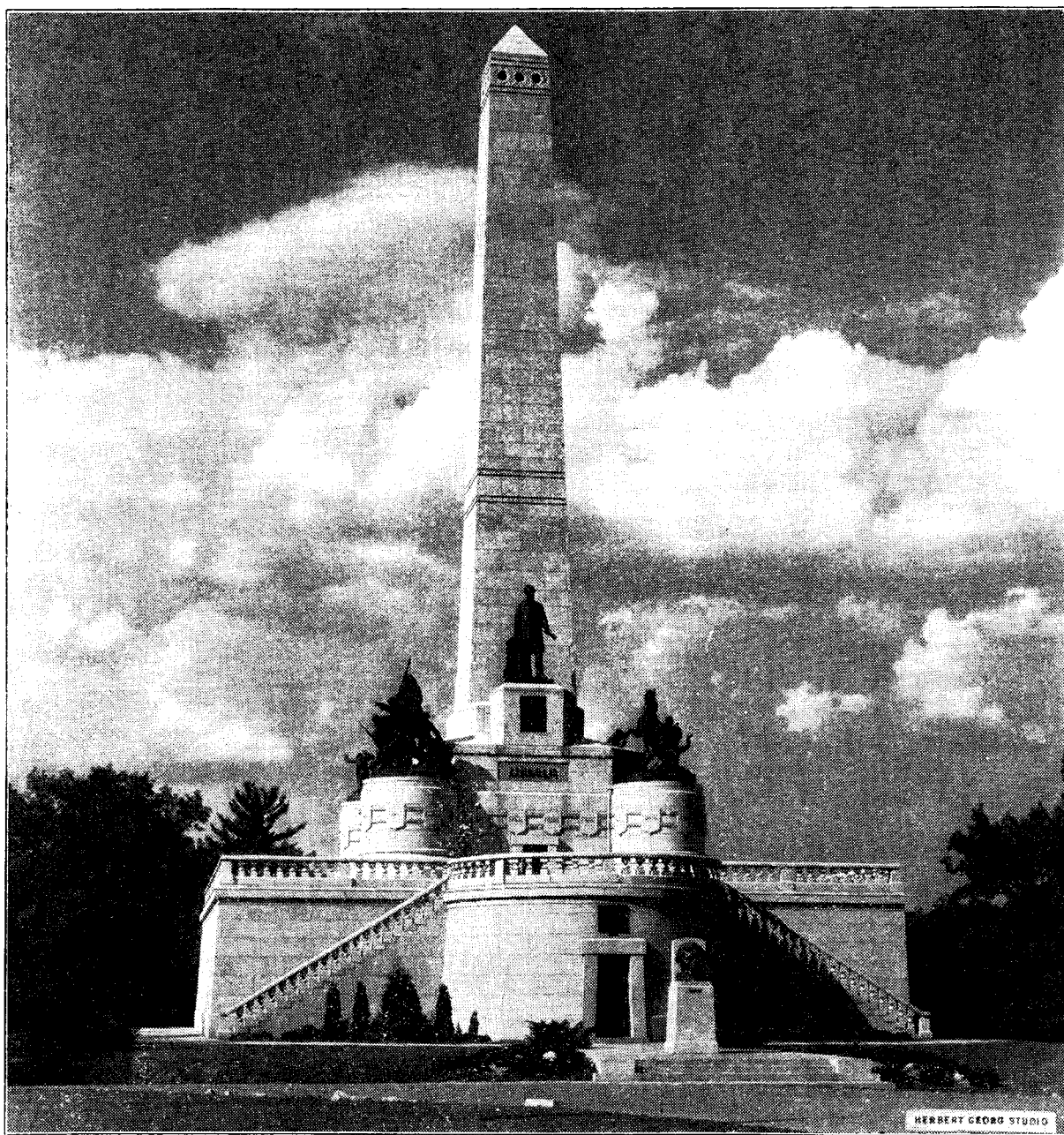




BUSINESS CONDITIONS

Monthly Review of Agriculture, Industry, Trade and Finance
Released for Publication on Afternoon of March 30, 1939

FEDERAL RESERVE BANK OF ST. LOUIS



Lincoln's Tomb, Springfield, Ill.

SUMMARY OF EIGHTH DISTRICT

		1939 comp. with acreage planted	
Agriculture:		1938	Av. 1929-38
Prospective acreage, chief crops.....	—	1.2%	2.5%
		Feb., 1939, comp. with Jan., 1939 Feb., 1938	
Live Stock:			
Receipts at National Stock Yards.....	—	12.9%	+ 0.1%
Shipments from aforesaid Yards.....	—	9.2	+ 3.2
Production and Distribution:			
Sales by mfrs. and wholesalers.....	—	4.6	+ 2.6
Department store sales.....	—	5.3	— 1.4
Car loadings.....	—	6.8	+ 7.7
Building and Construction:			
Bldg. permits, incl. repairs {	Number +	4.3	+ 5.1
	Cost +	35.9	+147.0
Value construc. contracts awarded....	+ 30.6		+159.2
Miscellaneous:			
Commercial failures {	Number.....	+ 15.6	— 32.7
	Liabilities.....	+ 14.7	+ 17.4
Consumption of electricity.....	+ 2.2		+ 13.7
Debits to individual accounts.....	— 14.6		+ 4.2
Member Banks (24):		Mar. 15, '39, comp. with Feb. 15, '39 Mar. 16, '38	
Gross deposits.....	+ 1.3%		+ 11.7%
Loans.....	— 0.3		+ 0.4
Investments.....	+ 6.0		+ 19.0

Eighth District commerce and industry during February and early March, while continuing well above a year ago, developed moderately recessionary trends as contrasted with the relatively high rate of activity during the final quarter of 1938 and January this year. In a number of important lines of manufacturing and trade, expected seasonal expansion failed to appear, or was less pronounced than is ordinarily the case at this time of year.

Industrial production in February, when consideration is given to the usual seasonal variations, fell slightly below January. Relatively the greater decline was in durable goods as contrasted with nondurable commodities, but in both categories output was appreciably larger than a year ago. At iron and steel plants activities were well sustained, production and shipments being about on a parity with January, but there was a reduction in incoming business and a moderate decline in backlogs of unfilled orders. At mid-March ingot production was at 60 per cent of capacity, the best since October, 1937, and comparing with 55 per cent a month earlier and 37 per cent a year ago. Consumption of electric current by industrial users in the principal centers in February was slightly greater than the preceding month and about 14 per cent more than in February, 1938.

Building activities in February, as measured by permits issued in the principal cities and contract awards included in the F. W. Dodge Corporation survey, declined from the high levels recorded during the closing months of 1938, but were consider-

ably higher than in February a year ago. Demand for all descriptions of building materials was active, and orders on hand and inquiries indicate that the present rate will continue into the summer. Production of lumber by district mills continued measurably above a year ago, and shipments for the first ten weeks this year were larger by approximately 14 per cent than in the comparable period in 1938. There was a rather sharp decline in output of Portland cement in this area from January to February, but production for the first two months was about 10 per cent greater than in the like period last year. Manufacturers of glass, fire clay products, plumbing supplies and some other building materials reported moderate decreases in production in February from the preceding month.

As was the case in the entire country, production of bituminous coal in February at mines in this general area declined in about the usual seasonal amount from January, but was 24.9 per cent above output in February last year. Lead and zinc production by district mines was smaller in February than either in January or February, 1938, reflecting mainly slack demand for the refined metal and lower prices. The steady increase in output of crude oil in fields of this district, noted throughout 1938, was continued in January and February.

Distribution of merchandise through both retail and wholesale channels in February and the first two weeks in March reflected a considerable degree of spottiness. Gauged by department store sales in the principal cities, the volume of retail trade in February was 5 per cent smaller than in January and about 1 per cent less than a year ago; for the two months this year an increase of 1 per cent was recorded. Retail sales of new passenger cars, according to reporting dealers in the St. Louis area, were about 15 per cent larger than a year earlier, and the decrease from January was about equal to the average during the past decade. Combined sales of all wholesaling and jobbing firms whose statistics are available to this bank were 4.6 per cent smaller in February than in January and 2.6 per cent larger than in February, 1938; cumulative total for the first two months was approximately 8.5 per cent larger than for the comparable period in 1938.

Commercial failures in the Eighth Federal Reserve District in February, according to Dun and Bradstreet, numbered 37, involving liabilities of \$615,000, which compares with 32 defaults with liabilities of \$536,000 in January, and 55 insolvencies for a total of \$524,000 in February, 1938.

DETAILED SURVEY OF DISTRICT

MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	February, 1939 compared with		Feb. 28, 1939 comp. with Feb. 28, 1938
	Jan., '39	Feb., '38	
Dry Goods.....	-11.8%	+1.7%	-11.0%
Electrical Supplies.....	+20.2	+41.0	-42.7
Furniture.....	-8.4	+10.3	-31.8
Groceries.....	-8.1	-4.4	-6.3
Hardware.....	-5.5	-0.7	-8.9
Tobacco and its products.....	+3.3	-7.2	-26.7
Miscellaneous.....	-0.4	+15.3	-3.0

Data furnished by Bureau of the Census, United States Department of Commerce.

With the exception of dry goods and furniture, decreases in sales in the several lines shown in the above table from January to February were seasonal in character, with the average for all classifications about in line with average experience during the past decade. The increase in electrical supplies was contrary to the seasonal trend, and was accounted for largely by heavier sales of installations in homes and purchasing by public utilities companies. The small decrease in hardware sales as compared with a year ago was caused in large measure by a reduced movement of commodities to the rural areas. Unfavorable weather and flood conditions in some sections tended to hold down distribution of groceries.

February sales of reporting clothing firms were more than one-half greater than in January, but 14 per cent smaller than in February, 1938. Drug and chemical sales showed about the usual seasonal decline during the two months this year, but the volume was measurably greater than for the like period a year ago. Inventories of all lines continued the recession which began early in 1938, with the combined stocks of all classifications as of March 1 approximately 16.7 per cent smaller than on the same date last year. Through an error in transcription, sales of boots and shoes in January were given in the February issue of this review as being 24 per cent less than in December and 27.4 per cent smaller than in January, 1938. Corrected, the comparative figures show an increase in January sales of 18.5 per cent over December, and of 26.3 per cent over the January, 1938, total.

Automobiles — Combined passenger car, truck and taxicab production in the United States in February totaled 297,841 against 339,152 in January and 186,523 in February, 1938.

Iron and Steel Products—While continuing well above a year ago, volume of finished steel buying in this area decreased somewhat during February and early March from the relatively high rate in December and early January. Consumption, however, is fairly well sustained as reflected in the in-

crease in steel ingot production at mills in the area. At mid-March the rate was 60 per cent of capacity, which compares with 55 per cent a month earlier and 37 per cent a year ago. All buying groups, both large and small, are disposed to order only enough material for immediate or nearby requirements, which attitude has been emphasized by the belief that prices for the second quarter would remain unchanged from current levels and the fact that producers are for the most part in a position to make relatively prompt deliveries.

Activities at steel casting plants and grey iron foundries in February declined moderately from January, and backlogs of unfinished orders were reported smaller. There was a further recession in operations at structural steel fabricating yards, the rate being slightly below 25 per cent of capacity. Inquiries on hand, however, indicate an expansion of lettings during the next few weeks. While still moderate, steel requirements of railroads have expanded and constitute an important factor in business of steel plants in this area.

Distribution of iron and steel goods by warehouse and jobbing interests has declined sharply from the rate prevailing during the final quarter last year. February sales of these interests were 8 per cent below January and approximately 10 per cent smaller than in December. Production and shipments of stove foundries declined from January to February, but were measurably higher than in February, 1938.

Production of pig iron for the entire country in February, according to the magazine "Steel", was 2,059,203 tons, against 2,175,423 tons in January and 1,306,333 tons in February, 1938. The decline from January to February was accounted for by the fact that February was a shorter month, as daily average output was higher. Production of steel ingots in the United States in February totaled 2,954,883 tons, against 3,186,834 tons in January and 1,703,726 tons in February last year.

WHISKEY

As of mid-March there were 37 of the 60 whiskey distilleries in Kentucky in operation. This compares with 32 active distilleries out of a total of 63 a month earlier. While five additional plants are in production this month, two consolidations and the destruction of one distillery by fire account for the reduction in the total number of plants. In January, the latest month for which complete figures are available, 4,325,787 gallons of bourbon whiskey were produced by Kentucky distilleries,

which represents a decrease of 8.1 per cent under the January, 1938, output. On the other hand, there were 1,626,715 tax-paid withdrawals from distilleries in the state this January, an increase of 38.7 per cent over withdrawals in January, 1938. For the industry as a whole, consumption is apparently running well above current production, resulting in further moderate betterment in the inventory position.

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 Feb. 28, 1939 comp. with Feb. 28, 1938	Stock Turnover Jan. 1, to Feb. 28, 1939 1938
	February, 1939 compared with Jan., 1939	Feb., 1938	2 mos. 1939 to same period 1938		
Ft. Smith, Ark.....	+6.2%	+0.3%	+0.04%	-5.8%	.39 .37
Little Rock, Ark.....	+7.6	+1.2	+4.7	-7.9	.46 .39
Louisville, Ky.....	-3.6	-9.5	-2.4	-6.8	.52 .52
Memphis, Tenn.....	-5.9	+4.4	+3.8	-5.8	.54 .47
Pine Bluff, Ark.....	+5.9	+26.7	+16.8	-6.4	.36 .29
Quincy, Ill.....	+2.1	-8.9	-1.1	-14.4	.47 .39
St. Louis, Mo.....	-7.1	-2.0	-0.1	-8.6	.67 .60
Springfield, Mo.....	-9.3	+4.8	+3.9	-6.7	.40 .33
All Other Cities.....	-4.0	+18.2	+14.6	+5.9	.43 .38
8th F. R. District....	-5.3	-1.4	+0.8	-7.7	.60 .54

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

	Installment Accounts			Excl. Inst'l Accounts	
	Installment Accounts	Excl. Inst'l Accounts		Installment Accounts	Excl. Inst'l Accounts
Fort Smith.....%	36.7%	36.7%	Quincy.....%	40.6%	40.6%
Little Rock.....	16.7	37.2	St. Louis.....	20.2	52.2
Louisville.....	13.2	47.8	Springfield.....	34.7	34.7
Memphis.....	26.0	39.2	Other Cities.....	13.9	51.4
Pine Bluff.....		34.8	8th F. R. Dist.....	19.3	47.1

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

	Net Sales			Stocks on Hand Feb. 28, 1939 comp. with Feb. 28, 1938	Stock Turnover Jan. 1, to Feb. 28, 1939 1938
	February, 1939 compared with Jan., 1939	Feb., 1938	2 mos. 1939 to same period 1938		
Men's Furnishings.....	-20.3%	-8.7%	-9.5%	-13.2%	.37 .33
Boots and Shoes.....	+7.8	+2.3	+5.8	+7.7	.86 .78

Percentage of accounts and notes receivable outstanding February 1, 1939, collected during February:

Men's Furnishings.....	35.9%	Boots and Shoes.....	35.7%
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MINING AND OIL

There was a slight advance in industrial inventories of bituminous coal during January, continuing the upward trend of the preceding seven months. The February 1 total was about 1 per cent higher than on January 1, the smallest increase recorded during the seven-month period. As was the case in the country as a whole, production of soft coal at mines in this general area fell somewhat below January, but output for the first two months this year was 17.2 per cent greater than during the comparable period in 1938.

According to the National Bituminous Coal Commission, February production in the United States amounted to 33,910,000 tons, against 35,530,000 tons in January and 27,440,000 tons in February, 1938; cumulative output for the first two months was 69,440,000 tons, against 58,390,000 tons for the same interval a year ago. Mines in this area produced 2.8 per cent less coal in February than in January and 24.9 per cent more than in February, 1938.

Illinois mines produced 4,390,462 tons in February, as against 4,423,376 tons in January and 3,388,278 tons in February, 1938. There were 119 mines in operation during February, with 32,047 men on payrolls, which compares with 120 active mines and 31,778 operatives in January.

Petroleum—In states of the Eighth District, January production of crude oil was 7.6 per cent greater than in December and 128.8 per cent more than in January, 1938. Stocks on February 1 were 2.6 per cent and 7 per cent greater, respectively, than a month and a year earlier. Detailed production and stock figures by states are given in the following table:

(In thousands of barrels)	Production			Stocks	
	Jan., 1939	Dec., 1938	Jan., 1938	Jan., 1939	Jan., 1938
Arkansas.....	1,593	1,556	1,286	2,373	2,441
Illinois.....	4,446	3,981	1,128	12,130	11,340
Indiana.....	57	88	66	3,300	3,031
Kentucky.....	520	523	411	1,204	952
Totals.....	6,616	6,148	2,891	19,007	17,764

TRANSPORTATION

Freight traffic of railroads operating in this district, according to officials of the reporting lines, recorded a small contraseasonal decline in February and the first days of March. Withal volume for the first two months this year exceeded that of the same period a year ago by a fair margin. The increase was accounted for largely by heavier loadings of miscellaneous freight and coal.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 74,568 loads in February, as against 80,046 loads in January and 69,249 loads in February, 1938. During the first nine days of March the interchange amounted to 23,720 loads, compared with 24,477 loads during the corresponding period in February and 22,885 loads during the first nine days of March, 1938. Passenger traffic of the reporting lines in February fell 2 per cent in number of passengers carried and 4 per cent in revenue as compared with the same month a year ago.

For the entire country, loadings of revenue freight for the first ten weeks this year, or to March 11, totaled 5,790,234 cars, against 5,521,875 cars for the comparable period in 1938 and 6,952,-

734 cars in 1937. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in February was 125,000 tons, against 183,449 tons in January and 155,487 tons in February, 1938; for the first two months this year cumulative tonnage was 308,449 tons, as compared with 331,968 tons for the same time a year ago.

AGRICULTURE

The following table, based on the March report of the U. S. Department of Agriculture, shows intended plantings in 1939 by farmers in states including the Eighth District, also the number of acres of the several crops planted in the preceding year and the ten year (1929-38) average:

	Acreage (in thousands)			
	Planted		Indicated 1939	1939 percent of 1938 acreage
	Average 1929-38	1938		
Barley.....	367	368	469	127
Corn.....	29,231	27,662	26,936	97
Cowpeas.....	1,016	1,052	1,042	99
Oats.....	7,815	7,254	6,597	81
Peanuts.....	100	94	97	103
Potatoes.....	312	288	282	98
Rice.....	163	189	181	96
Soy Beans.....	2,978	4,087	4,528	111
Sweet Potatoes.....	221	228	214	94
Tame Hay.....	11,446	11,760	12,022	102
Tobacco.....	564	541	506	94
Totals.....	54,213	53,523	52,874	99

General Farming Conditions—Weather conditions in the Eighth District during the past thirty days have been less favorable than was the case earlier in the season. Excessive rains and more or less severe floods along the Mississippi River and several of its principal tributaries have retarded plowing and preparations for planting spring crops. On the whole, however, farm work is up to, or slightly in advance of the usual seasonal schedule, for the reason that the open fall and early winter permitted almost uninterrupted farm work, and more than the ordinary amount of clearing and breaking the soil was accomplished. This is true particularly in the cotton and rice sections where only a limited amount of work on fields will be necessary to get them in shape for seeding. Except in areas directly affected by the overflows, the abundant precipitation is expected to be more beneficial than otherwise, insuring abundant subsoil moisture and in many sections, replenishing depleted water supplies. The condition of fall sown grains has been greatly helped by the rainfall.

Prices of farm products during February and early March underwent only minor changes, but continued measurably below those during the similar periods in recent years. As of the week ended March 11, the farm products group of the U. S. Bureau of Labor Statistics index stood at 68.0 per cent of the 1926 average, which compares with 66.7 per cent on February 11; 71.7 per cent on March

12, 1938; 93.6 per cent on March 13, 1937; 76.4 per cent on March 14, 1936, and 79.2 per cent on March 16, 1935.

Cotton—While recent heavy precipitation has interfered with field work, preparations for the new cotton crop in the Eighth District are well advanced. Owing to the open fall and early winter farmers in most sections were well up with their breaking before the wet weather began. Apparently farmers will use more than the average amount of fertilizer in producing the 1939 crop. According to the National Fertilizer Association, sales of fertilizer tags in states partly or entirely within this district in February were 180 per cent greater than in January, 12 per cent larger than in February, 1938, and 36.5 per cent in excess of the February, 1937, total.

Demand for spot cotton in this territory has improved moderately since the last week in February, both from domestic mills and for export. For the first half of the current season domestic consumption of cotton was above that for the comparable period a year earlier. On the other hand, according to the U. S. Bureau of Agricultural Economics, exports of domestic cotton this season from August through February were the smallest for this period in 57 years. Since the first of March the trend of prices has been moderately upward. In the St. Louis market the middling grade ranged from 7.80¢ to 8.15¢ per pound between February 15 and March 15, closing at 8.10¢ on the latter date, which compares with 7.85¢ on February 15 and 8.50¢ on March 15, 1938.

Combined receipts at Arkansas and Missouri compresses from August 1, 1938, to March 10, 1939, totaled 1,547,978 bales, as against 2,035,571 bales for the same period a year earlier. Stocks on hand as of March 10 totaled 1,596,668 bales, which compares with 972,246 bales on the corresponding date in 1938. According to the Arkansas Cotton Trade Association, there are less than 100,000 bales of the stock on hand not involved in the Government loan. Through March 9, the Commodity Credit Corporation received reports on a total of 4,336,000 bales from the 1938 crop pledged on Government loans. As of that date the loan stocks were slightly in excess of 11,250,000 bales.

Livestock — Moderate recessions in wholesale prices of most grades of beef, veal and lamb marked the meat and livestock situation during February. Wholesale prices of pork advanced somewhat during the month. Marketings of all classes of meat animals in February are estimated to have been

below the same month last year and substantially under January this year, but, with the exception of hogs, somewhat higher than the average for February during the five-year (1929-1933) period.

Quite generally throughout the district, the condition of livestock maintained the high average noted during the past several months. The U. S. Department of Agriculture estimates that for the entire country the early lamb crop will be slightly smaller than the large early crop last year. In states of this district, however, conditions are relatively more favorable than in the western growing sections. In Missouri, the principal early lambing state, the winter has been generally auspicious for ewes, and early lambs are in excellent condition, with prospects for a 5 per cent larger early lamb crop this year than last.

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

	Receipts			Shipments		
	Feb., 1939	Jan., 1939	Feb., 1938	Feb., 1939	Jan., 1939	Feb., 1938
Cattle and Calves.....	75,902	82,919	77,339	45,646	50,418	46,415
Hogs.....	188,623	223,276	173,603	121,190	135,528	112,863
Horses and Mules.....	3,253	5,601	6,741	3,444	5,867	6,725
Sheep.....	36,846	37,939	46,596	11,200	8,027	9,831
Totals.....	304,624	349,735	304,279	181,480	199,840	175,834

Tobacco—Marketing of the various types of tobacco in the Eighth District 1938 crop was effected with greater dispatch than has been the case in a number of years. While recent wet weather has interfered with outdoor work, fair progress has been made by growers in burning and preparing seed beds for the coming season.

Most recent semi-official figures indicate a burley crop of about 353,000,000 pounds, which sold at an average of \$19.03 per cwt. The deduction of re-sales will reduce the crop to 338,000,000 pounds, which is considerably less than the Government estimate of 387,000,000 pounds. This compares with net sales of approximately 407,000,000 pounds for the 1937 crop at an average of \$20.09 per cwt.

In the western dark fired district, late sales confirm rather extensive damage to the crop from wild fire rust, mainly in the form of reduced weight and quality. In this district sales in the week ended March 11 averaged \$10.04 per cwt., against an average of \$9.74 last year. Foreign buyers, particularly Spanish interests, were active bidders for this crop. With average quality below normal, all choice tobacco offered has commanded top prices.

Virtually all of the air cured one sucker crop has been sold. Final figures indicate that 13,500,000 pounds were disposed of at an average price of \$6.00 per cwt. This compares with 24,000,000

pounds sold in the 1937-1938 season at an average of \$7.38 per cwt.

COMMODITY PRICES

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

	High	Low	Close	
			Mar. 15, 1939	Mar. 15, 1938
Wheat				
*May.....per bu....	\$.65½	\$.64	\$.64½	\$.87½
*July.....	.65½	.64½	.64½	.84½
*Sept.....	.66½	.65½	.65½	.84½
No. 2 red winter.....	.75	.72½	.73½	.89½
No. 2 hard.....	.74	.71½	.71½	.90½
Corn				
*May.....	.45½	.43½	.43½	.58½
*July.....	.46½	.44½	.44½	.59½
*Sept.....	.47½	.45½	.45½	.60½
No. 2 mixed.....	.49	.47	.48½	.59
No. 2 white.....	.51½	.50½	.51	.58½
Oats				
*May.....	.28½	.27½	.27½	.32½
*July.....	.27	.26	.26½	.30½
*Sept.....	.27	.25½	.25½	.30½
No. 2 white.....	.33	.31	.33	.32½
Flour				
Soft patent.....per bbl....	5.25	3.90	3.90 @ 5.25	4.50 @ 4.75
Spring.....	5.55	5.25	5.25 @ 5.55	5.80 @ 6.20
Middling Cotton.....per lb....	.0815	.0780	.0810	.0850
Hogs on Hoof.....per cwt....	8.13	7.35	7.35	9.07

*Nominal quotations.

BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in February was 46.9 per cent more than in January and 228.9 per cent greater than in February, 1938. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in February amounted to \$17,324,000 which compares with \$13,261,000 in January and \$6,683,000 in February, 1938. Building figures for February follow:

	New Construction				Repairs, etc.			
	(Cost in thousands)	Permits 1939	Permits 1938	Cost 1939	Cost 1938	Permits 1939	Permits 1938	Cost 1939
Evansville.....	8	12	\$ 20	\$ 26	61	65	\$ 39	\$ 27
Little Rock.....	18	9	105	13	56	68	12	15
Louisville.....	72	82	1,517	253	28	43	22	9
Memphis.....	288	145	363	150	115	179	61	60
St. Louis.....	185	124	577	343	105	164	122	253
Feb. Totals.....	571	372	2,582	785	365	519	256	364
Jan. ".....	454	276	1,758	642	443	405	331	445

CONSUMPTION OF ELECTRICITY

Public utilities companies in six large cities of the district report consumption of electric current by selected industrial customers in February as being 2.2 per cent more than in January and 13.7 per cent greater than in February, 1938. Detailed figures follow:

(K. W. H. In thous.)	No. of Customers	Feb., 1939 K.W.H.	Jan., 1939 K.W.H.	Feb., 1938 K.W.H.	February, 1939 compared with Jan., 1939	Feb., 1938
Evansville.....	40	2,865	2,937	2,049	- 2.5%	+39.8%
Little Rock.....	33	1,802	1,810	1,665	- 0.4	+ 8.2
Louisville.....	82	8,330	8,271	7,396	+ 0.7	+12.6
Memphis.....	31	2,181	2,113	2,281	+ 3.2	- 4.4
Pine Bluff.....	20	944	848	833	+11.3	+ 6.9
St. Louis.....	209	19,617	18,993	17,147	+ 3.3	+14.4
Totals.....	415	35,739	34,972	31,421	+ 2.2	+13.7

BANKING AND FINANCE

Taken as a whole, trends which have obtained in Eighth District banking and finance during the past several months continued with but minor variations during February and the first half of March. Demand for credit from virtually all the principal borrowing groups, as well as the lesser interests, remained sluggish, while deposits moved further upward. Reflecting these conditions, interest rates were unchanged.

At both city and country banks, liquidation of earlier commitments was in considerable volume, exceeding in most instances new loans and renewals. While this was accounted for to some extent by seasonal considerations, other contributing influences were the generally high rate of collections with a majority of mercantile lines, reduced inventories, lower price levels, and the almost universal policy of merchants to purchase only for immediate or well defined future requirements. Liquidation of loans by grain handling and milling interests was in somewhat greater than usual seasonal volume.

Member Banks—As of March 15, loans and investments of weekly reporting member banks in the principal cities were 3.2 per cent more than a month earlier. The increase was caused by larger holdings of Government securities, particularly Treasury bills and notes. Changes in loans were negligible. The trend of gross deposits continued upward and at mid-March totaled slightly over a billion dollars, the highest of record, and 11.7 per cent greater than on the same report date in 1938.

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

(In thousands of dollars)	Mar. 15, 1939	Feb. 15, 1939	Mar. 16, 1938
Loans—total	\$308,262	\$309,332	\$306,983
Commercial, industrial, and agricultural.....	178,162	177,516	188,412
Open market paper.....	3,190	3,784	9,928
Loans to brokers and dealers.....	5,674	6,111	4,661
Other loans to purchase or carry securities.....	12,025	11,843	12,774
Real Estate loans.....	49,470	48,232	46,765
Loans to banks.....	5,266	6,777	6,518
Other loans.....	54,475	55,069	37,925
Investments—total	416,776	393,139	350,379
Treasury bills.....	27,650	3,270	
Treasury notes.....	65,365	75,977	203,512
U. S. bonds.....	159,111	149,577	
Obligations guaranteed by U. S. Gov't.....	63,738	63,072	49,684
Other securities.....	100,912	101,243	97,183
Gross deposits	1,007,069	994,089	901,564
Demand deposits.....	811,941	800,227*	710,515
Time deposits.....	195,128	193,862*	191,049
Borrowings			

*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 March 1 was 0.5 per cent greater than on February 1, and 2.6 per cent more than on March 2, 1938.

Interest rates charged at downtown St. Louis banks as of the week ended March 15 were as fol-

lows: Customers' prime commercial paper, $1\frac{1}{2}$ to 5 per cent; collateral loans, 2 to $5\frac{3}{4}$ per cent; loans secured by warehouse receipts, $1\frac{3}{4}$ to $5\frac{1}{2}$ 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 February, 1939, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	4,788,082	\$ 930,943,747
Collections (non-cash items) handled.....	74,983	27,616,584
Transfers of funds.....	4,219	220,574,491
Currency received and counted.....	7,946,787	26,353,061
Coin received and counted.....	8,395,194	825,358
Rediscounts, advances and commitments.....	12	383,200
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc.....	12,521	17,004,470
Bills and securities in custody—coupons clipped.....	8,298	

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

(In thousands of dollars)	Mar. 18, 1939	Feb. 18, 1939	Mar. 18, 1938
Industrial advances under Sec. 13b.....	\$ 21	\$ 23	\$ 201
Other advances and rediscounts.....	100	90	300
Bills bought (including participations).....	2	2	2
U. S. securities.....	120,289	119,823	114,742
Total earning assets	120,412	119,938	115,245
Total reserves	349,001	332,309	286,893
Total deposits	284,470	269,096	217,354
F. R. Notes in circulation.....	179,499	179,333	178,339
Industrial commitments under Sec. 13b	462	418	485
Ratio of reserve to deposit and F. R. Note liabilities	75.2%	74.1%	72.5%

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

- (1) Rediscounts and advances to member banks, under Sections 13 and 13a..... $1\frac{1}{4}\%$ 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..... $3\frac{1}{4}\%$ 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..... $\frac{1}{2}\%$ flat
- (5) Advances to established industrial or commercial businesses, under Section 13b..... $\frac{1}{2}\%$ flat
- (6) Advances to individuals, firms and corporations, including nonmember banks, secured by direct obligations of United States under Section 13..... 4% per annum

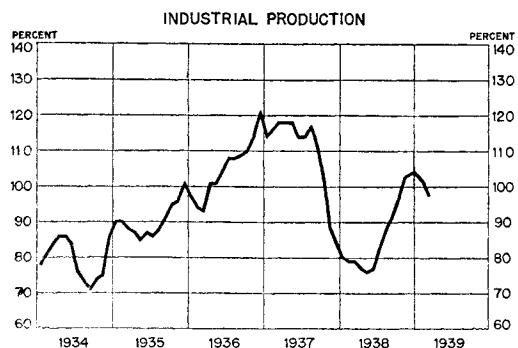
Debits to Individual Accounts—The following comparative table of debits to individual accounts reflects spending trends in this district:

(In thousands of dollars)	Feb., 1939	Jan., 1939	Feb., 1938	Feb., 1939 comp. with Jan., 1939	Feb., 1938
East St. Louis and Nat'l					
Stock Yards, Ill.....	\$ 28,786	\$ 31,820	\$ 25,959	— 9.5%	+10.9%
El Dorado, Ark.....	4,458	5,849	4,695	—23.8	— 5.0
Evansville, Ind.....	23,438	30,193	21,799	—22.4	+ 7.5
Fort Smith, Ark.....	10,235	12,244	9,956	—16.4	+ 2.8
Greenville, Miss.....	4,811	4,938	5,146	— 2.6	— 6.5
Helena, Ark.....	1,148	1,626	1,784	—29.4	—35.7
Little Rock, Ark.....	32,636	35,321	29,070	— 7.6	+12.3
Louisville, Ky.....	138,198	164,564	138,116	—16.0	+ 0.1
Memphis, Tenn.....	100,422	134,027	106,717	—25.1	— 5.9
Owensboro, Ky.....	6,513	8,104	5,756	—19.6	+13.2
Pine Bluff, Ark.....	6,318	7,494	6,479	—15.7	— 2.5
Quincy, Ill.....	6,263	7,461	5,980	—16.1	+ 4.6
St. Louis, Mo.....	478,183	541,570	445,067	—11.7	+ 7.4
Sedalia, Mo.....	1,691	1,895	2,303	—10.8	—26.6
Springfield, Mo.....	11,235	13,831	10,947	—18.8	+ 2.6
Texarkana, Ark.-Tex.....	6,245	7,160	6,142	—12.8	+ 1.7
Totals	\$860,580	\$1,008,097	\$ 825,926	—14.6	+ 4.2

(Completed March 23, 1939)

NATIONAL SUMMARY OF BUSINESS CONDITIONS

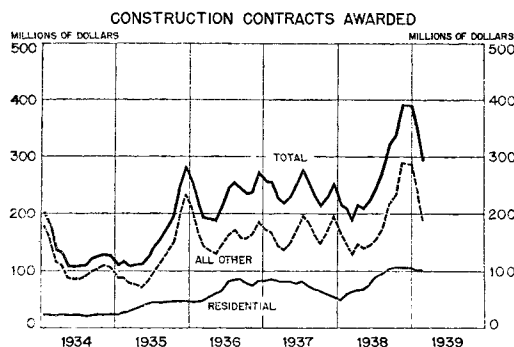
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to February, 1939. Latest figure 98.

In February industrial activity continued at the January rate, without showing the usual rise, and retail trade increased less than seasonally. In the first three weeks of March, however, industrial activity and trade showed seasonal increases. Commodity prices continued to show little change.

Production—Volume of industrial production was at about the same rate in February as in the two previous months, although usually there is an increase, and the Board's seasonally adjusted index declined further to 98 per cent of the 1923-1925 average. In the steel industry activity did not show the usual seasonal advance. Pig iron production increased, but new orders for steel were in limited volume and ingot production remained at about 54 per cent of capacity throughout the month. There was some decline in automobile assemblies, following a period of considerable increase. Output of lumber and plate glass continued to decrease in February, while cement production, which had been curtailed in January, increased considerably. In the first three weeks of March steel production increased to about 56 per cent of capacity and automobile output was also in somewhat larger volume.

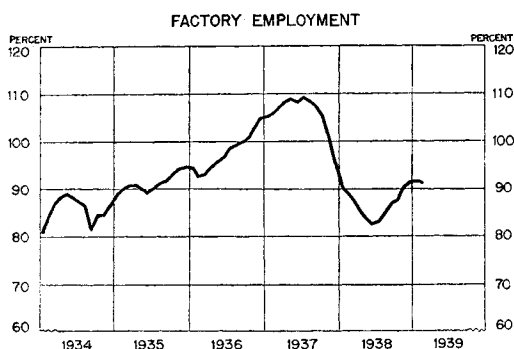


Three-month moving averages of F. W. Dodge Corporation data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for December and January and estimate for February.

Textile production in February was at about the same rate as in January. At cotton and woolen mills activity increased somewhat but at silk mills there was a marked decline. Output of shoes and tobacco products continued at high levels. In the meat-packing industry activity declined further and there was also a decrease in activity at sugar refineries. Bituminous coal production was maintained in February, and crude petroleum output likewise continued in substantial volume. Anthracite output declined in February and in March was reduced further as mine owners and workers agreed on a curtailment program.

Value of construction contracts awarded declined in February, according to F. W. Dodge Corporation figures, owing principally to a further decrease in awards for publicly-financed work. Contracts for privately-financed residential building increased further, while awards for private nonresidential building remained at the low level of other recent months.

Employment—Factory employment and payrolls increased somewhat less than is usual between the middle of January and the middle of February. Changes in nonmanufacturing lines were largely of a seasonal nature.

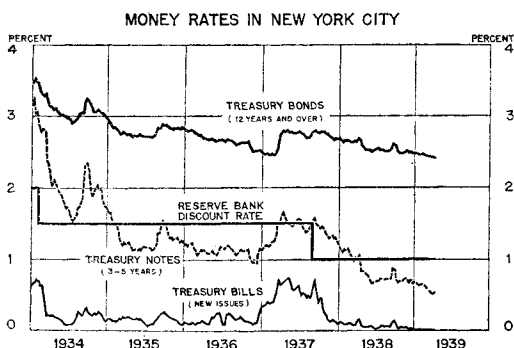


Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to February, 1939. Latest figure 91.3.

Distribution—Department store sales were in about the same volume in February as in January, although some increase is usual, and sales at variety stores increased less than seasonally, while mail order sales rose by slightly more than the seasonal amount. In the early part of March department store sales increased.

Freight-car loadings declined somewhat from January to February, reflecting for the most part reduced shipments of grains, forest products, and miscellaneous freight.

Commodity Prices—Wholesale commodity prices were generally maintained with little change during February and the first three weeks of March. As is usual at this season prices of livestock and meats increased while dairy products declined. Silk prices advanced considerably in this period. In the early part of March current prices of pig iron and of semi-finished and finished steel were reaffirmed for the second quarter of this year.



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

Bank Credit—Investments in United States Government obligations by New York City banks increased considerably in February and the first half of March. In this period member banks reduced their holdings of Treasury notes and increased their bonds, reflecting in part exchanges of notes for new bond issues on March 15. Excess reserves of member banks continued somewhat below the high level of \$3,600,000,000 reached at the end of January, fluctuating largely in accordance with changes in Treasury balances at the Federal Reserve banks.

Money Rates—Average yields on United States Government securities declined to new record low levels from February 27 to March 10, following the announcement by the Treasury that no cash would be raised in the March financing. Yields rose slightly after the middle of March accompanying renewed tension in Europe. New issues of 91-day Treasury bills continued to sell on practically a no-yield basis during March. Other open-market rates continued unchanged.