

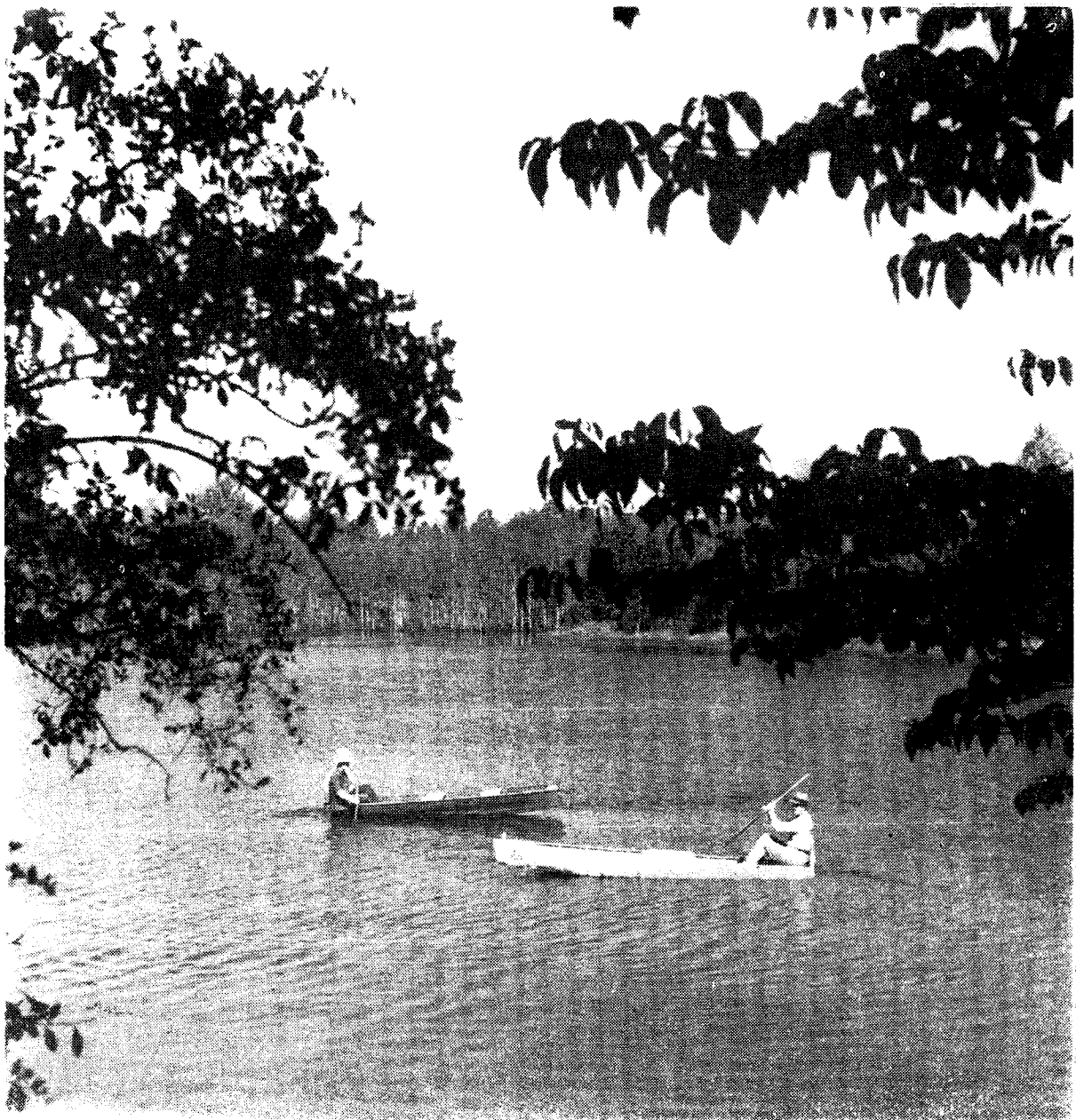


# BUSINESS CONDITIONS

*Monthly Review of Agriculture, Industry, Trade and Finance*

*Released for Publication on Morning of April 28, 1939*

FEDERAL RESERVE BANK OF ST. LOUIS



*Scene in Spring Lake State Park, Holly Springs, Miss.*

## SUMMARY OF EIGHTH DISTRICT

<b>Agriculture:</b>		<b>April 1, 1939, comp. with 1938</b>		<b>Av. 1928-37</b>
Estimated produc. of winter wheat.....	—23.4%	—	4.5%	
<b>Live Stock:</b>		<b>Mar. 1939, comp. with Feb., 1939</b>		<b>Mar., 1938</b>
Receipts at National Stock Yards.....	+10.6%	+	5.3%	
Shipments from aforesaid Yards.....	+ 9.2	+	9.7	
<b>Production and Distribution:</b>				
Sales by mfrs. and wholesalers..	+23.9	—	2.4	
Department store sales.....	+35.0	+	5.4	
Car loadings.....	+ 9.3	+	3.4	
<b>Building and Construction:</b>				
Bldg. permits, incl. repairs {	Number	+69.4	+	9.3
	Cost	—16.0	+	27.3
Value construction contracts awarded..	+ 7.9	+	48.5	
<b>Miscellaneous:</b>				
Commercial failures {	Number...	+18.9	—	10.2
	Liabilities...	—33.0	+	2.2
Consumption of electricity.....	+11.2	+	11.7	
Debits to individual accounts.....	+15.4	+	4.6	
<b>Member Banks (24):</b>		<b>April 12, '39, comp. with Mar. 15, '39</b>		<b>Apr. 13, '38</b>
Gross deposits.....	— 1.5%	+	10.9%	
Loans.....	— 0.3	+	2.3	
Investments.....	— 4.3	+	13 9	

**E**IGHTH DISTRICT business activity during March, while reflecting considerable spottiness and irregularity both with reference to geographic localities and the several classifications, about maintained the February pace, when due consideration is given to the usual seasonal influences. The rate, however, was somewhat lower than during the final quarter of 1938 and January this year. Taken as a whole, no marked change has developed since April 1, though unfavorable weather conditions have tended to slow down distribution of merchandise and retard certain seasonal activities, including preparation of the soil for planting spring crops. There has been little change in output of manufacturers as contrasted with the first two months of the year, and production for the first quarter in virtually all the principal lines was appreciably greater than during the first three months of 1938.

Retail trade in March exceeded that of February by a larger than the customary seasonal amount, and volume was also greater than a year ago. Cumulative retail sales for the first quarter exceeded those of the like period a year earlier by a fair margin. The increases in both monthly comparisons were attributable in large part to the earlier Easter date this year than last. Retail sales of general merchandise in the rural areas made a particularly favorable showing, and in many sections were relatively larger than at department stores in the large urban centers. This was accounted for partly by the substantial amounts received by agriculturists in Government benefit

payments and to seasonal requirements in connection with spring farm operations.

During March production in this area was running approximately 15 to 20 per cent above the comparable period a year ago. Since April 1 the trend has been downward in a number of lines, but volume is still measurably above that for the like period in 1938. Output of bituminous coal at mines in states of the Eighth District in March was 5 per cent below February, about the average seasonal decline, but 38 per cent greater than in March last year. The average rate of steel ingot production at district mills in March was 53.5 per cent as against 37 per cent a year earlier. In the third week of April the rate dropped to 42.5 per cent. Output of crude oil declined slightly from January to February, but output for the latter month was 121 per cent greater than in February, 1938. Activities at district textile mills in March remained at about the same rate as in February, but have declined slightly since the first week in April.

Sales of department stores in the principal cities in March were greater by 35 per cent than in February and exceeded the March, 1938, total by 5.4 per cent; for the first quarter this year, cumulative total was 2.6 per cent larger than for the first three months of 1938. Retail sales of new passenger automobiles in the St. Louis area continued the betterment recorded earlier in the year and for the first three months, total sales were approximately one-fourth greater than during the first quarter of 1938. An irregular trend was noted in sales of merchandise through wholesale channels, but taken as a whole, distribution followed the usual seasonal pattern. Total dollar sales of all lines whose statistics are available to this bank, exceeded those of February by about 24 per cent.

The general crop report of the U. S. Department of Agriculture, based on conditions as of April 1, reflects marked improvement in agricultural prospects since last fall. Fall planted grains came through the winter with a minimum of damage, and abandonment of winter wheat acreage from all causes is below average. Pastures have made good progress and condition of livestock maintained the high status which marked the fall and winter.

Commercial failures in the Eighth Federal Reserve District in March, according to Dun and Bradstreet, numbered 44, involving liabilities of \$412,000, which compares with 37 defaults with liabilities of \$615,000 in February, and 49 insolvencies for a total of \$403,000 in March, 1938.

## DETAILED SURVEY OF DISTRICT

### MANUFACTURING AND WHOLESALING

Lines of Commodities	Net Sales		Stocks
	March, 1939 compared with		Mar. 31, 1939 comp. with
	Feb., '39	Mar., '38	Mar. 31, 1938
Boots and Shoes.	+19.0%	-25.4%	%
Drugs and Chemicals	+20.3	+11.6	
Dry Goods.	+15.1	+0.7	-12.3
Electrical Supplies.	+24.9	+16.0	-2.6
Furniture.	+36.5	+12.7	-20.7
Groceries.	+22.5	+3.5	-2.3
Hardware.	+31.4	+7.5	-5.1
Plumbing Supplies.	+51.2	+6.8	-8.6
Tobacco and its Products.	+14.1	+1.4	+20.0
Miscellaneous.	+21.1	+13.9	-20.6

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

All lines of wholesaling, for which statistics are available to this bank, showed increases in March as contrasted with the preceding month, and with the exception of boots and shoes, increases over a year ago were recorded. The downward trend in inventories which has been in effect since last fall, continued during the first quarter this year. As of April 1, stocks on hand represented an aggregate 11.4 per cent less than on the same date in 1938.

Generally throughout the district demand for manufactured goods, both from retail merchants and ultimate consumers, was well sustained. Purchasing, however, continued along conservative lines, and advance orders booked were materially smaller than either a year or two years earlier. Adverse weather militated against distribution of seasonal merchandise, particularly clothing, drugs and chemicals and groceries. Shipments of electrical supplies and furniture during March were in somewhat larger than average seasonal volume. Unfilled orders in both of these lines as of April 1 were reported considerably below a month earlier.

**Automobiles**—Combined passenger car, truck and taxicab production in the United States in March totaled 371,940 against 297,841 in February and 221,796 in March, 1938.

**Iron and Steel Products**—Activities in virtually all sections of the iron and steel industry in this district declined during March and the first half of April from the relatively high rate which prevailed during January and February. Withal volumes during the first quarter this year exceeded those of the corresponding period in 1938 by a wide margin. Reflecting conservative purchasing policies of all classes of consumers, new orders of both raw and finished materials failed to show the expected seasonal expansion. Shipments during March compared favorably with the average daily rate in February, but in many instances the movement was at the expense of backlogs.

Shipments and the melt of pig iron receded moderately, and buying for second quarter require-

ments was almost entirely absent. Railroad orders for equipment and steel generally continued quiet, though freight car awards during the first quarter were more than three times as large as in the like period a year ago. Producers and distributors of sheets, strip, plates and other rolled steel commodities reported a steady decline in new business since the third week in February. Rolling schedules were lowered, and ingot production at mills in this general area at mid-April was at 41.5 per cent of capacity which compares with 58 per cent (revised figure) a month earlier and 36 per cent in the week of April 14, 1938.

Production of pig iron for the entire country in March, according to the magazine "Steel," totaled 2,392,629 tons, the highest since October, 1937, and comparing with 2,060,183 tons in February and 1,470,211 tons in March, 1938. Steel ingot production in the United States in March totaled 3,170,183 tons, against 2,758,697 tons in February and 1,854,669 tons in March, 1938.

### TRANSPORTATION

According to officials of reporting lines, freight traffic of railroads operating in this district showed less than the expected seasonal advance during March and the first week of April. However, volume during the first quarter of this year was measurably greater than during the first three months of 1938.

The St. Louis Terminal Railway Association, which handles interchanges for 28 connecting lines, interchanged 81,497 loads in March, as against 74,568 loads in February and 78,850 loads in March, 1938. During the first nine days of April the interchange amounted to 22,370 loads, compared with 23,720 loads during the corresponding period in March and 20,436 loads during the first nine days of April, 1938. Passenger traffic of the reporting roads in March was unchanged from the same month a year ago in number of passengers carried and 1.6 per cent less in revenue.

For the entire country loadings of revenue freight for the first 13 weeks this year, or to April 1, totaled 7,594,505 cars, against 7,158,681 cars for the corresponding period in 1938 and 9,185,301 cars in 1937. Estimated tonnage of the Federal Barge Line between St. Louis and New Orleans in March was 134,700 tons, which compares with 124,680 tons in February and 186,621 tons in March, 1938; cumulative tonnage for the first three months this year was 442,829 tons, as against 515,339 tons for the first quarter of 1938.

## 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	
	March, 1939 compared with Feb., 1939		3 mos. 1939 to same period 1938	Mar. 31, 1939 comp. with Mar. 31, 1938	Jan. 1, to Mar. 31, 1939	
	Mar., 1939	Mar., 1938	period 1938	Mar. 31, 1938	1938	
Ft. Smith, Ark.	+40.6%	+ 5.8%	+ 2.4%	+ 3.7%	.63	.62
Little Rock, Ark.	+22.6	+ 8.4	+ 6.1	- 4.8	.72	.62
Louisville, Ky.	+53.5	+ 4.6	+ 0.5	- 7.1	.89	.89
Memphis, Tenn.	+20.0	+ 9.7	+ 5.9	- 3.2	.81	.71
Pine Bluff, Ark.	+38.4	+22.4	+19.1	- 9.9	.62	.47
Quincy, Ill.	+63.5	+ 6.0	+ 2.0	-12.7	.84	.69
St. Louis, Mo.	+36.2	+ 4.1	+ 1.5	- 6.5	1.07	.96
Springfield, Mo.	+57.0	+ 6.3	+ 4.9	- 9.7	.68	.56
All Other Cities.	+37.8	+21.2	+17.2	- 4.0	.70	.60
8th F. R. District.	+35.0	+ 5.4	+ 2.6	- 5.8	.96	.86

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

	Installment Accounts	Excl. Inst'l Accounts		Installment Accounts	Excl. Inst'l Accounts
Ft. Smith	%	39.1%	Quincy	%	48.6%
Little Rock	17.4	38.3	St. Louis	20.7	53.6
Louisville	14.8	51.1	Other Cities	15.1	45.0
Memphis	27.0	41.1	8th F. R. Dist.	20.1	48.9

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

	Net Sales			Stocks on Hand	Stock Turnover
	March, 1939 compared with Feb., 1939	3 mos. 1939 Mar., 1938	3 mos. 1939 to same period 1938	Mar. 31, 1939 comp. with Mar. 31, 1938	Jan. 1, to Mar. 31, 1939 1938
Men's Furnishings...	+56.3%	+15.3%	+ 2.0%	-10.6%	.60
Boots and Shoes...	+70.3	+ 7.9	+ 6.8	+ 5.9	1.50 1.39

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

Men's Furnishings	38.6%	Boots and Shoes	37.3%
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## MINING AND OIL

There was a moderate increase in stocks of bituminous coal held by industrial plants during February. Tonnage on hand as of March 1 amounted to 33,870,000 tons, an increase of 600,000 tons, or 1.8 per cent, over the 33,270,000 tons on February 1. Reversing conditions existing at the same time in 1938, when consumers were liquidating inventories, there has been a disposition in many quarters during the past six weeks or two months to augment stocks. This situation reflects in the main improved business conditions as contrasted with last year, also in a lesser degree efforts to make provision against contingencies of reduced production which may occur in the spring.

Preliminary estimate of the National Bituminous Coal Commission places production of soft coal in the United States during March at 35,290,000 tons, as against 33,910,000 tons in February and 26,745,000 tons in March, 1938; output for the first

quarter this year was 104,730,000 tons, as against 85,135,000 tons for the first three months of 1938. At mines in this general area, March production was 5.1 per cent less than in February, but 38.3 per cent greater than in March last year; cumulative total for the first three months was 23.2 per cent in excess of that for the comparable period in 1938.

March output of Illinois mines was 4,022,967 tons, which compares with 4,390,462 tons in February and 2,718,782 tons in March, 1938. There were 116 mines in operation during March, with 31,373 men on payrolls, as against 119 active mines and 32,047 operatives in February.

**Petroleum**—February output of crude oil in states of the Eighth District was 2.3 per cent less than in January and 121.4 per cent greater than in February, 1938. Cumulative total for the first two months this year was 125.1 per cent greater than for the corresponding period in 1938. Stocks on March 1 were 3.4 per cent smaller and 1.4 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	
	Feb., 1939	Jan., 1939	Feb., 1938	1939	1938	Feb., 1939	Feb., 1938
Arkansas	1,483	1,593	1,335	3,076	2,621	2,220	2,655
Illinois	4,542	4,446	1,108	8,988	2,236	12,068	11,356
Indiana	59	57	70	116	136	2,875	3,120
Kentucky	380	520	406	900	817	1,201	983
Totals	6,464	6,616	2,919	13,080	5,810	18,364	18,114

## AGRICULTURE

Combined receipts from the sale of principal farm products and Government benefit payments to farmers in states including the Eighth District during the period January-February, 1937, 1938 and 1939, and during February, 1938 and 1939, are given in the following table:

(In thousands of dollars)	February		Cumulative for 2 months		
	1939	1938	1939	1938	1937
Indiana	\$17,835	\$17,445	\$38,974	\$37,751	\$42,466
Illinois	35,345	31,979	82,441	69,752	76,024
Missouri	14,753	14,473	33,545	31,693	32,380
Kentucky	6,411	10,142	37,228	44,515	48,114
Tennessee	6,997	8,137	20,551	24,027	27,096
Mississippi	12,727	9,744	20,857	22,206	22,929
Arkansas	4,034	7,666	9,594	17,558	17,613
Totals	\$98,102	\$99,586	\$243,190	\$247,502	\$266,622

**General Farming Conditions**—Eighth District crop prospects as of April 1, according to the U. S. Department of Agriculture's report as of that date, have undergone marked betterment since last fall. Outlook for wheat and other fall sown grains shows remarkable improvement, these crops having come through the winter with a minimum of injury, besides having overcome handicaps incident to unfavorable planting conditions. Although part of the acreage seeded last fall on some farms will be

plowed up or pastured to comply with Government allotments, total abandonment of winter wheat from all causes is expected to be well below average.

Fruit and vegetable prospects were exceptionally good up until April 1, but frosts during the first two weeks of the month are believed to have done considerable injury to peaches, early apples and plums. Pastures have shown notable improvement, particularly in the south, and while average condition on April 1 was slightly below a year ago, in all states of the district it was well above the 10-year (1928-1937) average. In the south spring work is up to or slightly ahead of the seasonal schedule. In the north, however, rains have interfered with field work, and spring preparations are from one to three weeks late.

Surpluses of important agricultural products continue heavy. Stocks of feed grains on farms as of April 1 are reported to be as large as in April, 1933, and much larger than in any other year since 1921. The carryover of wheat, cotton and corn is unusually large. Reflecting these conditions, the trend of prices of farm products continued downward. As of the week ended April 8, the farm products group of the U. S. Bureau of Labor Statistics index stood at 63.8 per cent of the 1926 average, which compares with 68.0 per cent on March 11; 68.1 per cent on April 9, 1938; 93.5 per cent on April 10, 1937; 76.9 per cent on April 11, 1936, and 81.0 per cent on April 13, 1935.

**Cotton**—The Bureau of the Census in its final ginning report, released March 20, stated that in states of the Eighth District 3,894,307 equivalent 500-pound bales, exclusive of linters, had been ginned from the 1938 crop. This compares with 5,680,724 bales from the 1937 crop and 3,959,832 bales from the 1936 crop.

A summary of the 1934-35, 1937-38 and 1938-39 cotton loans by states including the Eighth District and the balance of the country, is given in the following table:

(In bales)	1934-35	1937-38	1938-39	Total
Arkansas.....	121,483	548,390	689,668	1,359,901
Mississippi.....	63,142	594,199	730,146	1,387,487
Missouri.....	—0—	76,585	110,254	186,839
Tennessee.....	190,693	295,126	314,495	800,314
All others.....	1,283,254	3,766,803	2,556,036	7,605,093
Totals.....	1,658,572	5,281,103	4,400,599	11,339,634

Apparently farmers will use more fertilizer than last year. According to the National Fertilizer Association, sales of fertilizer tags in Eighth District states during the first quarter this year were 3.2 per cent greater and 7.1 per cent smaller, respectively, than for the comparable periods in 1938 and 1937.

Demand for raw cotton continued quiet during the past thirty days, both for export and domestic consumption. Prices in the second week of April receded to the lowest levels recorded since last October. In the St. Louis market the middling grade ranged from 7.70¢ to 8¢ per pound between March 15 and April 15, closing at 7.70¢ on the latter date, which compares with 8.10¢ on March 15 and 8¢ on April 15, 1938.

**Fruits and Vegetables**—Owing to the heavy carryover of canned vegetables and cold storage stock, farmers generally throughout the district will plant smaller acreages of certain vegetable crops for manufacture this season than last. As of March 1, the latest available figures, cold storage holdings of vegetables were more than twice as large as those on the same date in 1938. According to the U. S. Department of Agriculture, intentions to plant white and sweet potatoes this year vary only slightly from actual plantings last spring. Promising prospects for peaches, early apples, pears and plums in March were drastically reduced by severe frosts and freezes in early April. In certain important peach growing areas damage is estimated at from 35 to 50 per cent.

**Livestock**—Reports from virtually all sections of the district indicate that the condition of livestock during March and the first half of April maintained the high condition which has marked the preceding eight or ten months. The open winter, coupled with abundant feed and forage supplies, was reflected in a healthy condition of herds. Aggregate production of meat during March was somewhat greater than that of the same month in 1938 and measurably larger than in February this year. Prices were irregular, with an easier trend during the second week in April.

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

	Receipts			Shipments		
	Mar., 1939	Feb., 1939	Mar., 1938	Mar., 1939	Feb., 1939	Mar., 1938
Cattle and Calves....	84,943	75,902	90,539	49,361	45,646	54,333
Hogs.....	218,725	188,623	186,092	138,511	121,190	113,012
Horses and Mules....	3,069	3,253	4,469	3,118	3,444	5,207
Sheep.....	30,288	36,846	38,836	7,168	11,200	8,035
Totals.....	337,025	304,624	319,936	198,158	181,480	180,587

**Tobacco**—Heavy rains and cold weather in the burley districts have retarded the development of the new crop. Tobacco growers, however, have made good progress since mid-March in preparing soil for intended acreage.

A detailed report of burley tobacco sales issued by R. M. Barker Tobacco Co., Carrollton, Ky., shows net sales of the 1938 crop of 341,600,000 pounds, bringing about \$67,214,000, an average of

\$19.06 per cwt. This compares with net sales of 407,000,000 pounds from the 1937 crop at an average of \$20.09 per cwt.

The western dark fired crop had been practically all sold by the third week of April. Snuff manufacturers showed more interest in all grades, and buyers of rehandling grades of leaf and seconds are still participating in the market.

Present indications are for a small increase in the one sucker type of tobacco this year. Acreage in the Green River stemming district is expected to be about on a par with a year ago.

**Winter Wheat**—Production of winter wheat in states partly or entirely within the Eighth Federal Reserve District is estimated by the U. S. Department of Agriculture in its April 1 report at 90,340,000 bushels, against 117,879,000 bushels in 1938 and the 10-year (1928-1937) average of 94,640,000 bushels. Wheat stocks on farms in these states on April 1 totaled 12,521,000 bushels, against 16,914,000 bushels on the same date last year and the 10-year average of 10,941,000 bushels.

### WHISKEY

Thirty-three of the fifty-nine distilleries manufacturing whiskey in Kentucky are in operation. This represents four less than were in operation a month ago. Many distilleries are reported to have about completed the spring run of whiskey and will cease to operate shortly. This is a seasonal procedure and will not greatly affect employment, as the greater number of persons employed by distillers are in the bottling plants.

Recent trade reports indicate that bottled-in-bond sales over an eight-month period were double those of the similar period a year earlier. However, bottled-in-bond sales for the first two months of 1939 show a decrease under the first two months of 1938. Whiskey authorities are unable to explain these unusual decreases when trend heretofore has been in favor of bottled-in-bond consumption. In general, however, the market is demanding a quality product and consumer figures indicate a steady improvement in demand for bottled-in-bond goods. In the main, it is reported, the trend of prices of all types of whiskey is downward.

### BUILDING

The dollar value of permits issued for new construction in the five largest cities of the district in March was 28.5 per cent less than in February and 23.5 per cent greater than in March, 1938. According to statistics compiled by the F. W. Dodge Corporation, construction contracts let in the Eighth District in March amounted to \$18,696,000, which

compares with \$17,324,000 in February and \$12,587,000 in March, 1938. Building figures for March follow:

(Cost in thousands)	New Construction				Repairs, etc.			
	Permits		Cost		Permits		Cost	
	1939	1938	1939	1938	1939	1938	1939	1938
Evansville...	22	17	\$ 68	\$ 53	40	122	\$ 52	\$ 51
Little Rock...	30	26	38	55	147	93	43	32
Louisville...	129	123	229	462	67	63	45	38
Memphis...	254	293	302	340	221	254	276	101
St. Louis...	483	247	1,208	584	193	213	124	158
Mar. Totals...	918	706	1,845	1,494	668	745	540	380
Feb. "...	571	372	2,582	785	365	519	256	364
Jan. "...	454	276	1,758	642	443	405	331	445

### COMMODITY PRICES

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

			Close	
			April 15, 1939	April 15, 1938
Wheat		High	Low	
*May... per bu.		\$ .66½	\$ .63¾	\$ .65½
*July...		.65¼	.63½	.64½
*Sept...		.65¾	.63½	.64½
No. 2 red winter		.77	.72¾	.76½
No. 2 hard		.74½	.70½	.73
Corn				
*May...		.43½	.42¾	.43½
*July...		.44¾	.43¾	.45¼
*Sept...		.46½	.44¾	.45½
No. 2 mixed		.51	.47	.48½
No. 2 white		.52	.49½	.52
Oats				
*May...		.28¾	.27½	.28¾
*July...		.26¾	.25¾	.26½
*Sept...		.26¼	.25¼	.26
No. 2 white		.34	.32	.33
Flour				
Soft patent.... per bbl.		5.25	3.90	3.90 @ 5.25
Spring "...		5.55	5.25	5.25 @ 5.55
Middling Cotton per lb.		.080	.077	.077
Hogs on Hoof... per cwt.		7.43	6.86	6.96

\*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 March as being 11.2 per cent greater than in February and 11.7 per cent more than in March, 1938. Detailed figures follow:

(K. W. H. In thous.)	No. of Customers	Mar., 1939	Feb., 1939	Mar., 1938	March, 1939 compared with	
		K.W.H.	K.W.H.	K.W.H.	Feb., 1939	Mar., 1938
Evansville...	40	3,261	2,885	2,568	+13.8%	+27.0%
Little Rock...	33	2,016	1,802	1,807	+11.9	+11.6
Louisville...	82	8,390	8,330	7,445	+ 0.7	+12.7
Memphis...	31	2,234	2,181	2,665	+ 2.4	-16.2
Pine Bluff...	20	796	944	810	-15.7	- 1.7
St. Louis...	209	23,050	19,617	20,297	+17.5	+13.6
Totals...	415	39,747	35,739	35,592	+11.2	+11.7

### POSTAL RECEIPTS

Returns for the five largest cities of the district show an increase of 2.4 per cent in combined postal receipts for the first three months this year over the corresponding period in 1938, and a decrease of 13.4 per cent under the final quarter of 1938. Detailed figures follow:

Quarter ending	Mar. 31, 1939	Dec. 31, 1938	Mar. 31, 1938	Comp. first Qtrs. 1939 and 1938
Evansville...	\$ 171,985	\$ 189,998	\$ 160,399	+ 7.2%
Little Rock...	234,182	243,070	216,832	+ 8.0
Louisville...	699,428	796,254	698,355	+ 0.2
Memphis...	683,296	847,158	661,509	+ 3.3
St. Louis...	2,636,135	3,032,588	2,585,285	+ 2.0
Totals...	\$4,425,026	\$5,109,068	\$4,322,380	+ 2.4

## BANKING AND FINANCE

Developments in Eighth District banking and finance during the past month reflected no significant changes as contrasted with the earlier periods this year. Credit requirements of mercantile and manufacturing interests, as indicated by loans at commercial banks, declined somewhat, but the total volume continued considerably larger than a year ago. Country banks in a number of localities, particularly in the south, have reduced their balances with city correspondents in order to accommodate country customers. Agricultural requirements generally, however, reflect the late season and substantial aid from Governmental and other loaning agencies.

Banks specializing in loans to grain handling and flour milling interests report somewhat greater than the usual seasonal liquidation. Because of the low price of cereals and the large volume of grain in Government loans, the volume of commitments of these interests is measurably less than at this time during the past several years. Demand for accommodations by financing companies was reported fairly active, and banks in a number of localities report satisfactory results from recently established small loan departments.

**Member Banks**—Total loans and investments of reporting member banks in the principal cities decreased 2.6 per cent between March 15 and April 12, but on the latter date were 8.6 per cent greater than a year earlier. Gross deposits declined sharply in late March, but turned upward during the first half of April, and on April 12 were only 1.5 per cent below the total on the corresponding date in March.

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

(In thousands of dollars)	Apr. 12, 1939	Mar. 15, 1939	Apr. 13, 1938
<b>Loans—total</b> .....	<b>\$307,476</b>	<b>\$308,262</b>	<b>\$300,472</b>
Commercial, industrial, and agricultural.....	184,270	178,162	182,455
Open market paper.....	2,817	3,190	9,767
Loans to brokers and dealers.....	4,790	5,674	5,007
Other loans to purchase or carry securities.....	11,719	12,025	12,588
Real Estate loans.....	49,540	49,470	47,051
Loans to banks.....	3,600	5,266	5,758
Other loans.....	50,740	54,475	37,846
<b>Investments—total</b> .....	<b>398,856</b>	<b>416,776</b>	<b>350,216</b>
Treasury bills.....	26,999	27,650	
Treasury notes.....	54,113	65,365	204,601
U. S. bonds.....	156,096	159,111	
Obligations guaranteed by U. S. Gov't.....	62,448	63,738	49,843
Other securities.....	99,200	100,912	95,772
<b>Gross deposits</b> .....	<b>992,410</b>	<b>1,007,069</b>	<b>894,550</b>
Demand deposits.....	802,223	811,941	705,514
Time deposits.....	190,187	195,128	189,036
<b>Borrowings</b> .....			

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 as of April 5 were 0.5 per cent greater than on March 1, and 2.9 per cent in excess of the total on April 6, 1938.

At downtown St. Louis banks in the week ended April 12, rates charged were as follows: Customers'

prime commercial paper, 1½ to 5 per cent; collateral loans, 2 to 6 per cent; loans secured by warehouse receipts, 2 to 5 per cent; interbank loans, 2¼ to 4½ 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 March, 1939, is indicated by the following figures:

	Pieces	Amounts
Checks (cash items) handled.....	5,957,915	\$1,213,440,505
Collections (non-cash items) handled..	141,220	34,339,316
Transfers of funds.....	5,037	169,543,702
Currency received and counted.....	9,167,233	29,904,229
Coin received and counted.....	7,714,919	774,287
Rediscounts, advances and commitments.....	6	305,000
New issues, redemptions, and exchanges of securities as fiscal agent of U. S. Gov't., etc.....	23,409	135,462,869
Bills and securities in custody—coupons clipped	22,904	

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....	\$ 20	\$ 21	\$ 207
Other advances and rediscounts.....	85	100	151
Bills bought (including participations) ..	2	2	2
U. S. securities.....	124,174	120,289	119,198
<b>Total earning assets</b> .....	<b>124,281</b>	<b>120,412</b>	<b>119,558</b>
<b>Total reserves</b> .....	<b>331,589</b>	<b>349,001</b>	<b>322,580</b>
<b>Total deposits</b> .....	<b>270,547</b>	<b>284,470</b>	<b>257,111</b>
<b>F. R. Notes in circulation</b> .....	<b>179,467</b>	<b>179,499</b>	<b>178,185</b>
Industrial commitments under Sec. 13b....	599	462	489
Ratio of reserve to deposit and F. R. Note liabilities.....	73 7%	75 2%	74 1%

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

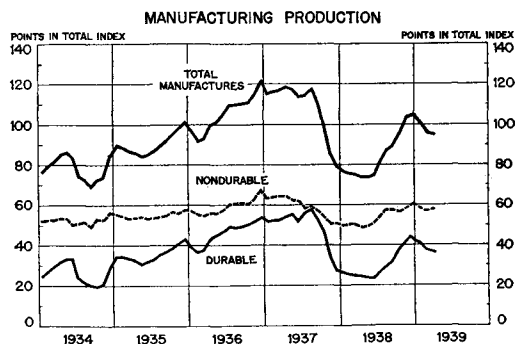
**Debits to Individual Accounts**—The following comparative table of debits to individual accounts reflects spending trends in this district:

(In thousands of dollars)	Mar., 1939	Feb., 1939	Mar., 1938	Mar., 1939 comp. with Feb., 1939	Mar., 1938
East St. Louis and Nat'l					
Stock Yards, Ill.....	\$ 33,447	\$ 28,786	\$ 29,901	+16.2%	+11.9%
El Dorado, Ark.....	5,542	4,458	5,833	+24.3	- 5.0
Evansville, Ind.....	28,555	23,438	25,672	+21.8	+11.2
Fort Smith, Ark.....	11,147	10,235	11,733	+ 8.9	- 5.0
Greenville, Miss.....	5,177	4,811	5,103	+ 7.6	+ 1.5
Helena, Ark.....	1,735	1,148	1,806	+51.1	- 3.9
Little Rock, Ark.....	38,583	32,636	36,009	+18.2	+ 7.1
Louisville, Ky.....	152,577	138,198	142,098	+10.4	+ 7.4
Memphis, Tenn.....	112,486	100,422	119,319	+12.0	- 5.7
Owensboro, Ky.....	7,069	6,513	6,112	+ 8.5	+15.7
Pine Bluff, Ark.....	9,608	6,318	9,358	+52.1	+ 2.7
Quincy, Ill.....	8,125	6,263	7,429	+29.7	+ 9.4
St. Louis, Mo.....	555,334	478,183	523,933	+16.1	+ 6.0
Sedalia, Mo.....	2,093	1,691	1,779	+23.8	+17.7
Springfield, Mo.....	13,377	11,235	13,264	+19.1	+ 0.9
Texarkana, Ark.-Tex.	8,219	6,245	9,778	+31.6	-16.0
<b>Totals</b> .....	<b>\$993,074</b>	<b>\$ 860,580</b>	<b>\$ 949,127</b>	<b>+15.4</b>	<b>+ 4.6</b>

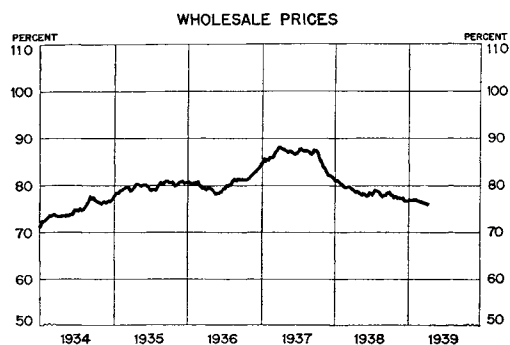


# NATIONAL SUMMARY OF BUSINESS CONDITIONS

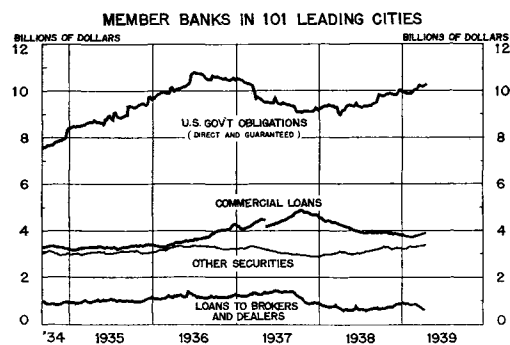
BY BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM



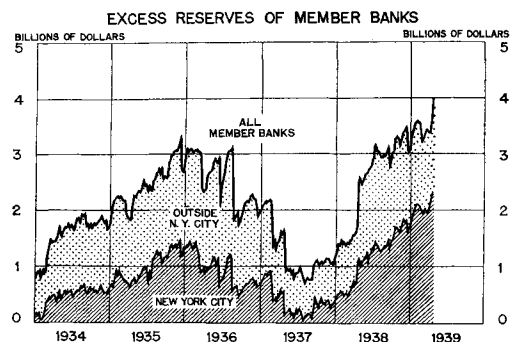
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. Durable and nondurable series expressed in terms of points in the total index. By months, January, 1934, to March, 1939.



Index compiled by the United States Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending April 15, 1939. Latest figure 75.8.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to April 19, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, to April 19, 1939.

In April manufacturing production was maintained at about the same rate as in March but mineral production declined, reflecting a sharp reduction in output of bituminous coal pending settlement of negotiations between operators and miners. In the first quarter of this year industrial output, after a rapid rise in the latter half of 1938, increased less than is usual at this season.

**Production**—Volume of industrial production showed little change in March and the Board's seasonally adjusted index remained at 98 per cent of the 1923-1925 average. The index for the first quarter averaged 99, compared with 101 in the final quarter of last year.

Activity at steel mills in March was at 54 per cent of capacity, a slightly higher level than in January and February. Automobile production increased less than seasonally. Retail sales of cars continued to fluctuate around a level considerably higher than last year, but lower than in 1936 and 1937. Dealers' stocks of new cars began to decline in March, following an increase to a seasonally high level. Activity in the machinery industries increased further in March, continuing the rise that began last summer. Lumber production increased less than seasonally from the relatively low level of other recent months. Production of nondurable goods in March continued at about the level that has prevailed since last autumn. In the woolen textile industry activity showed a decrease from the high level of recent months, while at cotton mills and shoe factories output was maintained in large volume; at meat-packing establishments and sugar refineries increases in activity were reported, following earlier declines.

Value of construction contract awards increased in March, according to F. W. Dodge Corporation figures, reflecting a seasonal rise in residential and other private building; awards for public projects showed little change.

In the first three weeks of April bituminous coal production declined to a low level as most mines were closed, pending the settlement of biennial contract negotiations between mine operators and workers. Steel ingot production was reduced somewhat, averaging about 52 per cent of capacity, and automobile production showed little change from the rate reached in the latter part of March.

**Distribution**—Sales at department stores and mail order houses increased somewhat more than seasonally in March, while variety store sales showed about the usual rise. For the first quarter, as a whole, retail sales were in about the same volume as in the final quarter of 1938, after allowance for seasonal changes. Freight-car loadings showed less than the customary advance from February to March as loadings of coal declined and shipments of miscellaneous freight increased less than seasonally. In the first half of April there was a marked decrease in freight traffic, reflecting in large part a sharp decline in coal shipments.

**Commodity Prices**—Prices of steel scrap, copper, hides, and some other industrial raw materials declined from the middle of March to the third week of April, and there were decreases also in prices of livestock and dairy products. Silk prices rose considerably. The general level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined to 76 per cent of the 1926 average as compared with 77 in the middle of March and at the beginning of the year.

**Bank Credit**—Reflecting continued heavy gold imports and Treasury disbursements from its balances at the Reserve banks, member bank reserves and deposits increased sharply during the four weeks ending April 19. Excess reserves rose to a record high level of \$4,000,000,000. Total loans and investments at banks in 101 leading cities, which had shown little change during March, increased somewhat during the first three weeks of April, reflecting principally continued purchases of United States Government obligations by New York City banks. Loans to brokers and dealers in securities declined.

**Money Rates and Security Prices**—Prices of Government bonds and of other bonds of highest grades continued firm at high levels during March and the first three weeks of April, while prices of the lower-grade corporate bonds and of corporate stocks declined. The average discount rate on new issues of 91-day Treasury bills continued at a low level and other open-market rates remained unchanged.